

AIMIA REPORTS FOURTH QUARTER AND FULL YEAR 2023 RESULTS

TORONTO, March 26, 2024 /CNW/ - Aimia Inc. (TSX: AIM) ("**Aimia**" or the "**Company**"), reported its financial results for the three months and year ended December 31, 2023. All amounts are in Canadian currency unless otherwise noted.

EXECUTIVE CHAIRMAN COMMENTARY

"Aimia's performance in 2023 was marked by two transformative acquisitions that will serve as platforms for the Company's future growth and value creation," said Tom Finke, Aimia's Executive Chairman. "Other milestones for the year included a successful private placement that strengthened our balance sheet and two tuck-in acquisitions for our core platform companies, Bozzetto and Cortland, that expanded their markets and growth opportunities."

Mr. Finke added, "From a financial reporting standpoint, it's important to bear in mind that our consolidated results reflect partial year contributions from our core platform companies and include non-cash losses to certain minority investments held at the Holding Company. Against this backdrop, our results for FY2023 will serve as a baseline for measuring our future performance. We plan to build on our results as we continue to support the growth of our core portfolio companies, opportunistically monetize the value of our non-core investments, and lower costs at the Holding Company level."

AIMIA'S Q4 2023 HIGHLIGHTS

- Reported consolidated revenue of \$100.1 million. The total was driven by the strong contributions from Aimia's sustainable speciality chemicals subsidiary Bozzetto Group ("**Bozzetto**"), which generated \$70.3 million or 70.2% of Aimia's consolidated total.
- Aimia's Bozzetto and Cortland International ("**Cortland**") segments generated Adjusted EBITDA of \$12.9 million on a combined basis.
- Reported consolidated net loss of \$59 million or \$0.69 per common share. The loss was principally due to a \$54.9 million net change in the fair value of investments at Aimia's non-core investments, including TRADEX and Clear Media.
- Closed a private placement that generated gross proceeds of \$32.5 million. Under the terms of the financing, the Company issued 10,475,000 common shares ("Common Shares") together with 10,475,000 Common Share purchase warrants ("Warrants"). The issue price of each Common Share and accompanying Warrant was \$3.10 with a \$3.70 Warrant exercise price.
- Aimia's Bozzetto subsidiary acquired a 65% interest in StarChem S.A, a Honduras-based manufacturer of chemicals for the textile industry, for \$24.1 million. The acquisition, which closed on January 4, 2024, enables Bozzetto to establish a beachhead in the North American market and take advantage of a number of customer and cost synergies.
- Rebranded the Company's cordage and synthetic rope business as Cortland International following the acquisitions and integration of Tufropes and Cortland Industrial.
- Named Thomas Finke as Chairman of Aimia's Board of Directors and appointed Yannis Skoufalos as a Board Director.

SUMMARY OF AIMIA'S KEY 2023 DEVELOPMENTS

- Completed two transformative transactions, acquiring sustainable specialty chemicals company Bozzetto Group for \$257.8 million for a 93.94 per cent equity stake in the company, and acquiring Tufropes, a manufacturer of synthetic ropes, for \$238.2 million for 100 percent of the company. The transactions were paid from the Company's cash on hand and a debt facility secured for the Bozzetto acquisition. Aimia subsequently purchased a 0.16 per cent equity

interest from a Bozzetto management team member, increasing its total equity stake to 94.1 per cent.

- Ended 2023 with a total liquidity of \$136.9 million, comprised of \$109.1 million in cash and cash equivalents and \$27.8 million in public securities. Aimia has no debt at the Holding Company level.
- Reported consolidated revenue for FY2023 of \$291.2 million. On a pro forma basis taking into account the full-year contributions of Bozzetto, Tufropes and Cortland Aimia's revenue would have been \$437.2 million.
- Reported consolidated net loss was \$188.6 million or \$2.37 per share. The total net loss was impacted by a number of significant non-cash items, including a \$98.6 million net change in fair value of non-core investments, primarily due to the write down of investments in TRADE X and Clear Media, but offset by a \$19.3 million gain related to the PLM earn-out. Aimia anticipates receiving the estimated earn-out of \$32 million in the second quarter of 2024.

