AIMIA

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023 and 2022

Unaudited

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of Aimia Inc. are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, which are International Financial Reporting Standards ("IFRS"). The consolidated financial statements include some amounts and assumptions based on management's best estimates which have been derived with careful judgment.

In fulfilling its responsibilities, management of the corporation has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the financial statements. The Board of Directors reviews and approves the corporation's consolidated financial statements.

August 10, 2023

(signed) "Philip Mittleman"	*(signed) "Steven Leonard"*
PHILIP MITTLEMAN	STEVEN LEONARD
Chief Executive Officer	Chief Financial Officer

AIMIA

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions of Canadian dollars, except share and per share amounts)		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
		(unaudited)	(unaudited) Restated - Note 2	(unaudited)	(unaudited) Restated - Note 2
Revenue from contracts with customers	Note 11A	$ 74.8	$ 0.4	$ 76.8	$ 0.9
Cost of sales		(57.7)	—	(59.4)	—
Gross Profit		17.1	0.4	17.4	0.9
Other Income from investments					
Net change in fair value of investments	Note 5	(28.8)	(25.0)	(18.0)	(37.1)
Interest, dividend and other investment income	Note 11A	3.5	1.4	10.7	5.6
Share of net earnings (loss) from equity-accounted investments	Note 6	(8.9)	(8.8)	(14.8)	(15.7)
		(34.2)	(32.4)	(22.1)	(47.2)
Operating expenses					
Selling, general and administrative expenses	Notes 3, 4 & 11A	(27.0)	(3.9)	(46.8)	(8.0)
Loss before the following items:		(44.1)	(35.9)	(51.5)	(54.3)
Financial (expenses) income, net		(4.3)	0.1	(5.2)	0.1
Income (expenses) related to carried interest, call option and fair value gain (loss) on contingent consideration	Notes 3 & 4	(16.3)	0.3	(27.1)	0.3
Decrease in limited partners' capital liability		0.1	1.7	—	2.5
Loss before income taxes		(64.6)	(33.8)	(83.8)	(51.4)
Income tax expense					
Current		(6.8)	(1.4)	(8.1)	(2.7)
Deferred		(0.6)	—	(0.6)	—
		(7.4)	(1.4)	(8.7)	(2.7)
Net loss		$ (72.0)	$ (35.2)	$ (92.5)	$ (54.1)
Net loss attributable to:					
Equity holders of the Corporation		(71.4)	(35.2)	(91.9)	(54.1)
Non-controlling interests		(0.6)	—	(0.6)	—
Net loss		(72.0)	(35.2)	(92.5)	(54.1)
Weighted average number of shares - Basic and Fully Diluted	Note 7	82,598,929	90,509,659	82,598,929	90,714,953
Loss per common share					
Basic and fully diluted	Note 7	$ (0.90)	$ (0.42)	$ (1.19)	$ (0.67)

AIMIA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net loss	**$ (72.0)**	$ (35.2)	**$ (92.5)**	$ (54.1)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to net earnings (loss)				
Foreign currency translation adjustments	**(18.1)**	2.8	**(19.3)**	0.6
Share of other comprehensive income of equity-accounted investments	**0.9**	0.3	**0.6**	0.7
Other comprehensive income (loss)	**(17.2)**	3.1	**(18.7)**	1.3
Comprehensive loss	**$ (89.2)**	$ (32.1)	**$ (111.2)**	$ (52.8)
Comprehensive loss attributable to:				
Equity holders of the Corporation	**(88.4)**	(32.1)	**(110.4)**	(52.8)
Non-controlling interests	**(0.8)**	—	**(0.8)**	—
Comprehensive loss	**$ (89.2)**	$ (32.1)	**$ (111.2)**	$ (52.8)

AIMIA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at *(in millions of Canadian dollars)*		June 30, 2023 (unaudited)	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 63.9	$ 505.3
Restricted cash	Note 3	1.8	—
Investments in marketable securities	Note 5	55.1	52.9
Income taxes receivable		2.6	0.9
Accounts receivable	Notes 3 & 4	88.6	0.7
Inventories	Notes 3 & 4	52.3	—
Prepaid expenses		3.3	1.5
Other current assets	Notes 3 & 5	5.4	—
Receivable from related party	Note 10	2.1	2.0
		275.1	563.3
Non-Current assets			
Investments in private companies and other financial instruments	Note 5	141.8	170.4
Equity-accounted investments	Note 6	7.8	18.7
Property, Plant and equipment	Notes 3 & 4	102.7	—
Customer Relationships		—	1.1
Goodwill and other intangibles assets	Notes 3 & 4	368.7	—
Other non-current assets	Note 11B	57.0	50.5
		$ 953.1	$ 804.0
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	Note 3	$ 6.1	$ —
Accounts payable and accrued liabilities	Notes 3 & 4	70.4	7.3
Income taxes payable	Notes 3 & 4	8.7	—
Customer deposits		0.8	—
Current portion of long-term debt	Note 3	4.1	—
Limited partners' capital liability		2.1	2.2
Lease Liabilities	Note 3	2.0	—
		94.2	9.5
Non-Current liabilities			
Lease liabilities	Note 3	3.8	—
Long-term debt	Note 3	126.4	—
Other non-current liabilities	Note 11B	65.4	17.6
		289.8	27.1
Total equity attributable to equity holders of the Corporation		653.2	776.9
Non-controlling interests	Notes 3 & 4	10.1	—
Total equity		663.3	776.9
		$ 953.1	$ 804.0
Contingencies and commitments	Note 8		

Approved by the Board of Directors

(signed) Karen Basian
Karen Basian
Director

(signed) Jordan G. Teramo
Jordan G. Teramo
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AIMIA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2022 and 2023 (unaudited)		Common shares outstanding	Share capital	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Contributed surplus	Total attributable to the equity holders of the corporation	Non-controlling interests	Total equity
(In millions of Canadian dollars, except share amounts)									
Balance, December 31, 2021		92,488,212	$ 235.9	$ (2,129.8)	$ 32.5	$ 2,265.4	404.0	$ —	$ 404.0
Comprehensive income (loss)									
Net loss				(54.1)			(54.1)		(54.1)
Other comprehensive income (loss):									
Foreign currency translation adjustments					0.6		0.6		0.6
Share of other comprehensive income of equity-accounted investments					0.7		0.7		0.7
Total comprehensive income (loss)		—	—	(54.1)	1.3	—	(52.8)	—	(52.8)
Transactions with owners, recorded directly in equity									
Common shares repurchased		(543,276)				(2.6)	(2.6)		(2.6)
Dividends	Note 9			(6.4)			(6.4)		(6.4)
Total transactions with owners		(543,276)	—	(6.4)	—	(2.6)	(9.0)	—	(9.0)
Balance, June 30, 2022		91,944,936	$ 235.9	$ (2,190.3)	$ 33.8	$ 2,262.8	$ 342.2	$ —	$ 342.2
Balance, December 31, 2022		**84,164,614**	**$ 235.5**	**$ (1,702.3)**	**$ 14.4**	**$ 2,229.3**	**$ 776.9**	**$ —**	**$ 776.9**
Comprehensive income (loss)									
Net loss				**(91.9)**			**(91.9)**	**(0.6)**	**(92.5)**
Other comprehensive income (loss):									
Foreign currency translation adjustments					**(19.1)**		**(19.1)**	**(0.2)**	**(19.3)**
Share of other comprehensive income of equity-accounted investments					**0.6**		**0.6**		**0.6**
Total comprehensive loss		**—**	**—**	**(91.9)**	**(18.5)**	**—**	**(110.4)**	**(0.8)**	**(111.2)**
Transactions with owners, recorded directly in equity									
Dividends	Note 9			**(6.4)**			**(6.4)**		**(6.4)**
Contingent common shares cancellation	Note 10			**0.6**		**(0.6)**	**—**		**—**
Business acquisition	Note 3						**—**	**3.8**	**3.8**
Issuance of call option over a subsidiary shares	Notes 3 & 4						**—**	**7.1**	**7.1**
Counterpart entry to liability related to put options granted to non-controlling interests	Notes 3 & 11B			**(6.9)**			**(6.9)**		**(6.9)**
Total transactions with owners		**—**	**—**	**(12.7)**	**—**	**(0.6)**	**(13.3)**	**10.9**	**(2.4)**
Balance, June 30, 2023		**84,164,614**	**$ 235.5**	**$ (1,806.9)**	**$ (4.1)**	**$ 2,228.7**	**$ 653.2**	**$ 10.1**	**$ 663.3**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)		Three Months Ended June 30, 2023 (unaudited)	Three Months Ended June 30, 2022 (unaudited)	Six Months Ended June 30, 2023 (unaudited)	Six Months Ended June 30, 2022 (unaudited)
CASH FLOWS FROM (USED IN)					
Operating activities					
Net loss		**$ (72.0)**	$ (35.2)	**$ (92.5)**	$ (54.1)
Adjustments for:					
Depreciation and amortization		**3.1**	0.1	**4.4**	0.1
Share-based compensation		**(0.4)**	(0.3)	**(0.1)**	(1.2)
(Income) Expense related to carried interest, call option and fair value (gain) loss on contingent consideration		**16.3**	(0.3)	**27.1**	(0.3)
Share of net (earnings) loss of equity-accounted investments		**8.9**	8.8	**14.8**	15.7
Net financial expense (income)		**0.8**	(1.5)	**(5.5)**	(5.7)
Income tax expense		**7.4**	1.4	**8.7**	2.7
Net change in fair value of investments in equity instruments		**28.8**	25.0	**18.0**	37.1
Changes in Limited Partners' Capital Liability		**(0.1)**	(1.7)	**—**	(2.5)
Changes in operating assets and liabilities	Note 11C	**(3.7)**	(4.0)	**1.4**	0.3
Other		**(1.3)**	(0.3)	**(1.5)**	(0.8)
		59.8	27.2	**67.3**	45.4
Cash used in operating activities before the following items:		**(12.2)**	(8.0)	**(25.2)**	(8.7)
Proceeds from disposal of marketable securities held for trading	Note 5	**0.9**	4.7	**1.2**	5.6
Purchases of marketable securities held for trading	Note 5	**—**	(1.2)	**(0.9)**	(5.1)
Interest and dividend received	Note 6	**2.2**	0.2	**6.9**	3.4
Income taxes paid		**(2.9)**	(1.4)	**(4.2)**	(2.7)
Net cash used in operating activities		**(12.0)**	(5.7)	**(22.2)**	(7.5)
Investing activities					
Business acquisitions, net of cash acquired	Notes 3 & 4	**(219.4)**	—	**(475.0)**	—
Purchase of investments in marketable securities, private companies and other financial instruments	Note 5	**—**	—	**—**	(10.0)
Proceeds from disposal of investments in marketable securities, private companies and other financial instruments	Note 5	**19.2**	1.8	**19.2**	2.1
Proceeds from redemption of special purposes vehicles	Note 5	**—**	—	**6.3**	—
Additions to property, equipment, software and technology		**(1.8)**	—	**(1.8)**	—
Bridge loan granted to investee	Note 5	**(2.7)**	—	**(2.7)**	—
Loan repayment from related parties	Note 10	**—**	—	**5.0**	—
Loan granted to related parties	Note 10	**(0.8)**	—	**(3.8)**	—
Net cash from (used in) investing activities		**(205.5)**	1.8	**(452.8)**	(7.9)
Financing activities					
Preferred dividends	Note 9	**(3.2)**	(3.2)	**(6.4)**	(6.4)
Repurchase of common shares		**—**	(2.6)	**—**	(2.6)
Principal elements of lease payments		**(0.4)**	—	**(0.4)**	—
Reimbursement of short term financial liabilities		**(0.3)**	—	**(0.3)**	—
Borrowing of long-term debt, net of financing costs	Note 3	**131.4**	—	**131.4**	—
Repayment of assumed debt related to business acquisition	Note 3	**(83.9)**	—	**(83.9)**	—
Net cash from (used in) financing activities		**43.6**	(5.8)	**40.4**	(9.0)
Net change in cash and cash equivalents		**(173.9)**	(9.7)	**(434.6)**	(24.4)
Translation adjustment related to cash		**(6.6)**	—	**(6.8)**	(0.2)
Cash and cash equivalents, beginning of period		**244.4**	19.9	**505.3**	34.8
Cash and cash equivalents, end of period		**63.9**	10.2	**63.9**	10.2

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

THESE FINANCIAL STATEMENTS CONTAIN THE FOLLOWING NOTES:

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)
Unaudited

1. STRUCTURE OF THE CORPORATION

Aimia Inc. ("Aimia" or the "Corporation") was incorporated on May 5, 2008 under the *Canada Business Corporations Act*. The registered and head office of Aimia is located at 176 Yonge Street, 6th floor, Toronto, Ontario, M5C 2L7.

