



## LETTER FROM THE EXECUTIVE CHAIRMAN

To the Shareholders of Aimia,

When I get to interact with CEOs as an investor, my favourite question to ask is, “What does long term success look like for you?” Often, what follows is some squirming in the chair, a clearing of the throat, and an acknowledgement they haven’t given that question much thought before. When they compose themselves, they may say something that starts with, “over the next 18 months.”

Having been Executive Chairman for a year, this letter will lay out how I see the future of Aimia – not only the next 18 months, but rather what long-term success looks like.

First though, in order to move forward, my interaction with investors requires me to reflect on Aimia’s past. It also helps frame the opportunities we have today. I will then update you on Aimia’s current position and explanations for the decisions taken recently. Finally, I’ll detail the exciting opportunities ahead. I hope this is useful, especially for the many new shareholders who have invested in Aimia recently. Welcome!

### The Past

Recently I presented to a group of around 100 investors in London on my best investment idea. I presented on Aimia. I subsequently found out that there were at least seven investors in the audience who had owned Aimia over the years - never with a positive experience.

At the end of the presentation there was time for questions. First question (a fund manager): “Will you be changing the name of Aimia given its history?”

The direct answer is “No” (waste of money), but the motivation behind that question deserves consideration. Why would someone think it would be necessary to change the name of Aimia? Is its history really that bad?

### Aimia’s History

It may surprise you that Aimia has been around for a long time. Aimia turned 20 as a public company in 2025.

Aimia began life as Air Canada’s frequent flyer program, Aeroplan, spun out of Air Canada in 2005 at a \$2 billion valuation with five million members and 60 commercial partners. On its first day of trading the shares closed up 19% and reached an all-time high of \$23.64 (versus \$2.81 today as I write this) all the way back in 2007. Incidentally, Berkshire Hathaway traded at “just” \$109,320 back then, vs. \$720,300 today.

Put differently, at its peak in 2007 Aimia was valued by the market at \$4.75 billion — more, as it happens, than Air Canada from where it was spun out from.



The economics back then were genuinely “elegant”: sell points to partners, earn the carry on the float, collect the breakage on miles never redeemed. Gross margins ran at nearly 40% for over a decade. At one point nearly 30% of Canadian households were members of the loyalty rewards programs run by Aimia.

Aimia expanded aggressively on loyalty as a business. Nectar in the UK was acquired for \$715 million in 2007. Carlson Marketing headquartered in Minnesota, was acquired for \$188 million in 2009. A 49% stake in Aeromexico’s loyalty program, PLM was also acquired for \$124 million in 2010. At its peak Aimia had 4,000 employees located across 20 countries. What a business!

Disaster struck in May 2017. Air Canada gave notice it would not renew its commercial agreement with Aimia. The share price fell from \$8.33 to \$3.33 (65%) in a single session. Aimia was rudderless as its CEO had been on medical leave for five months when this rug pull happened. Aimia appointed David Johnston as the permanent CEO around this time. Johnston lasted less than a year. CEO count two in one year.

Nectar was subsequently sold for \$105 million in 2018, together with the proceeds from sale of the Air Miles trademarks of \$54 million amounted to \$159 million compared to the \$715 million paid. Soon after Jeremy Rabe was appointed CEO in May 2018. In 2019, Aeroplan went to Air Canada for \$516 million, of which \$308 million was used to pay down debt. This left Aimia with a large cash balance, a scattering of remaining loyalty assets, including PLM, preferred shares, a despondent investor base, and considerable tax losses. You can almost hear the drumbeat of activist investors lining up to get involved with Aimia.

In 2020, the Mittlemans (Phil and Chris) were successful in taking operational control of Aimia and pivoted Aimia from the loyalty business to a holding company.

In the five years since, Aimia had two more chief executives or executive chairmen — Phil Mittleman and Tom Finke (making it five in eight years).

Aimia has fought off two takeover attempts, endured litigation between its investors (one of whom was your current Chairman), and spent \$28 million on shareholder activism (what a waste!). A 49% stake in Kognitiv, a loyalty technology business initially valued at \$525 million at the time of acquisition, wound down in 2025 returning approximately \$3.3 million. A 10.85% stake in Clear Media, China’s largest outdoor advertising company, was acquired for \$76 million and written down to \$11.9 million by the end of 2024. Trade X, a cross-border vehicle trading platform into which \$75.6 million was invested, went into receivership in 2023. The first two industrial acquisitions, after selling PLM in 2022 for \$574 million — Cortland International (“Cortland”), a rope manufacturer, and Bozzetto, an Italian specialty chemicals business — were made with carried interest arrangements that attracted some criticism from shareholders.