AIMIA'S HIGHLIGHTS SUBSEQUENT TO 2023 YEAR END

- Named Tom Finke as Executive Chairman and Karen Basian as Lead Independent Director following the resignations of Phil Mittleman as CEO and Michael Lehmann as President. The Company launched the search for a new CEO.
- Received notice that the earn-out conditions from the sale of its 48.9 percent stake in PLM Loyalty to Aeromexico have been met, resulting in an anticipated cash earnout payment of approximately \$32 million in the second quarter of 2024.
- Announced that it would not be exercising its right to redeem all or part of its Series 3 Preferred Shares and that holders had the right to convert their shares into cumulative floating rate shares subject to certain restrictions and conditions. The Company subsequently announced that 2,706,112 of its 4,355,263 currently outstanding Cumulative Redeemable Rate Reset First Preferred Shares, Series 3 were tendered for conversion, on a one-for-one basis, into Cumulative Redeemable Floating Rate First Preferred Shares, Series 4 after having taken into account all election notices. As a result, on April 1, 2024, the Company will have 1,649,151 Series 3 Shares issued and outstanding and 2,706,112 Series 4 Shares issued and outstanding.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Aimia Inc (in millions of Canadian dollars)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue from contracts with customers	100.1	0.3	291.2	1.5
Gross Profit	23.8	0.3	65.9	1.5
Operating Expenses	(37.8)	(7.4)	(119.8)	(32.1)
Operating Income (loss)	(51.0)	(18.5)	(137.4)	444.4
Adjusted EBITDA	(4.0)	(3.7)	4.9	(19.4)
Net earnings (loss)	(59.0)	(23.3)	(188.6)	440.1
Earnings (loss) per share diluted	(0.69)	(0.32)	(2.37)	4.83

Aimia's financial results for the three months and full year ended December 31, 2023, reflect the acquisitions of Bozzetto and Cortland completed in the year. Comparisons to the Company's prior year performance would not be meaningful. This quarterly earnings release should be read in conjunction with Aimia's consolidated financial statements and management discussions and analysis (MD&A) for the three months and year ended December 31, 2023, which can be accessed from SEDAR+ and www.aimia.com.

Balance Sheet and Liquidity

As at December 31, 2023, Aimia had a total liquidity of \$136.9 million, which was comprised of \$109.1 million in cash and \$27.8 million in public securities. At September 30, 2023, Aimia had total liquidity of \$87.7 million, which was comprised of \$42.5 million in cash and cash equivalents and \$45.2 million of marketable securities. The quarter over quarter increase was due to a number of balance sheet and financing initiatives completed in Q4, including a private placement that generated net proceeds of \$30.5 million, the sale of Capital A common shares that generated of \$11.1 million

of proceeds, and the redemption of an investment in a special purpose vehicle that generated \$17.3 million of proceeds.

Cash Flow from Operations

Aimia used \$6.2 million of cash in operating activities on a consolidated basis in the fourth quarter of 2023. The amount includes \$1.4 million of one-time expenses related to acquisition activities completed in the period and \$8.7 million of expenses related to shareholder activism, including litigation settlement agreements, and the termination of the employment of a former executive of one of the Corporation's subsidiaries.

On a full-year basis, Aimia used \$12 million of cash in operating activities in FY2023 principally due to \$27.8 million of one-time expenses related to acquisitions completed in 2023 and \$14 million of expenses related to shareholder activism.

At December 31, 2023, Aimia held cash and cash equivalents of \$109.1 million of which \$48.7 million was held in Bozzetto, \$11.3 million in Cortland International and \$49.1 million in the Holdings segment.

Available Tax Losses

At December 31, 2023, Aimia had \$705.5 million of tax losses available for carry forward that may be used to reduce taxable income in future years. The total available for carry forward is comprised of \$419.6 million of operating tax losses and \$285.9 million of capital tax losses.