The Corporation is a holding company with a focus on making long-term investments in public and private companies, on a global basis, through controlling or minority stakes. Aimia is positioned to invest in any sector, wherever a suitable opportunity can be identified worldwide. In addition, the Corporation seeks investments that may efficiently utilize the company's operating and capital loss carry-forwards to further enhance stakeholder value.

On May 9, 2023, Aimia completed the acquisition of a 93.94% interest in Giovanni Bozzetto S.p.A. ("Bozzetto"), a provider of specialty sustainable chemicals, offering sustainable textile, water and dispersion chemical solutions with applications in several end-markets including the textile, home and personal care, plasterboard and agrochemical markets (*Note 3*).

The company also owns a portfolio of investments which include: 100% ownership of Tufropes which was acquired on March 17, 2023 (*Note 4*), a manufacturer of high-performance synthetic fiber ropes and netting solutions for global aquaculture, maritime, and other various industrial customers, a 10.85% stake in Clear Media Limited, an outdoor advertising firm in China, a 48.9% equity stake in Kognitiv Corporation ("Kognitiv"), a B2B global SaaS company inspiring customer loyalty through data-driven personalization, a 11.9% equity stake in TRADE X, a global B2B cross-border automotive trading platform as well as a wholly owned investment advisory business, Mittleman Investment Management, LLC ("MIM"). The Corporation has decided to wind down the operations of MIM starting April 14, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

(a) Statement of Compliance

These condensed unaudited consolidated interim financial statements ("interim financial statements") were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and in compliance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Accordingly, certain information and note disclosures normally included in the audited annual consolidated financial statements have been omitted or condensed. These interim financial statements should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2022.

The interim financial statements include all adjustments considered necessary by management to fairly state the Corporation's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These interim financial statements were authorized for issue by the Corporation's Board of Directors on August 10, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of COVID-19 on the condensed interim consolidated financial statements (investment in Clear Media)

During the year ended December 31, 2022, facing the resurgence of COVID-19 cases, China applied a zero-COVID policy, which triggered full and partial lockdowns in many Chinese cities, including Shanghai, Beijing, and Guangzhou. China's zero-COVID policy was eased in December 2022 which led to a COVID cases surge in December 2022 and January 2023, contributing to continued reduced demand for outdoor advertising in the first months of 2023. Clear Media continues to mitigate these impacts via various cost-saving plans and delays in capital expenditures compared to normal course.

The investment in Clear Media is recorded at fair value at each reporting period. As of June 30, 2023, the fair value of the indirect investment in Clear Media Limited has been estimated at $53.4 million. The assumptions and estimates used in the valuation of Clear Media are described in *Note 5.*

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following balance sheet items:

- Investment in marketable securities, private companies and other financial instruments are measured at fair value (*Note 5*);
- Liabilities for cash-settled share-based payment arrangements are measured at fair value;
- The Tufropes opening balances and the liability for the Paladin carried interest in Tufropes are measured at fair value. Due to the timing of the closing of the acquisition of Tufropes at the end of the three months ended March 31, 2023, the initial accounting for the business combination is incomplete at this time. As permitted under IFRS 3, a provisional estimate of the purchase price allocation and fair values of tangible and intangible assets as well as goodwill was performed as of June 30, 2023. (*Note 4*);
- The Bozzetto opening balances and the liability for the Paladin carried interest in Bozzetto are measured at fair value. Due to the timing of the closing of the acquisition of Bozzetto during the three months ended June 30, 2023, the initial accounting for the business combination is incomplete at this time. As permitted under IFRS 3, a provisional estimate of the purchase price allocation and fair values of tangible and intangible assets as well as goodwill was performed as of June 30, 2023. (*Note 3*);
- Contingent considerations related to business acquisition or disposal are measured at fair value (*Note 11B*).

(c) Presentation Currency

These interim consolidated financial statements are expressed in Canadian Dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Use of Estimates and Judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are the same as those set out in *Note 2* of the Corporation's audited annual consolidated financial statements for the year ended December 31, 2022.

In addition, information about assumptions and estimation uncertainties described below with a significant risk of resulting in material adjustments within the next year are included within the following notes:

- Impact of COVID-19 on the value of Aimia's investment in Clear Media. Refer to section (*Note 2(a)*) above;
- Measurement of the fair value of the investments in Clear Media and TRADE X, which include significant unobservable inputs. These inputs are detailed in *Note 5*;
- Measurement of the fair value of the investments in convertible notes of TRADE X and Kognitiv, which include significant unobservable inputs. These inputs are detailed in *Note 5*;
- The provisional purchase price allocation related to the Bozzetto acquisition (*Note 3*);
- The provisional purchase price allocation related to the Tufropes acquisition (*Note 4*);
- Measurement of the Paladin carried interest in Bozzetto and Tufropes, which include significant unobservable inputs. These inputs are detailed in *Note 3* and *Note 4;*
- Measurement of the fair value of the contingent consideration receivable, which include significant unobservable inputs. These inputs are described in *Note 11B*;
- Income Taxes *(Notes 8 & 11B)*;
- Contingent Liabilities *(Note 8).*

(e) Accounting Policies

These interim financial statements have been prepared using the same accounting policies as those presented in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2022, except as described below, which includes the main accounting policies related to Bozzetto and Tufropes, acquired by the Corporation on May 9, 2023 and March 17, 2023, respectively (*Notes 3 & 4*).

PRINCIPLES OF CONSOLIDATION

Non-controlling interests - Redeemable equity

A put option has been granted to Bozzetto's management in order to enable them to sell a portion of their ownership to Aimia at certain anniversary dates of the transaction if no exit scenario has occurred by those dates. The Corporation uses the principles of IFRS 10 to analyze put option contracts given to non-controlling interests and whether or not these contracts provide the parent or the non-controlling interest with access to the risks and rewards associated with the actual ownership of the equity. When the risks and rewards associated with the ownership have been retained by the non-controlling interest, a non-controlling interest is recognized upon the initial accounting of a

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

business combination. The Corporation has determined that the risks and rewards associated with Bozzetto's management ownership in Bozzetto has been retained by them.

A financial liability (recognized at the present value of the redemption amount) is recorded to reflect the put option, with a corresponding reduction of the Corporation's Retained Earnings (Deficit). The redemption liability is presented in Other non-current liabilities on the consolidated statement of financial position. Subsequent changes to the redemption liability are also recorded directly in the Corporation's Retained Earnings (Deficit).

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Corporation recognizes revenue when it transfers promised goods or services to a customer and the customer obtains control of those goods or services based on the following five-step model.

- Step 1 - Identify the contract with a customer
- Step 2 - Identify the performance obligations in the contract
- Step 3 - Determine the transaction price
- Step 4 - Allocate the transaction price to the performance obligations in the contract
- Step 5 - Recognize revenue when the entity satisfies a performance obligation

Through its Bozzetto business, Aimia generates revenue from the sale of specialty chemicals products to its customers. Through its Tufropes business, Aimia generates revenue from the sale of ropes and netting products to its customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and claims, if any, as specified in the contract with the customer. Revenue excludes taxes and duties collected from customers on behalf of the government.

Customer contracts typically include a single performance obligation. Revenue is recognized at a point in time upon the satisfaction of the performance obligation to the customer, which is when the control of the goods are transferred to the customer. For Bozzetto, the performance obligation is judged to have been satisfied and revenue is recognized upon delivery of the products, because the customer typically obtains control over the products upon delivery. For Tufropes, control is transferred either upon shipment of goods to the customer or when the goods are made available to the customer, provided that the transfer of title to the customer occurs and Tufropes has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

The consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when a customer's payment obligation becomes unconditional. The Corporation is not party to any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Corporation does not adjust any of the transaction prices for the time value of money.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)
Unaudited

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

VALUATION OF INVENTORIES

Inventories, which include raw and other packing materials, finished goods as well as work-in-progress, are measured at the lower of acquisition or production cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make a sale.

Given the different characteristics of inventories and production methods in place in its Bozzetto and Tufropes businesses, different valuation methods are used in each of the business. Inventories cost for Bozzetto is determined on the basis of the average cost method. Inventories cost for Tufropes is determined on First in First out (FIFO) basis.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment are recorded at their cost of acquisition, net of refundable taxes or levies, less accumulated depreciation and impairment losses, if any. Acquisition cost includes direct costs of acquisition, including any directly attributable cost for bringing the asset to its working condition for its intended use, as well as estimated costs of dismantlement, land removal and/or restoration to be incurred as a result of contractual obligations requiring the asset to be returned to its original condition.

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations when the asset is derecognized.

The Corporation has adopted the cost model for the measurement of assets and subsequent recognition and assets are valued at their cost less accumulated depreciation and impairment losses, if any.

Depreciation on Property, Plant and Equipment

The Corporation recognizes depreciation on straight line basis for all property, plant and equipment on the basis of their estimated useful life.

The value of the property, plan and equipment and their estimated useful life as of acquisition date are still subject to the finalization of the purchase price allocation (*Notes 3 & 4*).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

EMPLOYEE FUTURE BENEFITS

The Corporation sponsors defined benefit plans and defined contributions plans as post-retirement benefits. The accounting policy for defined contributions plans can be found in the Corporations annual statements.

Defined benefit plan

For defined benefit plans, the amount of benefit to be paid to the employee is quantifiable only after the termination of the employment relationship, and is linked to one or more factors such as age, years of service and compensation.

The Corporation uses independent actuarial services and the projected unit credit method to determine the present value of its defined benefit obligation and the related current and past service costs. The discount rates are determined by referring to the market yield at the fiscal year-end on high-quality corporate bonds issued in the currency in which the liability is expected to be paid and that have maturity dates approximating the terms of the plans. Remeasurements of defined benefit plans are recognized in other comprehensive income and reported in retained earnings in the periods in which they occur.

HYPERINFLATIONARY ECONOMY

The Turkish economy is considered to be hyperinflationary according to the criteria set out in “IAS 29 – Accounting in hyperinflationary economies”. In accordance with IAS 29, certain non-monetary items included in the statement of financial position of a Bozzetto subsidiary located in Turkey were remeasured by applying the general index of consumer prices to historical data, in order to reflect the changes in the purchasing power of the Turkish lira at the date of the financial statements.

In order to take account of the impact of hyperinflation also on the local currency rate, the amounts of the consolidated statement of income items expressed in hyper-inflationary currencies were converted into the presentation currency by applying the June 30, 2023, exchange rate instead of the average exchange rate for the period, in line with the requirements of “IAS 21 – The Effects of Changes in Foreign Exchange Rates”.

The impact in the three months ended June 30, 2023, was not material to the results of the Corporation. Should the inflation and Turkish lira materially change with divergent dynamics, the IAS 29 application could materially affect Bozzetto's results.

FINANCIAL INSTRUMENTS

Long-term debt

The long-term debt (*Note 3*) is measured using the amortized cost method. For financial liabilities measured at amortized cost, transaction costs or fees, premiums or discounts earned or incurred are recorded, at inception, net against the fair value of the financial instrument and amortized in financial expenses in the consolidated statement of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of revised accounting standards

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

Deferred taxes related to assets and liabilities arising from a single transaction (Amendments to IAS 12, IFRS 1)

The IASB issued 'Deferred taxes related to assets and liabilities arising from a single transaction' (Amendments to IAS 12). The amendments require an entity to recognize deferred tax on certain transactions that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendments did not have any impact on the consolidated statements of the Corporation.