It was, to put it charitably, somewhat Succession-esque.

For long-suffering shareholders of Aimia, you can understand why the first question therefore might be, “Will you change the name of Aimia?”.

## **The Present**

When I was appointed Chairman of Aimia on March 27, 2025, we divided Aimia into four investment categories:

1. Bozzetto, the Italian specialty chemicals business.
2. Cortland, the rope and net manufacturer, formed by the amalgamation of the Indian Tufropes and US-based Cortland Industrial businesses.
3. Holdco. This included cash and near cash of \$46.4 million, debt of \$143 million, a 10.85% stake in Clear Media and some minor equity holdings in the process of being monetised. It also incurred annual costs of \$12 million in 2024, subsequently reducing them to \$7.7 million in 2025.
4. Tax losses of \$1.1 billion. It’s understandable if you followed its history that Aimia would have tax losses. These tax losses are split approximately 50/50 between capital and operating. Importantly, the operating losses are applicable to US and Canadian profits.

I’ll share observations on each category below.

1. Bozzetto is an outstanding company with strong management. In a difficult 2025, Bozzetto generated \$65.7 million of adjusted EBITDA with approximately 65% converted into unlevered free cash flow. However, the acquisition of Bozzetto in 2023 by Aimia wasn't well thought through when it was made (or perhaps it was rushed?). The issue had nothing to do with Bozzetto but rather Aimia's structure. To flourish and achieve its full potential, Bozzetto would most likely want to expand through acquisitions. Being highly cash flow generative, and with a vast opportunity pipeline, that would make sense. However, within Aimia, Bozzetto would most likely have to upstream its cash flow to service Holdco debt/preferred dividends and Holdco costs. That would leave little to reinvest in the Bozzetto business. Therefore, we (sadly) decided that the best course of action for both Bozzetto and Aimia would be to look for a buyer who would truly be the partner that Bozzetto's management deserve. We announced on February 9 of this year that One Equity Partners would acquire Bozzetto, generating net proceeds for Aimia in the range of \$265 to \$271 million. As I write this, we are finalising the regulatory approvals and expect the deal to close soon after our AGM on May 13, 2026. We are confident that we have done the right thing both for Bozzetto and for Aimia shareholders. That said, I have no doubt that Bozzetto will prove to be a success story for its new owners and CEO Roberto Curreri and CFO Stefano Risso, the existing management – both are great.
  
2. Cortland has faced difficult trading in 2025 as tariffs started and orders stopped. Revenue was resilient and we were encouraged by Cortland maintaining its market share, amidst a competitor intent on feeding their factories at the cost of margin deterioration. Adjusted EBITDA however was disappointing, generating \$19.9 million vs the prior year of \$19.7 million. Even with a disappointing 2025 performance, I have become a fan of the business and sector. Tufropes (the Indian arm) is a world-class manufacturer with strong management in India, capable of more efficiencies and with capacity to grow. Cortland provides a footprint in the US, and reasonable brand recognition. However, Cortland's problems can be precised into two main issues:
  - a. A clumsy management structure with an executive chairman (based in Norway) and CEO (based in Anacortes, 150km north of Seattle in case you ask), a CFO based in Toronto and HR based in India. A sales effort that would benefit from changes to better capture client opportunities and respond to market changes.
  - b. A sales effort that would benefit from changes to better capture client opportunities and respond to market changes.

We have set about fixing both these issues. We will soon have a centralised management team based in Houston, led by Wolfgang Wandl as CEO, highly incentivised to achieve Cortland's potential. In addition, Cortland is an ideal platform to exploit the serial acquirer opportunity I see in ropes and netting. We expect to add bolt-on acquisitions to expand Cortland's geographic footprint and product mix. With Wolfgang now in charge, I am confident Cortland will be a strong contributor in future.

3. Holdco bucket. In 2024, Holdco costs were \$12 million. In 2025 costs fell to \$7.7 million. Holdco costs are within our control, and we will reduce them below 1.5% of Aimia's net asset value - you can hold me to that (note the audit fee disclosure on page 15 of this document as an example). In addition, the sale of Bozzetto will result in most Holdco debt being eradicated, leaving approximately \$185 - \$200m million of cash available.

## The Future

The reason Aimia has attracted so much interest historically is that it has all the structural advantages to become a successful permanent capital vehicle ("PCV"s), or conglomerate. If shareholders are put first, these structural advantages should translate into strong returns. Of course, the poster child for permanent capital is Berkshire Hathaway. A close second might be Leucadia under Joe Steinberg and Ian Cumming. In these two examples the advantages of permanent capital, combined with generational capital allocation talent, produced outsized returns impossible to replicate today.