Dividends

Aimia paid \$3.1 million in dividends for the fourth quarter ended December 31, 2023, on its two series of outstanding preferred shares.

Aimia's Board of Directors declared quarterly dividends of \$0.300125 per Series 1 preferred share and \$0.375688 per Series 3 preferred share, in each case payable on March 28, 2024, to shareholders of record on March 21, 2024.

SEGMENT RESULTS

Aimia is comprised of three segments: Bozzetto, Cortland International, and Holdings. Financial highlights for each segment for the three and full-year periods ended December 31, 2023, follow.

Bozzetto

Aimia owns a 94.1% equity stake in Bozzetto, one of the world's leading providers of sustainable specialty chemicals with applications mainly in the textile, home and personal care, geothermal, construction, and agrochemical markets. The remaining 5.9% is owned by Bozzetto's management team. The Bozzetto segment includes results since Bozzetto's acquisition on May 9, 2023.

Comparisons to Bozzetto's results for comparable three- and 12-month periods ended December 31, 2022, are, as a result, not presented.

Bozzetto				
(in millions of Canadian dollars)	Q4 2023	Q4 2022	FY 2023 ¹	FY 2022
Revenue from contracts with customers	70.3	-	192.1	-
Gross Profit	19.1	-	48.0	-
Operating Expenses ²	(14.7)	-	(50.1)	-
Operating Income (loss)	5.3	-	(0.5)	-
Earnings (loss) before income taxes	0.5	-	(29.9)	-
Adjusted EBITDA ³	10.4	-	30.6	-

- Bozzetto generated revenue of \$70.3 million for the fourth quarter, down 7.4% from Q3 2023.

The quarter-over-quarter decline was largely attributable to softer demand due to shipping disruptions in the Red Sea, which is a key transportation route used to reach Bozzetto's customers, and the impact of lower input costs that were partially passed on to customers.

- Adjusted EBITDA for Q4 2023 was \$10.4 million, representing a margin of 14.8%. Totals for Q4 2023 were down from \$11.7 million and 15.4%, respectively, from Q3 2023 results.
- Adjusted EBITDA for FY2023 was \$30.6 million, representing a margin of 15.9%.
- Bozzetto's revenue and Adjusted EBITDA results for FY 2023 were in line with Bozzetto's expectations for the year.

Cortland International:

Aimia owns a 100% equity stake in Cortland International, the rebranded combination of Tufropes and Cortland Industrial, a global leader in the manufacturing of high-performance synthetic fiber ropes and netting solutions for maritime and other industrial customers.

The Cortland International segment includes the results of Tufropes and Cortland Industrial since their acquisition on March 17, 2023, and July 11, 2023, respectively.

Cortland International				
(in millions of Canadian dollars)	Q4 2023	Q4 2022	FY 2023 ⁴	FY 2022
Revenue from contracts with customers	29.7	-	98.7	-
Gross Profit	4.6	-	17.5	-
Operating Expenses ⁵	(5.9)	-	(31.4)	-
Operating Income (loss)	(0.9)	-	(12.9)	-
Earnings (loss) before taxes	(6.5)	-	(34.4)	-
Adjusted EBITDA ⁶	2.5	-	11.3	-

- Cortland generated revenue of \$29.7 million for Q4 2023, down 22.6% from \$38.4 million generated in Q3 2023. The quarter-over-quarter decline was attributable to a number of factors, including softer customer demand caused by economic uncertainty and delays to customer deliveries due to shipping disruptions in the Red Sea, a key transportation route used to reach Cortland's customers.
- Adjusted EBITDA for Q4 2023 was \$2.5 million, representing a margin of 8.4%. Totals for Q4 2023 were down from \$5.7 million and 14.8%, respectively, from Q3 2023 results. The decline was mainly driven by lower sales volume in the fourth quarter.
- Adjusted EBITDA for FY2023 was \$11.3 million, representing a margin of 11.4%.