Accounting policy disclosures: Changes in estimates vs accounting policies (Amendments to IAS 1, IAS 8)

The IASB issued 'Definition of Accounting Estimates, which amended IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors'. The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendments did not have any impact on the consolidated statements of the Corporation.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in presentation of consolidated statement of operations

The acquisitions of Bozzetto and Tufropes (*Notes 3 & 4*) represent a significant change in the nature of the Corporation's operations. Following a review of its financial statements, the Corporation believes that a classification of its expenses by function instead of by nature is more aligned with the Corporation's current activity. As a result of this change, comparative information has been reclassified as follows:

	Three Months Ended June 30, 2022		
	As originally presented	Change in classification	Restated
Statement of operations (extract)			
Revenue from contracts with customers	**$ 0.4**	$ —	$ 0.4
Cost of sales	**—**	—	—
Gross Profit	**0.4**	**—**	**0.4**
Other Income from investments			
Net change in fair value of investments	**(25.0)**	—	(25.0)
Interest, dividend and other investment income	**1.4**	—	1.4
Share of net earnings (loss) from equity-accounted investments	**(8.8)**	—	(8.8)
	(32.4)	**—**	**(32.4)**
Operating expenses			
Selling, general and administrative expenses	**—**	(3.9)	**(3.9)**
Compensation and benefits	**(2.1)**	2.1	—
Professional, advisory and service fees	**(0.9)**	0.9	—
Insurance, technology and other office expenses	**(0.8)**	0.8	—
Depreciation and amortization	**(0.1)**	0.1	—
Loss before the following items:	**(35.9)**	**—**	**(35.9)**
Financial (expenses) income, net	**0.1**	—	0.1
Fair value gain (loss) on contingent consideration	**0.3**	—	0.3
Decrease (increase) in limited partners' capital liability	**1.7**	—	1.7
Loss before income taxes	**(33.8)**	**—**	**(33.8)**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Six Months Ended June 30, 2022		
	As originally presented	Change in classification	Restated
Statement of operations (extract)			
Revenue from contracts with customers	**$ 0.9**	$ —	$ 0.9
Cost of sales	**—**	—	—
Gross Profit	**0.9**	**—**	**0.9**
Other Income from investments			
Net change in fair value of investments	**(37.1)**	—	(37.1)
Interest, dividend and other investment income	**5.6**	—	5.6
Share of net earnings (loss) from equity-accounted investments	**(15.7)**	—	(15.7)
	(47.2)	**—**	**(47.2)**
Operating expenses			
Selling, general and administrative expenses	**—**	(8.0)	**(8.0)**
Compensation and benefits	**(4.3)**	4.3	—
Professional, advisory and service fees	**(2.0)**	2.0	—
Insurance, technology and other office expenses	**(1.6)**	1.6	—
Depreciation and amortization	**(0.1)**	0.1	—
Loss before the following items:	**(54.3)**	**—**	**(54.3)**
Financial (expenses) income, net	**0.1**	—	0.1
Fair value gain (loss) on contingent consideration	**0.3**	—	0.3
Decrease (increase) in limited partners' capital liability	**2.5**	—	2.5
Loss before income taxes	**(51.4)**	**—**	**(51.4)**

Cost of sales

Presented in costs of sales include expenses related to cost of materials consumed, change in inventory of finished goods and work-in-progress, direct labor compensation and benefits, property, plant and equipment depreciation and amortization as well as other direct production costs.

Selling, general and administrative expenses

Presented in selling, general and administrative include compensation and benefits expenses, professional, advisory and services fees as well as insurance, technology and other office expenses, including costs related to public company disclosure and Board costs, executive leadership, legal, finance and administration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUTURE ACCOUNTING CHANGES

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

Non-current liabilities with covenants (Amendments to IAS 1)

The IASB issued amendments ‘Non-current liabilities with covenants’ to IAS 1 ‘Presentation of financial statements’. The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The new amendments are effective for annual reporting periods beginning on or after 1 January 2024 and override the previous amendments. At this time, management is reviewing the impact that these amendments will have on its consolidated financial statements.

Lease liability in a sale and leaseback (Amendments to IFRS 16)

The IASB issued 'Lease liability in a sale and leaseback' (Amendments to IFRS 16). The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. At this time, management does not expect the amendments to have significant impact, if any, on its consolidated financial statements.

3. ACQUISITION OF BOZZETTO

On March 6, 2023, Aimia announced that it had signed a definitive agreement to acquire substantially all of the issued and outstanding shares of Giovanni Bozzetto S.p.A. ("Bozzetto") from Chequers Capital and other minority shareholders. Bozzetto is a provider of specialty chemicals, manufacturing proprietary chemicals to service its core textile, water solutions, and dispersion end markets.

The transaction closed on May 9, 2023. The purchase consideration for the 93.94% equity stake acquired by Aimia was approximately $257.8 million (€175.5 million) payable at closing in cash. Bozzetto's executive management team purchased the remaining equity stake, representing 6.06%, for $16.6 million (€11.3 million).

The Corporation financed the purchase consideration on the acquisition closing date as well as the costs of the acquisition of $12.4 million (€8.4 million) and the repayment of Bozzetto's previous senior debt of $83.9 million (€57.1 million) using a combination of cash on hand and an amount drawn from a new financing at the subsidiary level in the amount of $139.5 million (€95.0 million). The transaction costs paid are recorded in selling, general and administrative expenses in the consolidated statements of operations.

Pursuant to the terms and conditions of Bozzetto's previous senior facilities agreement, the carrying out of the acquisition by the Corporation was determined to constitute a change of control of Bozzetto and, consequently, Bozzetto was required to repay to the lenders any outstanding amount of the loan granted under these senior facilities agreement. The repayment amounted to $83.9 million (€57.1 million) as of the acquisition date and was made using proceeds from the new financing and cash on hand.

Revenue and earnings before income taxes contribution

Results of Bozzetto since its acquisition by the Corporation are presented as a separate segment in *Note 12*.

Had Bozzetto been acquired from January 1, 2023, Bozzetto would have contributed revenue of $148.5 million. The loss before income taxes amounted to $16.9 million for the six months ended June 30, 2023, which includes transaction costs related to the acquisition of the business of $12.4 million, a $12.9 million non-cash expense related to the Paladin Carried Interest in Bozzetto, a $4.3 million non-cash expense related to the Paladin option to purchase up to 19.9% of Aimia's investment in Bozzetto as well as $6.1 million of interest and other financial expenses.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)
Unaudited

3. ACQUISITION OF BOZZETTO (continued)

Purchase price allocation

Given the timing of the closing of the acquisition, the initial accounting for the business combination is incomplete at this time. As permitted under IFRS 3, a provisional estimate of the purchase price allocation and fair values of tangible and intangible assets as well as goodwill was performed as of June 30, 2023.

Purchase price	
Total Consideration fair value to allocate	**257.8**
Provisional recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	38.4
Restricted cash	1.8
Accounts receivable	77.7
Income tax receivable	0.7
Inventories	43.0
Prepaid expenses	1.5
Other current assets	2.6
Equity-accounted investments	3.4
Property, Plant and Equipment	69.7
Other non-current assets	7.6
Accounts payable and accrued liabilities	(60.3)
Income tax payable	(3.5)
Lease liabilities	(6.9)
Current portion of long-term debt	(14.1)
Long-term debt	(69.2)
Post-employment benefit plan	(10.9)
Other non-current liabilities	(18.3)
Total provisional identifiable net assets (liabilities)	**63.2**
Provisional non-controlling interests [(a)]	(3.8)
Provisional goodwill and intangible assets [(b)]	198.4
Total	**257.8**

(a) The Corporation has recorded the non-controlling interests based on 6.06% of the identifiable net assets. The amount allocated to non-controlling interests is expected to increase when the purchase price allocation is finalized.

(b) The Corporation currently expects to recognize customer relationships and trade names as the main intangible assets upon the finalization of the purchase price allocation. Other intangibles could also be identified upon the finalization of the purchase price allocation.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)
Unaudited

3. ACQUISITION OF BOZZETTO (continued)

External financing - Senior Loans

Aimia completed the Bozzetto related financing at the subsidiary level in the amount of $139.5 million (€95.0 million) at closing. The interest rate on the new senior facilities is based on the Euribor plus a margin which can vary between 3.25% and 4.75% based on Bozzetto's leverage ratio, as defined in the senior facilities agreement, and depending on how the facilities are drawn. The new financing was also subject to upfront financing fees of $6.8 million (€4.6 million) payable at closing, which were recorded as a reduction of the debt balance at inception and are amortized into earnings using the effective interest rate method. At closing of the acquisition, the cash proceeds drawn from this debt financing net of the financing costs were $132.7 million (€90.4 million). Other financing costs paid to third parties amounted to $1.3 million (€0.9 million) and were recorded as deferred financing costs.

Amounts available and drawn under the facilities as of the closing of the transaction were as follows:

	Available EUR	Drawn EUR	Drawn CAD	Maturity from drawdown
Facility A [(a)(f)]	47.5	47.5	**69.75**	5 years
Facility B [(b)(f)]	47.5	47.5	**69.75**	6 years
Capex A [(c)(f)]	12.5	—	**—**	5 years
Capex B [(d)(f)]	12.5	—	**—**	6 years
Revolver [(e)(f)]	10.0	—	**—**	5 years
Unamortized transaction costs	—	(5.5)	**(8.1)**	
Total long-term debt at issuance	**130.0**	**89.5**	**131.4**	

(a) Facility A currently bears interest at 7.825%, being the Euribor reference rate of 3.575% plus a margin of 4.25%. Facility A is subject to semi annual principal repayment starting June 2024 and semi-annual interest payments starting December 2023.

(b) Facility B currently bears interest at 8.325%, being the Euribor reference rate of 3.575% plus a margin of 4.75%. Facility B is subject to full principal repayment at the termination date in May 2029 and semi-annual interest payments starting December 2023.

(c) If drawn, Capex A will be subject to semi annual principal repayment and semi-annual interest payments as well as interest rates aligned with Facility A. Capex A is currently subject to a commitment fee of 1.4875%, based on 35% of the 4.25% margin, payable semi-annually starting December 2023.

(d) If drawn, Capex B will be subject to full principal repayment at the termination date and semi-annual interest repayments as well as interest rates aligned with Facility B. Capex B is currently subject to a commitment fee of 1.6625%, based on 35% of the 4.75% margin, payable semi annually starting December 2023.

(e) If drawn, the Revolver will be subject to interest rates aligned with Facility A. The Revolver is currently subject to a commitment fee of 1.4875%, payable semi-annually starting December 2023.

(f) Each of the Facilities and Revolver are also subject to annual mandatory prepayments based on Bozzetto's excess cash flow and leverage ratio, as defined in the senior facility agreements, starting in December 2024.

3. ACQUISITION OF BOZZETTO (continued)

Bozzetto management investment

Bozzetto's executive management invested in the new investment structure an amount representing a minority equity position of 6.06%. Included in the Bozzetto executive management share structure, is a class of shares, which will provide enhanced returns to their holders should the value of the business achieve specified valuation thresholds in an exit scenario. The minimum threshold for Bozzetto's management to earn enhanced returns in such exit scenario represents a multiple of invested capital of 1.8x.

Liquidity option

A put option has been granted to Bozzetto's management in order to enable them to sell a portion of their ownership to Aimia at each of the 5th, 8th and 11th anniversary of the transaction if no exit scenario has occurred by those dates. The purchase price to be paid by Aimia upon the exercise of the option will be based on the fair value of Bozzetto at that time and shall be payable in cash.

The redemption value of the ownership has therefore been accounted as a liability with the offset in Retained earnings (Deficit). The redemption value has been discounted using a discount rate of 8.1%. If the option ends up not being exercised, the amount presented as a liability will be reclassified back to Retained earnings (Deficit) in equity. At transaction date, a value of $6.9 million has been recorded for this liability and is presented in Other non-current liabilities (*Note 11B*). The exercise of this option by Bozzetto's management does not impact their entitlement to the enhanced returns described above.

Agreements with Paladin

Paladin Private Equity LLC ("Paladin") collaborated with Aimia on this transaction. In connection thereto, upon closing of the transaction, Aimia and Paladin have entered into certain agreements on customary terms and conditions and providing for, among other things, minority governance rights, preferred return for Aimia, certain carry related rights to the benefit of Paladin, and an option for Paladin to acquire a minority equity position of Bozzetto within one year of closing.

Option to acquire minority equity in Bozzetto

Within one year of closing, Paladin will have the option, through an investment fund to be established and managed by Paladin, to purchase a minimum of 10% and a maximum of 19.9% of Aimia's equity in Bozzetto at its fully-loaded cost (i.e. Aimia's invested capital inclusive of pro-rata share of all aggregate transaction costs) plus an 8% per annum cost of capital charge.

The Corporation has recognized a non-cash expense of $4.3 million in regard to this option based on the fair value of the option at issuance. The expense has been recorded in the caption "Income (expenses) related to carried interest, call option and fair value gain (loss) on contingent consideration'' in the consolidated statements of operations and is reported as non-controlling interest in the consolidated statement of equity. In the event that Paladin does not exercise its option, the carrying amount of the option will be reclassified from non-controlling interest to "Retained earnings (deficit)".

3. ACQUISITION OF BOZZETTO (continued)

Carried Interest - Upon Crystallization

In the event that Aimia disposes of Bozzetto or a carried interest crystallization event occurs, for a period of 10 years after the closing date, Paladin will be entitled to certain carried interest distributions, in addition to any rights it would have under its equity ownership in the event that it exercised the Paladin Option described above. These distribution rights will commence only if and when Aimia has earned an 8% annual compound return on its investment. More specifically, in the event of a disposal or carried interest crystallization event, distribution of the proceeds attributable to Aimia and Paladin, which would be net of the Bozzetto's executive management enhanced returns described above, would be as follows:

i. Aimia is entitled to receive its initial investment at its fully-loaded cost (inclusive of all aggregate transaction costs);
ii. Next, Aimia is entitled to an 8% preferred return over its initial investments at its fully-loaded cost, compounded annually;
iii. Next, Paladin would receive each additional dollar until it received 25% of the preferred return received by Aimia (under ii above);
iv. Thereafter, any remaining funds shall accrue and be allocated 80% to Aimia and 20% to Paladin.