There are others that we greatly respect who have also produced outstanding returns with more "human" allocators at the helm. Fairfax, Soul Patts, Markel, Halma, and Remgro have all had reasonable success.

What makes Permanent Capital successful?

1. Permanent capital does not mean perpetual capital – for permanent capital vehicles to be successful they have to be self-sustaining. In other words, their underlying businesses have to be cash generative sufficient to finance new acquisitions (and pay holding company costs). If they passively own a few businesses and do nothing more, there is no reason for them to exist. Many European PCVs rhyme with this approach and are serial underperformers instead of serial acquirers. Over time, central costs will render the structure unsustainable, and returns will simply reflect the historic investments at a discount. Why exist in that case?
2. Long-term decision making – While acquisitions need to be made, the thinking of the allocators almost always needs to be long term. There is no pressure to make acquisitions when conditions are unfavourable. Accumulating cash even over long periods provides optionality to invest when most appropriate. As Buffett said, “if people are yelling, ‘swing, you bum’ at bad pitches, ignore them.” Permanent capital allows the allocator to do this.
3. Shareholders come first – For every Berkshire Hathaway or Leucadia, there are many failed imitators. Invariably, the imitators fail to put shareholders first. This is demonstrated by egregious compensation incentives for the allocators of capital, excessive risk taking (probably driven by compensation incentives) and disproportionate holding company costs (probably driven by compensation incentives). As Jesus said, “by their fruits you will recognise them.” It is easy to spot those who put shareholders first, or those who are in it for themselves.

### **Aimia’s Strategy**

For Aimia to be successful for the next 20 years as a public company (the first 20 is a low bar to beat), we need to make attractive acquisitions that drive value for shareholders.

Our acquisition criteria are simple. Target businesses should have the following characteristics:

- Sustainable businesses
- Management who thinks and acts long term
- Ability to reinvest capital into expanding their businesses
- A net cash balance sheet
- Strong free cash flow generation
- Private and public companies

There is nothing particularly novel about this approach and there are many competitors searching for these kinds of businesses. Yet, I see many opportunities which are overlooked.

For example, smaller companies in public markets like the UK remain undervalued as investors flock to US opportunities and increased passive investing. Passive investing’s only allocation preference is size – the bigger the company, the greater the attraction. The converse is true for smaller companies. This has created a group of orphaned companies, underappreciated by their shareholders, with frustrated management. We have identified more than 50 companies that fulfil our criteria. With public markets currently offering better value (by the day), and some private equity funds realising the difference between private and permanent equity, we are in a strong position to allocate the capital beneficially.

We also see opportunities where a company might be held in the wrong structure. Companies are sometimes held back for being part of a bigger group or are being starved of capital to grow. Often, these opportunities are part of public companies and we will seek carve outs as a source of acquisitions.

As a public company with cash and tradable shares, Aimia provides further options to structure acquisitions limiting the need to pay premiums. The lower the valuation we pay, the lower the hurdle to drive value creation.

What about the tax losses?

It is critical for Aimia’s success to utilise the \$1.1 billion of tax losses. We have every intention for our acquisitions to make use of these losses. But let me warn you in advance, this may not always appear obvious when transactions are announced. Rest assured we have every intention for our acquisition strategy to make use of them, directly and indirectly. The valuation inherent in the tax losses is too attractive not to.

## Conclusion

How then would I answer the question of what long-term success would look like for Aimia?

Firstly, how should that be measured?

Our yardstick for value creating will be growth in Aimia's net book value per common share.

Secondly, what should we be benchmarked against?

Equity markets make the most sense, be that the US or global markets.

Therefore, when we look back 20 years from now, success would be having created value (measured by book value per share) in excess of returns generated by global equity markets, for Aimia shareholders.

Aimia is a structurally advantaged vehicle which should provide a tailwind to achieving this outcome. I am committed to delivering on the promise that Aimia shareholders (past and present) have long believed in. We have worked hard in 2025 to set up the platform to take advantage of Aimia's structural advantages. Offsetting this, will be my own fallibility, errors, blind spots and those of the company management teams we invest in. All told, the next 20 years of Aimia should produce a very different outcome to the first 20 – a profitable one.

Perhaps we could put that less quantitatively by reflecting on Leucadia.

In the farewell letter to investors of Leucadia after compounding capital at 9% for 35 years, Cumming and Steinberg said:

*"Leucadia usually flies below the radar and is often unconventional in its choice of investments. We have always preferred to make money, rather than headlines."*

Substitute Leucadia for Aimia in the above quote, and you have my answer of what success looks like.

Cordially,

Rhys Summerton

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Rhys Summerton  
Executive Chairman

AIMIA