Holdings Segment Results for Q4 2023

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

Holdings Segment				
(in millions of Canadian dollars)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue from contracts with customers	0.1	0.3	0.4	1.5
Gross Profit	0.1	0.3	0.4	1.5
Operating Expenses	(17.2)	(7.4)	(38.3)	(20.7)
Earnings (loss) before taxes	(54.0)	(22.0)	(116.3)	455.3
Adjusted EBITDA ⁷	(16.9)	(3.7)	(37.0)	(19.4)

- Operating expenses for the Holdings segment in Q4 2023 included \$9.4 million of expenses related to shareholder activism including settlement agreements, and the termination of the employment of a former executive of one of the Corporation's subsidiaries.
- In FY2023, Aimia incurred a net change in the unrealized value of its investment in TRADE X, the business-to-business cross-border trading platform, totaling \$82.3 million. The write-down was due to a combination of factors, including TRADE X being placed in receivership on December 22, 2023, and the financing challenges it previously experienced.

- In FY2023, Aimia recognized an unrealized fair value loss of \$27 million related to Clear Media, the outdoor advertising firm in China, due to the slower than expected recovery of China's economy following the end of the country's COVID-19 lock-down measures.

¹ Includes results of Bozzetto since its acquisition on May 9, 2023

² Operating expenses include one-time transaction costs related to business acquisitions totaling \$0.9M and \$13.3M, respectively, for the three and 12 months ended December 31, 2023.

³ Adjusted EBITDA is a non-GAAP measure.

⁴ Includes results of Tufropes and Cortland Industrial since their acquisition date on March 17, 2023 and July 11, 2023, respectively.

⁵ Operating expenses include one-time transaction and transition costs related to the acquisition of Tufropes and Cortland amounting to \$0.5 million and \$15.2 million, respectively, for the three and 12 months ended December 31, 2023.

⁶ Adjusted EBITDA is a non-GAAP measure.

⁷ Adjusted EBITDA is a non-GAAP measure.

Quarterly Conference Call and Audio Webcast Information

Aimia will host a conference call to discuss its four quarter 2023 financial results at 8:30 am ET on March 26. The call will be webcast at the following URL link: <https://app.webinar.net/8ozl7wbZw04>. A slide presentation intended for simultaneous viewing with the conference call and an archived audio webcast will be available for 90 days following the original broadcast available at: <https://www.aimia.com/investor-relations/events-presentations/>

About Aimia

Aimia Inc. (TSX: AIM) is a holding company that makes long-term investments in private and public businesses through controlling or minority stakes. Aimia target companies with durable economic advantages evidenced by a track record of substantial free cash flow generation over complete business cycles, strong growth prospects, and guided by strong, experienced management teams. Headquartered in Toronto, Canada, Aimia is positioned to invest in any sector, wherever a suitable opportunity can be identified worldwide. In addition, Aimia seeks investments that may efficiently utilize the Company's operating and capital loss carry-forwards to further enhance stakeholder value.

For more information about Aimia, visit www.aimia.com.

Non-GAAP Financial Measures and Reconciliation to Comparable GAAP Measures

"GAAP" means Canadian Generally Accepted Accounting Principles (which are in accordance with the International Financial Reporting Standards).

Adjusted EBITDA

Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to net earnings in measuring profitability, does not have a standardized meaning and is not directly comparable to similar measures used by other issuers. Adjusted EBITDA should not be used as an exclusive measure of cash flow because it does not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statements of cash flows. A reconciliation to earnings (losses) before income taxes is provided.

Adjusted EBITDA is used by management to evaluate the performance of its Bozzetto, Cortland International and Holdings segments. Management believes Adjusted EBITDA assists investors in comparing Aimia's performance on a consistent basis excluding depreciation and amortization,

impairment charges related to non-financial assets and share-based compensation, which are non-cash in nature and can vary significantly depending on accounting methods as well as non-operating factors such as historical cost. Aimia's management believe that the exclusion of business acquisition and/or disposal related expenses assists investors by excluding expenses that are not representative of the run-rate cost structure of its operations.