Carried Interest - Crystallization events

In each of year three to year five post-closing, Paladin shall have the right to require (during a specified period in each such year) that Aimia pay out Paladin's carried interest. In such case, Aimia shall either pay out in cash Paladin's carried interest based on the fair value of Bozzetto at such date or choose to trigger a sale process, provided that such sale process results in a minimum proceeds of 1.5x of Aimia's invested capital. If the sale process does not result in a transaction generating proceeds of 1.5x of Aimia's invested capital, then Aimia shall have no obligation to pay out Paladin's carried interest or complete the sale process for such year. In each of year six to year ten post-closing, Paladin shall have the right to require the payout of its carried interest following the same procedure described above, except that there shall be no minimum multiple of Aimia's invested capital threshold.

In each of year three to ten, Aimia shall have the right (during a specified period in each such year) to crystallize Paladin's carried interest based on the fair value of Bozzetto at such date, subject to a minimum valuation of 1.5x of Aimia's invested capital. In such case, Paladin can choose to receive either i) cash or ii) ownership interest in Bozzetto, but in case of ii), only to the extent the issuance of such ownership interest does not result in Aimia holding less than 80.1% of all of the issued and outstanding common shares of Bozzetto. After year ten, in the event the carry calculation does not result in a payout per the thresholds described above, Paladin shall no longer be entitled to any carried interest.

Aimia has recognized a non-cash expense of $12.9 million related to the carried interest based on the fair value of the carried interest as of June 30, 2023. The expense has been recorded in the caption "Income (expenses) related to carried interest, call option and fair value gain (loss) on contingent consideration" in the consolidated statements of operations and is reported as other long-term liability in the consolidated statement of financial position. The fair value has been estimated by considering the carried interest as a yearly-activable option (Bermuda call), using Monte Carlo

3. ACQUISITION OF BOZZETTO (continued)

simulations and linear regressions. This valuation technique involves generating multiple potential future price paths and then estimating the option value based on those paths. The valuation also factored Aimia's right to crystallize the carried interest. The valuation technique requires the use of certain key unobservable assumptions, which includes:

- Volatility of 35%
- Credit spread of 4.4%.

A change in +/- 5% of the volatility would have resulted in a change of $1.4 million / ($1.5) million in the fair value of the carried interest.

Advisory services

The Corporation has also entered into an advisory services agreement with Paladin whereas Paladin will provide advisory services, including identifying M&A opportunities, to Bozzetto. The fees for these advisory services are estimated to be approximately $0.5 million per year and will be subject to revision annually based on certain performance criteria.

In the event that Paladin exercises its option to acquire a minority equity position in Bozzetto, the advisory services fees will be reduced based on Paladin's ownership percentage in Bozzetto.

4. ACQUISITION OF TUFROPES

On January 31, 2023, Aimia announced that it had signed definitive agreements to acquire all of the issued and outstanding shares of Tufropes Pvt Ltd. as well as substantially all the net assets of India Nets (together referred to as "Tufropes"). Tufropes is a global manufacturer of high-performance synthetic fiber ropes and netting solutions for the aquaculture and maritime sectors, as well as other diversified industrial end markets. Tufropes has a global sales network and five manufacturing facilities across India. The purchase price for the acquisition amounted to $257.0 million (₹15,280.0 million) on a cash-free and debt-free basis, and was subject to customary adjustments related to net debt and working capital at closing. The transaction closed on March 17, 2023, for a purchase consideration of $238.2 million, net of a favorable final working capital adjustment of $18.8 million. Aimia incurred transaction costs of $14.0 million in regard to this transaction, which includes due diligence, stamp duties and other Indian related transfer fees as well as success fees. Of this total, $2.1 million was incurred in the year ended December 31, 2022. The transaction costs are recorded in Selling, general and administrative expenses in the consolidated statements of operations. Pursuant to the acquisition agreements, an amount of $7.6 million (₹458.4 million) of deferred consideration was placed in escrow to cover working capital adjustments and potential claims related to the transition services agreement with the sellers. The deferred consideration was scheduled to be released in equal parts three and six months after closing of the acquisition. The first release occurred during the three months ended June 30, 2023. As of June 30, 2023, no amount has been recorded in the interim consolidated financial statements in regard to the cash in escrow.

On June 30, 2023, Aimia had recorded an amount of $1.6 million in accounts receivable, representing the amount due to Aimia upon the finalization of the working capital adjustment. The amount was received by Aimia subsequent to quarter end and was funded directly by the sellers.

Revenue and earnings before income taxes contribution

Results of Tufropes since its acquisition by the Corporation are presented as a separate segment in *Note 12*.

Had Tufropes been acquired from January 1, 2023, Tufropes would have contributed revenue of $53.9 million. The loss before income taxes amounted to $20.4 million for the six months ended June 30, 2023, which includes transaction costs of $11.9 million, a $7.4 million non-cash expense related to the Paladin Carried Interest in Tufropes, a $2.8 million non-cash expense related to the Paladin option to purchase up to 19.9% of Tufropes, a $2.8 million interest expense and a $3.0 million foreign exchange loss related to an intercompany loan, as well as executives search costs of $0.3 million.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)
Unaudited

4. ACQUISITION OF TUFROPES (continued)

Purchase price allocation

Given the timing of the closing of the acquisition of Tufropes, the initial accounting for the business combination is incomplete at this time. As permitted under IFRS 3, a provisional estimate of the purchase price allocation and fair values of tangible and intangible assets as well as goodwill was performed as of June 30, 2023.

Purchase price	
Base Consideration	257.0
Final working capital adjustment	(18.8)
Net consideration	238.2
Final cash and marketable securities acquired as well as other net debt adjustment	16.3
Total Consideration fair value to allocate [b]	**254.5**
Provisional recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	0.5
Investment in marketable securities	16.2
Accounts receivable	15.3
Income tax receivable	0.5
Inventories	11.6
Other current assets	0.6
Property, Plant and Equipment	38.2
Accounts payable and accrued liabilities	(2.4)
Customer deposits	(0.4)
Other non-current liabilities	(1.5)
Total provisional identifiable net assets (liabilities)	**78.6**
Provisional goodwill and intangible assets [a]	175.9
Total	**254.5**

(a) The Corporation currently expects to recognize customer relationships and trade names intangible assets upon the finalization of the purchase price allocation.

(b) As of June 30, 2023, an amount of $1.6 million related to the finalization of the working capital and net debt adjustment was still to be received by the Corporation. The amount was received subsequent to the quarter.

Agreements with Paladin

Paladin Private Equity LLC ("Paladin") collaborated with Aimia on this transaction. Concurrently with closing of the transaction, Aimia and Paladin entered into certain agreements providing for, among other things, governance rights, preferred return for Aimia, carry related rights to the benefit of Paladin, and an option for Paladin to acquire a minority equity position of Tufropes.

Option to acquire minority equity in Tufropes

Within one year of closing, Paladin has the option, through an investment fund to be established and managed by Paladin, to purchase a minimum of 10% and a maximum of 19.9% of Tufropes' equity at its fully-loaded cost (i.e. Aimia's invested capital, net of debt, inclusive of pro-rata share of all aggregate transaction costs) plus an 8% per annum cost of capital charge.

4. ACQUISITION OF TUFROPES (continued)

The Corporation has recognized a non-cash expense of $2.8 million in regard to this option based on the fair value of the option at issuance. The expense has been recorded in the caption "Income (expenses) related to carried interest, call option and fair value gain (loss) on contingent consideration" in the consolidated statements of operations and is reported as non-controlling interest in the consolidated statement of equity. In the event that Paladin does not exercise its option, the carrying amount of the option will be reclassified from non-controlling interest to "Retained earnings (deficit)". Concurrently with the closing of the Bozzetto acquisition on May 9, 2023 (*Note 3*), the period to exercise this option was extended to May 9, 2024.

Carried Interest - Upon Crystallization

In the event that Aimia disposes of Tufropes or a carried interest crystallization event occurs, for a period of 10 years after the closing date, Paladin will be entitled to certain carried interest distributions, in addition to any rights it would have under its equity ownership in the event that it exercised the Paladin Option described above. These distribution rights will commence only if and when Aimia has earned an 8% annual compound return on its investment. More specifically, in the event of a disposal or carried interest crystallization event, distribution of the proceeds to Aimia and Paladin would be as follows:

v. Aimia is entitled to receive its initial investment at its fully-loaded cost (inclusive of all aggregate transaction costs);
vi. Next, Aimia is entitled to an 8% preferred return over its initial investments at its fully-loaded cost, compounded annually;
vii. Next, Paladin would receive each additional dollar until it received 25% of the preferred return received by Aimia (under ii above);
viii. Thereafter, any remaining funds shall accrue and be allocated 80% to Aimia and 20% to Paladin.

Carried Interest - Crystallization events

In each of year three to year five post-closing, Paladin shall have the right to require (during a specified period in each such year) that Aimia pay out Paladin’s carried interest. In such case, Aimia shall either pay out in cash Paladin's carried interest based on the fair value of Tufropes at such date or choose to trigger a sale process, provided that such sale process results in a minimum proceeds of 1.5x of Aimia's invested capital. If the sale process does not result in a transaction generating proceeds of 1.5x of Aimia's invested capital, then Aimia shall have no obligation to pay out Paladin's carried interest or complete the sale process for such year. In each of year six to year ten post-closing, Paladin shall have the right to require the payout of its carried interest following the same procedure described above, except that there shall be no minimum multiple of Aimia's invested capital threshold.

In each of year three to ten, Aimia shall have the right (during a specified period in each such year) to crystallize Paladin's carried interest based on the fair value of Tufropes at such date, subject to a minimum valuation of 1.5x of Aimia's invested capital. In such case, Paladin can choose to receive either i) cash; ii) common shares of Tufropes; or iii) a combination of both, but in case of ii) and iii), only to the extent the issuance of common shares does not result in Aimia holding less than 80.1% of all of the issued and outstanding common shares of Tufropes. After year ten, in the event the carry calculation does not result in a payout per the thresholds described above, Paladin shall no longer be entitled to any carried interest.

4. ACQUISITION OF TUFROPES (continued)

Aimia has recognized a non-cash expense of $7.4 million related to the carried interest based on the fair value of the carried interest as of June 30, 2023. The expense has been recorded in the caption "Income (expenses) related to carried interest, call option and fair value gain (loss) on contingent consideration" in the consolidated statements of operations and is reported as other long-term liability in the consolidated statement of financial position. The fair value has been estimated by considering the carried interest as a yearly-activable option (Bermuda call), using Monte Carlo simulations and linear regressions. This valuation technique involves generating multiple potential future price paths and then estimating the option value based on those paths. The valuation also factored Aimia's right to crystallize the carried interest. The valuation technique requires the use of certain key unobservable assumptions, which includes:

- Volatility of 37%
- Credit spread of 12.5%.

A change in +/- 5% of the volatility would have resulted in a change of $0.8 million / ($0.8) million in the fair value of the carried interest.

Advisory services

The Corporation has also entered into an advisory services agreement with Paladin whereas Paladin will provide advisory services, including identifying M&A opportunities, to Tufropes. The fees for these advisory services represents 2% of Tufropes' Adjusted EBITDA on an annual basis for an initial period of six years. The advisory services agreement is subject to certain performance related criteria which may reduce or terminate the fees if minimum performance thresholds are not met.

In the event that Paladin exercises its option to acquire a minority equity position in Tufropes, the advisory services fees will be reduced based on Paladin's ownership percentage in Tufropes.

Subsequent event - Acquisition of Cortland Industrial

On July 11, 2023, Aimia announced that Tufropes had acquired Cortland Industrial, LLC (“Cortland”) from Enerpac Tool Group Corp. for a base purchase price of $26.6 million (US$20.0 million) on a cash-free and debt-free basis, and is subject to customary adjustments related to working capital at closing. Cortland is a global designer, manufacturer, and supplier of highly engineered synthetic ropes, slings and tethers to the Aerospace & Defense, Marine, Renewables, and other diversified industrial end markets. The transaction represents a major strategic step for Tufropes, and underscores Aimia’s stated plan to expand Tufropes’ global operations with a focus on premium, value-added products. The combined business will operate under the Cortland name, while retaining both the Cortland and Tufropes brands for their respective product portfolios. The transaction combines two of the industry’s leading brands with distinct product and end market specializations.

The transaction was funded with cash on hand. Given the timing of the closing of the acquisition, the initial accounting for the business combination is incomplete at this time. The Cortland acquisition having closed after June 30, 2023, no results of Cortland have been recorded in the Corporation's financial statements for the three and six months ended June 30, 2023.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - valuation techniques with significant unobservable market inputs.

A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table presents the fair value of the Corporation's investments and their fair value hierarchy classification.

	Hierarchy	June 30, 2023	December 31, 2022
Investment in marketable securities			
Capital A			
Capital A - Common shares	Level 1	25.6	21.4
Capital A - Redeemable convertible unsecured Islamic debt securities ("RCUIDS")	Level 1	9.2	8.4
Capital A - Warrants	Level 1	1.2	1.2
Cineplex	Level 1	3.1	5.7
Marketable securities - held through Precog Capital Partners, L.P. [(a)]	Level 1	15.9	16.2
Money Market Fund - held through Tufropes (*Note 4*)	Level 2	0.1	—
Total		**55.1**	52.9
Investment in private companies and other financial instruments			
Clear Media Limited	Level 3	53.4	54.7
TRADE X			
TRADE X - Preferred shares	Level 3	17.4	40.2
TRADE X - Convertible Note	Level 3	36.1	35.0
TRADE X - Warrants	Level 3	1.7	4.0
Kognitiv - Convertible Note	Level 3	10.4	9.8
Special purpose vehicles	Level 2	17.1	21.9
Investment funds	Level 2	5.7	4.8
Total		**141.8**	170.4

(a) Included in Precog's portfolio of equity instruments is an investment of $0.7 million in Cineplex.

(Tables in millions of Canadian dollars, except share and per share amounts)

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The net change in fair value of investments for the three and six months ended June 30, 2023 and 2022 is detailed below.

		Three Months Ended June 30,		Six Months Ended June 30,	
	Hierarchy	2023	2022	2023	2022
Realized fair value gain (loss)					
Cineplex	Level 1	**(0.7)**	—	**(0.7)**	—
Capital A - Common shares	Level 1	**—**	(0.5)	**—**	(0.6)
Marketable securities - held through Precog Capital Partners, L.P.	Level 1	**(0.8)**	(0.5)	**(1.0)**	(0.3)
Special purpose vehicles	Level 2	**—**	—	**(0.4)**	—
Net change in unrealized fair value					
Clear Media	Level 3	**(1.1)**	(8.2)	**(1.3)**	(9.5)
Capital A					
Capital A - Common shares	Level 1	**(0.7)**	(4.2)	**4.2**	(6.8)
Capital A - RCUIDS	Level 1	**(0.4)**	(1.0)	**0.8**	(1.1)
Capital A - Warrants	Level 1	**(0.2)**	(0.3)	**—**	(0.2)
TRADE X					
TRADE X - Preferred shares	Level 3	**(22.6)**	1.4	**(22.7)**	0.7
TRADE X - Convertible Note	Level 3	**(1.7)**	2.0	**(0.3)**	1.5
TRADE X - Warrants	Level 3	**(2.3)**	—	**(2.3)**	—
Cineplex	Level 1	**0.7**	(1.9)	**1.2**	(2.0)
Kognitiv - Convertible Note	Level 3	**—**	(1.0)	**(0.1)**	(1.0)
Marketable securities - held through Precog Capital Partners, L.P.	Level 1	**0.3**	(7.7)	**1.3**	(12.4)
Money Market Fund - held through Tufropes (*Note 3*)	Level 2	**0.1**	—	**0.3**	—
Special purpose vehicles	Level 2	**0.2**	(2.6)	**2.2**	(4.3)
Investment funds	Level 2	**0.4**	(0.5)	**0.8**	(1.1)
Net change in fair value of investments		**(28.8)**	(25.0)	**(18.0)**	(37.1)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table provides information about how the fair value of the investments in private companies and other financial instruments were derived.

June 30, 2023				
Investments	Valuation technique	Key valuation inputs	Range	Sensitivity
Clear Media Limited	**Income & Market Approach** - EBITDA multiple (adjusted for change in accounting pronouncements)	EBITDA multiple	8.0x - 8.5x	+/- 1.0x = +/- $7.2MM
		Return to historical profitability by	2025	
		Discount rate	19% - 22%	
TRADE X - Preferred shares	**Market Approach** - Combination of valuation techniques and inputs, including Revenue and EBITDA multiples.	EBITDA multiple	9.0x - 10.0x	A combined change in multiple of +/- 1.0x on EBITDA multiple and 0.1x on revenue multiple would have an impact of +/- $2.6MM
		Revenue multiple	0.7x	
TRADE X - Convertible Note	**Market Approach** - Coupled partial differential equations solved numerically using finite difference methods.	Conversion price (maturity)	US$108.40	
		Qualified Financing conversion discount	27.5%	
		Share price	US$40.66	+/- 10% = negligible
		Implied Credit Spread	39%	+/- 1% = +/- $0.1MM
		Volatility	43%	+/- 5% = negligible
TRADE X - Warrants	**Market Approach** - Black-Scholes option pricing model	Share price	US$40.66	+/- 10% = +/- $0.2M
		Volatily	43%	
		Exercise price	US$0.001	
Kognitiv - Convertible Note	**Market Approach** - Coupled partial differential equations solved numerically using finite difference methods.	Conversion price (maturity)	$1.20	
		Qualified Financing conversion discount	20%	
		Share price	$0.50	+10% = + $0.2MM - 10% = - $0.4MM
		Implied Credit Spread	21%	+/- 1% = +/- $0.2MM
		Volatility	50%	+/- 5% = +/- $0.2MM
Special purpose vehicles	**Net Asset Value** attributed based on investor statement	N/A	N/A	N/A
Investment funds	**Net Asset Value** attributed based on investor statement	N/A	N/A	N/A

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

		December 31, 2022		
Investments	Valuation technique	Key valuation inputs	Range	Sensitivity
Clear Media Limited	**Income & Market Approach** - EBITDA multiple (adjusted for change in accounting pronouncements)	EBITDA multiple	8.0x - 8.5x	+/- 1.0x = +/- $7.1MM
		Return to historical profitability by	2025	
		Discount rate	19% - 21%	
TRADE X - Preferred shares	**Market Approach** - Combination of valuation techniques and inputs, including Preferred Shares Series A financing round, Revenue and EBITDA multiples.	EBITDA multiple	9.0x - 10.0x	A combined change in multiple of +/- 1.0x on EBITDA multiple and 0.1x on revenue multiple would have an impact of +/- $2.2MM
		Revenue multiple	0.5x	
		Series A financing round enterprise value	US$285MM	
TRADE X - Convertible Note	**Market Approach** - Coupled partial differential equations solved numerically using finite difference methods.	Conversion price (maturity)	US$108.40	
		Qualified Financing conversion discount	27.5%	
		Share price	US$91.60	+/- 10% = +/- $0.4MM
		Implied Credit Spread	41%	+/- 1% = +/- $0.1MM
		Volatility	60%	+ 5% = - $0.4MM - 5% = - $0.2MM
TRADE X - Warrants	**Market Approach** - Black-Scholes option pricing model	Share price	US$91.60	+/- 10% = +/- $0.4M
		Volatily	60%	
		Exercise price	US$0.001	
Kognitiv - Convertible Note	**Market Approach** - Coupled partial differential equations solved numerically using finite difference methods.	Conversion price (maturity)	US$4.00	
		Qualified Financing conversion discount	20%	
		Share price	US$0.74	+/- 10% = +/-$0.1MM
		Implied Credit Spread	22%	+/- 1% = +/- $0.2MM
		Volatility	74%	+/- 5% = +/- $0.1MM
Special purpose vehicles	**Net Asset Value** attributed based on investor statement	N/A	N/A	N/A
Investment funds	**Net Asset Value** attributed based on investor statement	N/A	N/A	N/A

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below provides additional details on the cash movements related to the following line items included in the consolidated statements of cash flows for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
INCLUDED IN OPERATING ACTIVITIES				
Purchases of marketable securities held for trading				
Marketable securities - held through Precog Capital Partners, L.P.	**—**	(1.2)	**(0.9)**	(5.1)
Total	**—**	**(1.2)**	**(0.9)**	(5.1)
Proceeds from disposal of marketable securities held for trading				
Marketable securities - held through Precog Capital Partners, L.P.	**0.9**	4.7	**1.2**	5.6
Total	**0.9**	4.7	**1.2**	5.6
INCLUDED IN INVESTING ACTIVITIES				
Purchase of investments in marketable securities, private companies and other financial instruments				
Kognitiv - Convertible Note	**—**	—	**—**	(10.0)
Total	**—**	—	**—**	(10.0)
Proceeds from disposal of investments in marketable securities, private companies and other financial instruments				
Capital A - Common shares	**—**	1.8	**—**	2.1
Money Market Fund - held through Tufropes	**16.1**	—	**16.1**	—
Cineplex	**3.1**	—	**3.1**	—
Total	**19.2**	**1.8**	**19.2**	**2.1**

Investments in equity instruments of Clear Media Limited

As of June 30, 2023, the fair value of the indirect investment in Clear Media Limited has been estimated at $53.4 million. Aimia recognized unrealized fair value losses of $1.1 million and $1.3 million during the three and six months ended June 30, 2023, respectively, due to underlying currency impacts.

Investments in TRADE X

Preferred shares

As of June 30, 2023, the fair value of the preferred shares has been estimated at $17.4 million (US$13.1 million) and the Corporation recorded unrealized fair value losses of $22.6 million and $22.7 million during the three and six months ended June 30, 2023, respectively, for this investment based on the assumptions listed in the key valuation inputs table. The unrealized fair value loss during the three months ended June 30, 2023, is mainly due to weaker

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)
Unaudited

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

sales volume than originally projected by TRADE X as the company continues to adjust to its new business model which is focused on achieving higher gross margins per unit to drive towards profitability.

Convertible note and warrants

In December 2021, Aimia invested $31.6 million (US$25.0 million) in a convertible note of TRADE X (the "Original Note"). The Original Note had an 8% interest bearing rate and, unless converted as a result of a qualified financing, was scheduled to mature 12 months after the closing date. At maturity, Aimia had the option to convert the Original Note and accrued interest into TRADE X preferred shares using the original issue price, which was based on the preferred shares series A financing round mentioned above, or have the Original Note and accrued interests paid in full. In December 2022, in connection with the upcoming maturity of the Original Note, Aimia and TRADE X negotiated an amended and restated secured convertible note ("A&R Note").

The A&R Note has an 8% interest bearing rate (until the interest peek date) and, unless converted as a result of a qualified financing, will mature in December 2023. At maturity, Aimia has the option to convert the A&R Note and accrued interest into TRADE X preferred shares using the original issue price, which is based on the preferred shares series A financing round, or have the A&R Note and accrued interests paid in full.

The interest peek date is defined as the earlier of (i) June 8, 2023 if the sale of a certain TRADE X subsidiary has not been consummated by such date, or (ii) the maturity date. After the interest peek date, the A&R Note has a 12% interest bearing rate.

In the event a qualified financing occurs, the A&R Note will automatically convert into the same equity instruments than such qualified financing at the lesser of (i) 27.5% discount over the qualified financing price per share; and (ii) price per share based on a certain pre-money valuation cap.

If the sale of a certain TRADE X subsidiary is consummated, the Corporation could be entitled to a partial or full repayment of the A&R Note depending on the proceeds generated from such sale.

As of June 30, 2023, the fair value of the convertible note has been estimated at $36.1 million (US$27.2 million). The Corporation has accrued interest of $0.7 million and $1.4 million, as well as recorded unrealized net fair value losses of $1.7 million and $0.3 million during the three and six months ended June 30, 2023, respectively, for this investment based on the assumptions listed in the key valuation inputs table.

Concurrent with the execution of the A&R Note, TRADE X granted Aimia warrants to purchase common shares of TRADE X. Each warrant enables Aimia to purchase one common share of TRADE X at a purchase price of US$0.001 and exercisable for a period of 5 years from the date of their issuance. As of June 30, 2023, the fair value of the warrants has been estimated at $1.7 million (US$1.3 million). Aimia recorded unrealized net fair value losses of $2.3 million during the three and six months ended June 30, 2023, for this investment based on the assumptions listed in the key valuation inputs table.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Bridge loan

During the three months ended June 30, 2023, Aimia made a $2.7 million (US$2.0 million) bridge loan to TRADE X. The loan has a 12% interest rate, is subject to a 5% set-up fee and will mature at the earlier of (i) one-year from the date of the loan; and (ii) the date the sale of a certain TRADE X subsidiary is consummated. The Corporation has accrued interest of $0.2 million during the three and six months ended June 30, 2023. The bridge loan and accrued interest are presented as part of Other current assets on the consolidated statement of financial position.

Investment in Capital A Berhad

Common shares

As of June 30, 2023, the fair value of the total investment remaining in common shares of Capital A was $25.6 million and Aimia recognized an unrealized fair value loss of $0.7 million and an unrealized fair value gain of $4.2 million during the three and six months ended June 30, 2023, respectively. Unrealized fair value losses of $4.2 million and $6.8 million were recognized during the three and six months ended June 30, 2022, respectively, for this investment.

During the first and second quarter of 2022, the Corporation sold 1,566,700 and 8,789,200 common shares of Capital A for total proceeds of $0.3 million (MYR 1.0 million) and of $1.8 million (MYR 6.2 million), respectively. The disposal of Capital A shares resulted in realized losses of $0.1 million and $0.5 million during the first and second quarter of 2022, respectively.

RCUIDS and Warrants

As of June 30, 2023, the fair values of the RCUIDS and warrants were $9.2 million and $1.2 million, respectively, and Aimia recognized an unrealized fair value loss of $0.4 million and an unrealized fair value gain of $0.8 million during the three and six months ended June 30, 2023, respectively, for the RCUIDS, and an unrealized fair value loss of $0.2 million and negligible fair value change for the warrants, during the three and six months ended June 30, 2023, respectively. Aimia also recorded dividend income of $0.2 million and $0.4 million related to the RCUIDS during the three and six months ended June 30, 2023, respectively.

Practice Note 17 ("PN 17")

As announced by Capital A in January 2022, Capital A continued to trigger the prescribed criteria pursuant to Paragraph 8.04 and Paragraphs 2.1(a) and 2.1(e) of PN17 of the Main Listing Requirements of Bursa Malaysia Securities Berhad. The company triggered the prescribed criteria given that (i) its December 31, 2020 audited financial statements included a unqualified audit opinion with material uncertainty relating to going concern from its external auditors, and (ii) Capital A's shareholders' equity on a consolidated basis was 25% or less of its share capital and such equity is less than MYR40.0 million based on the audited financial statements for the year ended December 31, 2020.

In the event Capital A fails to comply with any part of its obligations to regularize its condition within the timeframes permitted by Bursa Securities, Bursa Securities shall (i) suspend the trading of the company’s listed securities on the 6th market day after the date of notification of suspension by Bursa Securities; and (ii) de-list the company subject to

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

the company's right to appeal against the de-listing which appeal by the company must be submitted to Bursa Securities within 5 market days from the date of notification of de-listing by Bursa Securities.

On July 27, 2023, Capital A announced that Bursa Securities had granted Capital A another extension of time of three months until October 7, 2023, for Capital A to submit its regularization plan to the relevant regulatory authorities. As of this date, Capital A is in the midst of formulating a regularization plan to address its financial condition. The regularization plan is not expected to result in a significant change in the business direction or policy of Capital A. Aimia is closely monitoring the developments.

Investment in equity instruments of Cineplex

During the year ended December 31, 2021, the Corporation purchased 703,800 common shares of Cineplex (CGX.TO), for a total of $8.3 million. During the three month ended June 30, 2023, the Corporation disposed of 355,600 of its Cineplex common shares for total proceeds of $3.1 million, resulting in a $0.7 million realized loss on the investment.

During three and six months ended June 30, 2023, Aimia recognized unrealized fair value gains of $0.7 million and $1.2 million, respectively, for this investment.

Subsequent to June 30, 2023, Aimia disposed of its remaining 348,200 common shares of Cineplex, for total proceeds of $3.1 million. The fair value of the investment in equity instruments of Cineplex was based on the quoted market value for its publicly traded equity securities.

Investment in secured subordinated convertible note of Kognitiv

In January 2022, Aimia invested an amount of $10.0 million in a secured subordinated convertible note of Kognitiv. The note has a 12% interest bearing rate (paid-in-kind) and, unless converted as a result of a qualified financing, will mature 18 months after the closing date. Unless the note has been repaid before or on the maturity date, at the option of Aimia, the principal and accrued interest under the note may be:

i. subject to the approval of other senior secured lenders, repaid in cash, in which case Aimia will also be issued a warrant to acquire 5 common shares of the Company at the then fair market value for each $1,000 of principal amount of notes outstanding, which warrant shall be exercisable for a period of five years from the date of issuance; or

ii. converted into an aggregate number of the shares of the most senior ranking share capital of the Kognitiv then outstanding (such class or series, the "Senior Shares") at a discount to the fair market value of such Senior Shares.

In the event the approval of other senior secured lenders is not obtained in i) above (and the note is not converted in accordance with ii) above), the note shall remain outstanding and the interest rate of the outstanding note shall be increased by 5% from the maturity date until such repayment is completed.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

In the event a qualified financing occurs, Aimia has the option to convert the note into the same series of securities issued in the qualified financing at a 20% discount to the price at which such securities are offered.

As of June 30, 2023, the fair value of the investment has been estimated at $10.4 million. The Corporation has accrued interest of $0.4 million and $0.7 million as well as recorded a negligible unrealized fair value change and an unrealized fair value loss of $0.1 million during the three and six months ended June 30, 2023, respectively, for this investment based on the assumptions listed in the key valuation inputs table.

Investment in Precog Capital Partners L.P.

On June 1, 2021, the Corporation invested $25.0 million in Precog Capital Partners L.P. ("Precog"), an investment fund whose general partner is MIM, a wholly-owned subsidiary of the Corporation. As a result of this investment, Aimia concluded it had control over the investment fund per the definition of IFRS 10 and therefore consolidates the fund. Aimia recognized realized fair value losses of $0.8 million and $1.0 million during the three and six months ended June 30, 2023 as well as unrealized fair value gains of $0.3 million and $1.3 million during the three and six months ended June 30, 2023, respectively, in regards to the equity instruments held through Precog.

Following the Corporation's decision to wind down the operations of MIM starting April 14, 2023, the Precog investment fund will be gradually wound down as well. As a result, Aimia, as well as other limited partners, will be entitled to receive either i) a distribution in kind of the underlying marketable securities attributable to their investment in Precog; ii) cash (based on the proceeds from the sale of the fund's investments in marketable securities); or iii) a combination of both.

Investments in Special Purpose Vehicles

Special Purpose Vehicle 1

Starting in 2020, the Corporation invested $6.5 million (US$5.0 million) into a special purpose vehicle created to pursue a leveraged buyout of a target company. Aimia had the option to purchase up to a total of 25% of the potential acquired company in the event the leveraged buyout is consummated. In January 2023, Aimia redeemed all of its investment in the special purpose vehicle for an amount of $6.3 million (US$4.7 million), resulting in a realized fair value loss of $0.4 million (US$0.3 million) during the first quarter ended March 31, 2023.

Aimia recognized unrealized fair value losses of $2.4 million and $3.0 million during the three and six months ended June 30, 2022, respectively, for this investment.

Special Purpose Vehicle 2

On November 9, 2021, Aimia invested $12.4 million (US$10.0 million) in a second special purpose vehicle which was created also to pursue a leverage buyout strategy. Aimia recognized unrealized fair value gains of $0.2 million and $1.8 million during the three and six months ended June 30, 2023, respectively, for this investment.

Aimia recognized unrealized fair value losses of $0.2 million and $1.3 million during the three and six months ended and June 30, 2022, respectively, for this investment.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities at amortized cost

The carrying amounts reported in the consolidated statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair values based on the immediate or short-term maturities of these financial instruments. The carrying amount of the long-term debt approximate its fair value as of June 30, 2023 given that the financing was recently completed on May 9, 2023.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

6. EQUITY-ACCOUNTED INVESTMENTS

As at	June 30, 2023	December 31, 2022
Kognitiv	4.5	18.7
Other investment in associates - held through Bozzetto	3.3	—
Total	**7.8**	18.7

Share of net earnings (loss) of equity-accounted investments	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
PLM Premier, S.A.P.I. de C.V. (a)	—	—	—	0.6
Kognitiv	(8.9)	(8.8)	(14.8)	(16.3)
Total	**(8.9)**	(8.8)	**(14.8)**	(15.7)

(a) The share of net earnings of PLM for the six months ended June 30, 2022, represents the share of the net earnings from PLM prior to the classification of the investment as asset held for sale on February 8, 2022. During the six months ended June 30, 2022, Aimia received distributions from PLM of $2.9 million (US$2.3 million). Given the fact that the distributions were received when the investment was classified as an asset held for sale, the distributions were recognized in "Interest, dividend and other investment income" in the consolidated statement of operations.

INVESTMENT IN KOGNITIV

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

Discontinued operations

Kognitiv’s core business is focused on advanced loyalty, data activation and partner collaboration. Travel and travel products are important in the context of loyalty, and as such, Kognitiv has travel capabilities and technology. As the company streamlines its operations around its core capabilities, it is exploring investment and partnership opportunities to optimize these alternative travel assets. As discussions with counterparties in these proposed opportunities were in advanced stages as of December 31, 2022 and June 30, 2023, operations of the alternative assets are presented as discontinued operations in Kognitiv’s summarized statement of operations presented below. During the three months ended June 30, 2023, Kognitiv disposed of one of these businesses for a non-cash consideration, which includes potential future royalties should the divested business achieve certain gross revenue thresholds as well as a warrant to re-acquire a 45% equity stake in the divested business for a negligible amount.

Subsequent to June 30, 2023, Kognitiv completed the divestiture of its remaining business held for sale for a consideration of $9.4 million in cash.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)
Unaudited

6. EQUITY-ACCOUNTED INVESTMENTS (continued)

Financing

In January 2022, Kognitiv secured new financing from the following sources:

- $31.0 million in the form of secured subordinated convertible notes. Investors in the secured subordinated convertible notes included $15.0 million from a new U.S. institutional investor, $10.0 million from Aimia, and $1.25 million from company insiders, including members of the board of directors and senior management, among other investors.
- $17.5 million in the form of a senior debt facility.

During the year ended December 31, 2022, Kognitiv collected $6.4 million related to the remaining deferred consideration related to the ISS transaction and repaid amounts outstanding under its senior debt facility.

Refer to *Note 5* for additional details on Aimia's investment in these convertible notes.

Kognitiv secured new debt financing in the form of secured promissory notes for a net cash amount of $17.5 million received in the six months ended June 30, 2023. Investors in the secured promissory notes included $13.7 million from a U.S. institutional investor and $5.0 million from Aimia under a first promissory note agreement (of which $2.0 million was previously advanced to Kognitiv as of December 31, 2022) as well as $0.8 million advanced under a new secured promissory note agreement. The $5.0 million secured promissory note to Aimia was fully repaid by Kognitiv on March 7, 2023, as Aimia was replaced by another institutional investor. The Corporation recognized $0.2 million of interest income in the first quarter ended March 31, 2023.

As indicated above, in the three months ended June 30, 2023, Aimia advanced $0.8 million to Kognitiv under a new secured promissory note agreement totaling up to $4.5 million. Of this total, $1.0 million will only be funded upon the occurrence of certain conditions defined in the agreements. Subsequent to the quarter, $2.7 million of the total promissory note was funded, with the total amounts funded to date amounting to $3.5 million.

Refer to *Note 10* for additional details.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

6. EQUITY-ACCOUNTED INVESTMENTS (continued)

Kognitiv's summarized statement of operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue [(a)]	**11.7**	11.9	**23.2**	24.0
Cost of sale and operating expenses [(a)]	(17.7)	(23.7)	(35.2)	(46.3)
Depreciation and amortization	—	(0.1)	(0.1)	(0.2)
Loss before net financial expense and income tax expense [(a)]	**(6.0)**	(11.9)	**(12.1)**	(22.5)
Net loss	**(16.5)**	(15.8)	**(26.8)**	(29.3)
Other comprehensive income	1.9	0.6	1.3	1.4
Comprehensive loss	**(14.6)**	(15.2)	**(25.5)**	(27.9)
Included in Net loss:				
Net loss from discontinued operations	**(1.8)**	—	**(3.0)**	(0.5)

(a) Revenue, cost of sale and operating expenses and loss before net financial expense and income tax expense for the three and six months ended June 30, 2023 and 2022 are presented on a continuing operations basis.

Reconciliation of Kognitiv's summarized statement of operations to Aimia's share of net earnings

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	**(16.5)**	(15.8)	**(26.8)**	(29.3)
Share of net loss of Kognitiv	(8.1)	(7.8)	(13.1)	(14.4)
Amortization expense related to identifiable assets recognized on acquisition	(0.4)	(0.4)	(0.8)	(0.8)
Cumulative undeclared dividends on preferred shares not owned by Aimia	(0.4)	(0.6)	(0.9)	(1.1)
Aimia's share of Kognitiv net loss	**(8.9)**	(8.8)	**(14.8)**	(16.3)

OTHER INVESTMENTS IN ASSOCIATES - HELD THROUGH BOZZETTO

No significant share of net earnings were recognized in the period ended June 30, 2023 for the other investments in associates held through Bozzetto.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

7. EARNINGS (LOSS) PER COMMON SHARE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Loss attributable to equity holders of the Corporation	**(71.4)**	(35.2)	**(91.9)**	(54.1)
Deduct: Dividends declared on preferred shares related to the period (*Note 9*)	**(3.2)**	(3.2)	**(6.4)**	(6.4)
Loss attributable to common shareholders	**(74.6)**	(38.4)	**(98.3)**	(60.5)
Weighted average number of common shares - Basic and fully diluted [(a)]	**82,598,929**	90,509,659	**82,598,929**	90,714,953
Basic and fully diluted loss per common share	**$ (0.90)**	$ (0.42)	**$ (1.19)**	$ (0.67)

(a) The weighted average number of basic common shares calculation excludes common shares issued and deposited in escrow as part of the MIM transaction as they are still subject to forfeitures as of June 30, 2023.

8. CONTINGENT LIABILITIES

GUARANTEES AND INDEMNIFICATIONS

Aimia has agreed to indemnify its directors and officers, and the directors and officers of its subsidiaries, to the extent permitted under corporate law, against costs and damages incurred as a result of lawsuits or any other judicial, administrative or investigative proceeding in which said directors or officers are sued as a result of their services. The directors and officers are covered by directors' and officers' liability insurance.

In limited circumstances, Aimia may provide guarantees and/or indemnifications to third parties and/or employees to support the performance obligations of its subsidiaries under commercial and/or employment contracts or in regards to representations and warranties made by Aimia when Aimia disposed of businesses and other assets. No amount has been recorded in these financial statements with respect to the indemnification and guarantee agreements.

Aeroplan transaction

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

In addition to customary transactional indemnity clauses, Aimia had agreed to indemnify Air Canada for income tax payments that may arise after the closing date relating to pre-closing tax periods for Aeroplan Inc. This included the income tax audit conducted by the CRA regarding certain Aeroplan income tax matters dating back to 2013 (the "2013 CRA audit"). In regards to this tax payment indemnification clause, $100.0 million of the purchase proceeds were deposited in a separate interest-bearing account jointly controlled by Aimia and Air Canada pending the conclusion of the 2013 CRA audit.

Since the transaction close, Aimia received notices of reassessment from the CRA and Revenu Québec for the 2012 through 2017 taxation years and notices of assessment for the 2018 and 2019 taxation years. Aimia has funded the amounts due upon receipt of the assessments from the restricted cash account. The remaining restricted cash account balance of $66.9 million was released to Aimia in July 2020 in accordance with the terms of the SPA between Aimia and Air Canada.

Aimia, in conjunction with Aeroplan Inc., has initiated the process to vigorously contest these matters. Based on external advice it has received, the Corporation believes that it is more likely than not that Aeroplan Inc. will prevail in the recourse procedures available to taxpayers in these situations, which could eventually lead to a court contestation. Based on this assessment, Aimia did not record any income tax expenses related to discontinued operations in its financial statements and presents the amount funded in other non-current assets (*Note 11B*). Should Aeroplan Inc. be successful in its recourse procedures, the $32.9 million remitted to the CRA and Revenu Québec from the original $100.0 million restricted cash account would be returned to Aimia.

8. CONTINGENT LIABILITIES (continued)

PLM Transaction

As part of the PLM divestiture, the Corporation agreed to provide indemnification to PLM and Aeromexico in the event that PLM and Aeromexico suffer losses resulting from the default or breach by the Corporation of its obligations under the Definitive Agreement. The maximum potential future payments that the Corporation could be required to make under these indemnifications are not determinable at this time, as any future payments would be dependent on the type and extent of the related claims, and all available defenses, which cannot be estimated. However, historically, costs incurred to settle claims related to these indemnifications have not been material to the Corporation's consolidated financial position, net income or cash flows.

In addition, Aimia and PLM and Aeromexico have agreed to share certain potential additional Mexican income and withholding tax liabilities that could result solely from this transaction. If any additional Mexican income and withholding tax liabilities are to be assessed by the Mexican tax authorities (the "Liability"), Aimia would assume and shall be solely responsible for the first US$27.5 million of Liability, PLM and Aeromexico would assume and be jointly and severally responsible for the next US$27.5 million and, for any amount above such US$55.0 million of the Liability, the Liability shall be assumed and shared equally between the parties, whereby Aimia shall be responsible for 50% of such Liability and PLM and Aeromexico shall assume and are jointly and severally responsible for the other 50% of such Liability. Aimia's responsibility and obligation to pay its share of the Liability is limited to US$50.0 million and will not extend beyond five years from the date of filing before the tax authorities of the annual income tax return of PLM containing the tax liability resulting from this transaction, subject to statute of limitation extension by the tax authorities whereby the indemnification term would be extended until the expiration of such statute of limitations. No amount has been recorded in these financial statements with respect to this clause.

CLASS ACTIONS

Class actions seeking reimbursement of fuel surcharges, airport improvement fees and passenger charges

Following the completion of the sale of the Aeroplan Program and related assets on January 10, 2019, Aimia will bear 50% of the liability and costs, if any, associated with these class action proceedings against Aeroplan Inc., up to a cap of $25.0 million for Aimia, after which Air Canada is solely responsible.

Management believes that Aeroplan Inc. has a strong defense to these class actions and believes that it is more likely than not that its position will ultimately be sustained; therefore, no amount was recorded in the Corporation's consolidated financial statements as at June 30, 2023 and December 31, 2022.

8. CONTINGENT LIABILITIES (continued)

OTHER CLAIMS AND LITIGATION

Claim from former executive

On November 12, 2020, a former executive of the Corporation filed a statement of claim with the Ontario Superior Court against Aimia seeking, among other remedies, an aggregate of at least $9.0 million in compensatory and punitive damages for breach of contract and wrongful dismissal. Aimia has filed a statement of defense and counterclaim in January 2021. The counterclaim against the plaintiff seeks damages on the basis of the plaintiff's breach of his employment contract. The parties have exchanged productions and conducted examinations for discovery. During the third quarter of 2022, the Corporation has recorded a provision of $4.0 million for this claim. The provision has been classified in Selling, general and administrative expenses in the consolidated statements of operations and in Other non-current liabilities in the consolidated statements of financial position (*Note 11B*).

The Corporation is actively contesting this claim.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

9. DIVIDENDS

Quarterly dividends declared to preferred shareholders of Aimia for the three and six months ended June 30, 2023 and 2022*,* were as follows:

	2023		2022	
Three months ended	Amount	Per preferred share	Amount	Per preferred share
Series 1				
March 31,	1.5	0.300125	1.5	0.300125
June 30,	1.6	0.300125	1.6	0.300125
Total	**3.1**	**0.600250**	**3.1**	**0.600250**
Series 3				
March 31,	1.7	0.375688	1.7	0.375688
June 30,	1.6	0.375688	1.6	0.375688
Total	**3.3**	**0.751376**	**3.3**	**0.751376**
Total preferred dividends on Series 1 and Series 3	**6.4**		6.4	

Aimia is subject to Part VI.1 tax under the Income Tax Act (Canada) (the "ITA") at an imposed tax rate of 40% associated with dividends paid on its preferred shares. For the three and six months ended June 30, 2023, the gross amount of Part VI.1 tax expense is $1.2 million and $2.5 million (2022: $1.2 million and $2.5 million), respectively. In prior years when Aimia paid dividends on its Preferred Shares, Aimia transferred all or part of its Part VI.1 tax liability to its related Canadian subsidiaries to offset the Part VI.1 tax by reducing the taxable income of its Canadian subsidiary and Part 1 tax liability. Aimia and its related Canadian subsidiaries currently do not have sufficient Canadian taxable income to benefit from the Part VI.1 tax deduction to offset the Part 1 tax. Any unused Part VI.1 tax deduction are carried forward as non-capital losses under the rules specifically provided under the ITA.

During the six months ended June 30, 2023 and 2022, the Corporation paid $2.1 million and $2.6 million of Part VI.1 tax, respectively.

On August 10, 2023, the Board of Directors of Aimia declared quarterly dividends of $0.300125 per Series 1 preferred share and $0.375688 per Series 3 preferred share, in each case payable on September 29, 2023, to shareholders of record on September 15, 2023.

10. RELATED PARTIES

TRANSACTIONS WITH A FORMER EXECUTIVE

Deferred share units

Effective March 29, 2022, in connection with a change of role of a former executive, all unvested DSUs held by that former executive have been forfeited. The liability associated with these unvested DSUs has been derecognized during the quarter ended March 31, 2022.

On March 27, 2023, the Corporation terminated the employment of the former executive. The termination of the former executive constitutes a termination of service under the Corporation's DSU plan. Upon termination of service, the former executive became entitled, for each DSU credited to its account, to a payment in cash equivalent to the value of an Aimia common share. As of March 27, 2023, the former executive held 416,667 vested DSUs.

Secured promissory note

On July 8, 2022, the Corporation entered into a secured promissory note agreement to lend this former executive an amount of $1.3 million (US$1.0 million). The secured promissory note bears interest at 7.5% annually and matures at the earlier of (1) July 8, 2027 or (2) the date upon which the vested DSUs granted to the former executive are settled pursuant to the terms and conditions of the DSU plan. Interests are payable on a quarterly basis. The promissory note is secured by 300,000 common shares of the Corporation held by the former executive.

The termination of the employment of the former executive is considered an event of default under the secured promissory note agreement. As a result, the principal as well as accrued and unpaid interests outstanding have become immediately due. On March 27, 2023 a notice of default was sent to the former executive. The secured promissory note is presented as receivable from related party on the consolidated statement of financial position.

Escrow and contingent shares

Under the Purchase Agreement and related agreements (the “MIM Agreements”) regarding the purchase, by the Corporation, on June 19, 2020, of MIM, a portion of the consideration payable to the former executive was contingent upon his continued employment with the Corporation for a period of 10 years. Given the termination of the former executive before the end of such period, the Corporation is entitled to claw back the pro rata portion of the consideration attributable to that former executive, with recourse against the 485,053 shares attributable to the former executive placed in escrow at the time the acquisition of MIM closed. As of June 30, 2023, the escrow shares have not been cancelled yet. In addition, the former executive is no longer entitled to its 291,032 earn out shares in connection with the MIM acquisition.

As a result, an accrued liability for deferred compensation of $0.4 million has been reversed in the first quarter ended March 31, 2023, relating to the claw back of the escrow shares, as described above, and $0.6 million of the original contributed surplus recorded related to the contingent shares has been reclassified to retained earnings.

10. RELATED PARTIES (continued)

TRANSACTIONS WITH KOGNITIV

Convertible note

In January 2022, the Corporatin invested $10.0 million in a secured subordinated convertible note of Kognitiv. Refer to *Note 5* for additional details.

Promissory Notes

First secured promissory note

In the first quarter ended March 31, 2023, the Corporation entered into a secured promissory note agreement with Kognitiv whereby the Corporation agreed to lend an amount of $5.0 million to Kognitiv. The promissory note bore interest at 12%, was subject to a 3% structuring fee and had a maturity date as of March 7, 2023 and was secured by all present and future accounts receivable of the borrowers and all proceeds thereof. The promissory note was fully repaid by Kognitiv on March 7, 2023, and the Corporation recognized total interest of $0.3 million over the course of the loan period. As of December 31, 2022, Aimia had advanced to Kognitiv an amount of $2.0 million out of the $5.0 million in regard to that promissory note. The amount was presented as Receivable from related party on the consolidated statements of financial position.

Second secured promissory note

In the three months ended June 30, 2023, Aimia advanced $0.8 million to Kognitiv under a new secured promissory note agreement totaling up to $4.5 million. Of this total, $1.0 million will only be funded upon the occurrence of certain conditions defined in the agreements. Subsequent to the quarter, $2.7 million of the total promissory note was funded, with the total amounts funded to date amounting to $3.5 million.

The promissory note bears interest at 12% for the initial $3.5 million and 14% for the potential additional $1.0 million and is subject to a $0.2 million structuring fee. The $3.5 million has a maturity date of March 31, 2024. The additional $1.0 million, if funded, will have a maturity date of December 31, 2023. The promissory note is secured by all present and future accounts receivable of the borrowers and all proceeds thereof.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

11. ADDITIONAL FINANCIAL INFORMATION

The following sections provide additional information regarding certain primary financial statement captions:

A) STATEMENTS OF OPERATIONS

REVENUE

Revenue by product & services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue recognized at a point in time				
Tufropes segment:				
Rope products	20.1	—	21.3	—
Netting and other products	8.8	—	9.3	—
Bozzetto segment:				
Textile solutions	26.0	—	26.0	—
Dispersion Solutions	15.7	—	15.7	—
Water Solutions	4.2	—	4.2	—
Total revenue recognized at a point in time	**74.8**	—	**76.5**	—
Revenue recognized over time				
Investment Management fees	—	0.4	0.3	0.9
Total revenue recognized over time	**—**	0.4	**0.3**	0.9
Total revenue	**74.8**	0.4	**76.8**	0.9

Revenue by geographical location

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Europe	37.4	—	37.7	—
Asia & Oceania	25.3	—	26.3	—
Americas	8.7	0.4	9.4	0.9
Africa/Middle East	3.4	—	3.4	—
Total revenue	**74.8**	0.4	**76.8**	0.9

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

11. ADDITIONAL FINANCIAL INFORMATION (continued)

INTEREST, DIVIDEND AND OTHER INVESTMENT INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest income				
Interest on cash and cash equivalents	1.4	—	6.6	0.1
Interest on convertible notes and other financial instruments	1.7	1.0	3.3	1.8
Total interest income	**3.1**	1.0	**9.9**	1.9
Dividend income				
Dividend income from marketable securities	0.2	0.1	0.4	0.4
Distribution from PLM (*Note 6*)	—	—	—	2.9
Total dividend income	**0.2**	0.1	**0.4**	3.3
Other investment income				
Other investment income	0.2	0.3	0.4	0.4
Total other investment income	**0.2**	0.3	**0.4**	0.4
Total interest, dividend and other investment income	**3.5**	1.4	**10.7**	5.6

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The selling, general and administrative expense include transaction costs related to the acquisitions of Bozzetto and Tufropes amounting to $12.7 million and $24.3 million in the three and six months ended June 30, 2023, respectively (*Note 3* and *Note 4*).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

11. ADDITIONAL FINANCIAL INFORMATION (continued)

B) STATEMENTS OF FINANCIAL POSITION

OTHER NON-CURRENT ASSETS

As at	June 30, 2023	December 31, 2022
Tax deposit *(Note 8)*	**32.9**	32.9
Contingent consideration (earn-out) receivable [(a)]	**12.2**	11.9
Other investment income receivable	**4.0**	3.7
Loan receivable from a related party (*Note 10*)	**—**	1.4
Prepayments	**0.5**	0.6
Other	**7.4**	—
Total	**57.0**	50.5

(a) The fair value of the contingent consideration related to the divestiture of the PLM investment is estimated using an expected value approach based on probability assigned to various annual gross billings scenarios and a discount rate based on the estimated credit risk of the counterparty.

OTHER NON-CURRENT LIABILITIES

As at	June 30, 2023	December 31, 2022
Carried interest *(Notes 3 & 4)*	**20.3**	—
Provision for employee benefits	**10.5**	—
Share-based compensation	**8.5**	10.5
Liability related to put options granted to non-controlling interests (*Note 3*)	**6.9**	—
Litigation provision (*Note 8*)	**4.0**	4.0
Contingent consideration - Business acquisition (MIM)	**2.1**	2.4
Deferred compensation - Business acquisition (MIM)	**0.4**	0.7
Other	**12.7**	—
Total	**65.4**	17.6

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

11. ADDITIONAL FINANCIAL INFORMATION (continued)

C) STATEMENTS OF CASH FLOWS

CHANGES IN OPERATING ASSETS AND LIABILITIES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Restricted cash	**—**	0.8	**—**	1.7
Accounts receivable	**(1.0)**	—	**2.2**	0.3
Inventories	**0.2**	—	**—**	—
Prepaid expenses	**—**	0.4	**(0.2)**	0.2
Other current assets	**0.6**	—	**0.4**	—
Other non-current assets	**(0.2)**	—	**(0.2)**	—
Accounts payable and accrued liabilities	**(2.0)**	(2.3)	**0.5**	(2.0)
Margin borrowing	**—**	(2.9)	**—**	—
Customer deposits	**0.2**	—	**0.5**	—
Other non-current liabilities	**(1.5)**	—	**(1.8)**	0.1
Total	**(3.7)**	(4.0)	**1.4**	0.3

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

12. SEGMENTED INFORMATION

As of June 30, 2023, Aimia, through its own operations and those of its subsidiaries, operates three reportable and operating segments, namely, Bozzetto, Tufropes and Holdings.

Following the Bozzetto and Tufropes acquisitions and the decision to wind-down the operations of MIM starting April 14, 2023, the Corporation now reports the results of MIM, which were previously reported as a separate segment in the previous year, under the Holdings segment. As a result of those changes, the comparative information has been restated to conform with the new segmentation.

For each of the operating segments, the Corporation’s Group Chief Executive Officer reviews internal management reports on a monthly basis. Accounting policies applied for the Bozzetto, Tufropes and Holdings segments are identical to those used for the purposes of the consolidated financial statements.

Bozzetto

The Bozzetto segment includes the results of Bozzetto from its acquisition on May 9, 2023 (*Note 3*) as well as other expenses that relate to its acquisition, including transaction costs, the Paladin option expense and the Paladin carried interest expense. Bozzetto is a provider of specialty sustainable chemicals, offering sustainable textile, water and dispersion chemical solutions with applications in several end-markets including the textile, home and personal care, plasterboard and agrochemical markets.

Tufropes

The Tufropes segment includes the results of Tufropes from its acquisition on March 17, 2023 (*Note 4*) as well as other expenses that relate to its acquisition, including transaction costs, the Paladin option expense and the Paladin carried interest expense. Tufropes is a global manufacturer of high-performance synthetic fiber ropes and netting solutions for the aquaculture and maritime sectors, as well as other diversified industrial end markets.

Holdings

The Holdings segment includes Aimia's investments in Clear Media Limited, Kognitiv, TRADE X, MIM as well as minority investments in various public company securities and limited partnerships. Holdings also includes central operating costs, including costs related to public company disclosure and Board costs, executive leadership, legal, finance and administration.

Prior to its disposal on July 15, 2022, the results associated with Aimia's 48.9% investment in PLM (*Note 6*) were included in the Holdings segment.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)
Unaudited

12. SEGMENTED INFORMATION (continued)

	Three Months Ended June 30,									
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating Segment	**Bozzetto [b]**		**Tufropes**		**Holdings**		**Eliminations**		**Total**	
Revenue from contracts with customers	**45.9**	—	**28.9**	—	**—**	0.4	**—**	—	**74.8**	0.4
Cost of sales	**(35.1)**	—	**(22.6)**	—	**—**	—	**—**	—	**(57.7)**	—
Gross Profit	**10.8**	—	**6.3**	—	**—**	0.4	**—**	—	**17.1**	0.4
Other Income from investments										
Net change in fair value of investments	**—**	—	**0.1**	—	**(28.9)**	(25.0)	**—**	—	**(28.8)**	(25.0)
Interest, dividend and other investment income	**0.2**	—	**0.2**	—	**3.1**	1.4	**—**	—	**3.5**	1.4
Share of net earnings (loss) from equity-accounted investments	**—**	—	**—**	—	**(8.9)**	(8.8)	**—**	—	**(8.9)**	(8.8)
	0.2	—	**0.3**	—	**(34.7)**	(32.4)	**—**	—	**(34.2)**	(32.4)
Operating expenses										
Selling, general and administrative expenses	**(16.5)**	—	**(3.3)**	—	**(7.2)**	(3.9)	**—**	—	**(27.0)**	(3.9)
Loss before the following items:	**(5.5)**	—	**3.3**	—	**(41.9)**	(35.9)	**—**	—	**(44.1)**	(35.9)
Financial income (expense), net	**(1.9)**	—	**(2.2)**	—	**(0.2)**	0.1	**—**	—	**(4.3)**	0.1
Income (expenses) related to carried interest, call option and fair value gain (loss) on contingent consideration	**(17.2)**	—	**0.6**	—	**0.3**	0.3	**—**	—	**(16.3)**	0.3
Intercompany interest income (expense)	**—**	—	**(2.3)**	—	**2.3**	—	**—**	—	**—**	—
Decrease in limited partners' capital liability	**—**	—	**—**	—	**0.1**	1.7	**—**	—	**0.1**	1.7
Loss before income taxes [a]	**(24.6)**	—	**(0.6)**	—	**(39.4)**	(33.8)	**—**	—	**(64.6)**	(33.8)
Total assets [c]	**418.4**	—	**269.9**	—	**382.5**	363.2	**(117.7)**	—	**953.1**	363.2

(a) The reconciliation of the consolidated loss before income taxes to the consolidated net loss for the three months ended June 30, 2023 and June 30, 2022 is presented in the consolidated statements of operations.

(b) The Bozzetto segment includes results of Bozzetto since its acquisition date on May 9, 2023. The results for the period include transaction costs of $12.4 million presented in Selling, general and administrative expenses, a $12.9 million non-cash expense related to the Paladin Carried Interest in Bozzetto and a $4.3 million non-cash expense related to the Paladin option to purchase up to 19.9% of Aimia's investment in Bozzetto.

(c) Total assets of the Holdings segment includes a $117.7 million intercompany interest bearing loan to Tufropes.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tables in millions of Canadian dollars, except share and per share amounts)

Unaudited

12. SEGMENTED INFORMATION (continued)

	Six Months Ended June 30,									
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating Segment	**Bozzetto [(b)]**		**Tufropes [(c)]**		**Holdings**		**Eliminations**		**Total**	
Revenue from contracts with customers	**45.9**	—	**30.6**	—	**0.3**	0.9	**—**	—	**76.8**	0.9
Cost of sales	**(35.1)**	—	**(24.3)**	—	**—**	—	**—**	—	**(59.4)**	—
Gross Profit	**10.8**	—	**6.3**	—	**0.3**	0.9	**—**	—	**17.4**	0.9
Other Income from investments										
Net change in fair value of investments	**—**	—	**0.3**	—	**(18.3)**	(37.1)	**—**	—	**(18.0)**	(37.1)
Interest, dividend and other investment income	**0.2**	—	**0.3**	—	**10.2**	5.6	**—**	—	**10.7**	5.6
Share of net earnings (loss) from equity-accounted investments	**—**	—	**—**	—	**(14.8)**	(15.7)	**—**	—	**(14.8)**	(15.7)
	0.2	—	**0.6**	—	**(22.9)**	(47.2)	**—**	—	**(22.1)**	(47.2)
Operating expenses										
Selling, general and administrative expenses	**(16.5)**	—	**(16.6)**	—	**(13.7)** *(e)*	(8.0)	**—**	—	**(46.8)** *(e)*	(8.0)
Loss before the following items:	**(5.5)**	—	**(9.7)**	—	**(36.3)**	(54.3)	**—**	—	**(51.5)**	(54.3)
Financial income (expense), net	**(1.9)**	—	**(3.0)**	—	**(0.3)**	0.1	**—**	—	**(5.2)**	0.1
Income (expenses) related to carried interest, call option and fair value gain (loss) on contingent consideration	**(17.2)**	—	**(10.2)**	—	**0.3**	0.3	**—**	—	**(27.1)**	0.3
Intercompany interest income (expense)	**—**	—	**(2.8)**	—	**2.8**	—	**—**	—	**—**	—
Decrease in limited partners' capital liability	**—**	—	**—**	—	**—**	2.5	**—**	—	**—**	2.5
Loss before income taxes [(a)]	**(24.6)**	—	**(25.7)**	—	**(33.5)**	(51.4)	**—**	—	**(83.8)**	(51.4)
Total assets [(d)]	**418.4**	—	**269.9**	—	**382.5**	363.2	**(117.7)**	—	**953.1**	363.2

(a) The reconciliation of the consolidated loss before income taxes to the consolidated net loss for the six months ended June 30, 2023, and June 30, 2022, is presented in the consolidated statements of operations.

(b) The Bozzetto segment includes results of Bozzetto since its acquisition date on May 9, 2023. The results for the period include transaction costs of $12.4 million presented in Selling, general and administrative expenses, a $12.9 million non-cash expense related to the Paladin Carried Interest in Bozzetto and a $4.3 million non-cash expense related to the Paladin option to purchase up to 19.9% of Aimia's investment in Bozzetto.

(c) The Tufropes segment includes results of Tufropes since its acquisition date on March 17, 2023. The results for the period include transaction costs of $11.9 million presented in Selling, general and administrative expenses, a $7.4 million non-cash expense related to the Paladin Carried Interest in Tufropes and a $2.8 million non-cash expense related to the Paladin option to purchase up to 19.9% of Tufropes.

(d) Total assets of the Holdings segment includes a $117.7 million intercompany interest bearing loan to Tufropes.

(e) Includes a depreciation and amortization expense of $1.1 million related to the accelerated depreciation of the MIM customer relationships intangible asset due to the decision to wind down the MIM operations.