Adjusted EBITDA is earnings (losses) before income taxes adjusted to exclude depreciation, amortization, impairment charges related to non-financial assets, cost of sales expense related to inventory fair value step up resulting from purchase price allocation, other investment income, financial expense, increase/decrease in limited partners' capital liability, income/expenses related to call option and carried interest, fair value gain/loss on contingent consideration and Aimia warrants, share-based compensation as well as transaction costs related to business acquisitions.

For a reconciliation of Adjusted EBITDA to earnings (before) income taxes, please refer to the tables below.

	Bozzetto	Cortland International	Holdings	Total
(in millions of Canadian dollars)	FY 2023 ^(a)	FY 2023 ^(a)	FY 2023	FY 2023
Reconciliation of Adjusted EBITDA ^(b)				
Earning (loss) before income taxes ^(e)	(29.9)	(34.4)	(116.3)	(180.6)
Depreciation and amortization ^(d)	13.1	8.7	1.1	22.9
Cost of sales expense related to inventory fair value step up resulting from purchase price allocation	6.3	1.3	-	7.6
Share-based compensation expense (reversal)	-	-	(0.2)	(0.2)
Intercompany interest income (expense)	-	8.1	(8.1)	-
Financial expense, net	12.5	3.2	1.8	17.5
Transaction related costs ^(c)	13.3	15.2	-	28.5
(Income) expenses related to carried interest, call option and fair value (gain) loss on contingent consideration and Aimia warrants	16.9	10.2	(1.9)	25.2
Increase in limited partners' capital liability	-	-	0.5	0.5
Other income from investments	(1.6)	(1.0)	86.1	83.5
Adjusted EBITDA ^(b)	30.6	11.3	(37.0)	4.9
Adjusted EBITDA margin	15.9 %	11.4 %	-	

(a) Includes results of Bozzetto since its acquisition date on May 9, 2023 and includes results of Tufropes and Cortland since their acquisition date on March 17, 2023 and July 11, 2023, respectively.

(b) A Non-GAAP measure.

(c) Bozzetto operating expenses include one-time transaction costs related to business acquisitions amounting to \$13.3 million in twelve months ended December 31, 2023. Cortland International operating expenses include one-time transaction costs related to business acquisitions amounting to \$15.2 million in twelve months ended December 31, 2023.

(d) Holdings selling, general and administrative expense for the year ended December 31, 2023 include 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.

(e) Holdings selling, general and administrative expense for the twelve months ended December 31, 2023 include \$15.8 million incurred in relation to shareholders activism and the termination of the employment of a former executive of one of the Corporation's subsidiary, \$0.7 million of Private Placement transaction costs attributable to the warrants as well as an expected credit loss of \$2.9 million related to the TRADEX bridge loan.

	Bozzetto	Cortland International	Holdings	Total
(in millions of Canadian dollars)	Q4 2023	Q4 2023	Q4 2023	Q4 2023
Reconciliation of Adjusted EBITDA ^(a)				
Earning (loss) before income taxes ^(c)	0.5	(6.5)	(54.0)	(60.0)
Depreciation and amortization	5.1	3.0	-	8.1
Cost of sales expense related to inventory fair value step up resulting from purchase price allocation	-	0.3	-	0.3
Share-based compensation expense	-	-	0.2	0.2
Intercompany interest income (expense)	-	3.0	(3.0)	-
Financial expense, net	5.1	2.7	1.9	9.7
Transaction related costs ^(b)	0.9	0.5	-	1.4
(Income) expenses related to carried interest, call option and fair value (gain) loss on contingent consideration	(0.3)	(0.1)	(0.3)	(0.7)
Other income from investments	(0.9)	(0.4)	38.3	37.0
Adjusted EBITDA ^(a)	10.4	2.5	(16.9)	(4.0)
Adjusted EBITDA margin	14.8 %	8.4 %	-	

(a) A Non-GAAP measure.

- (b) Bozzetto operating expenses include one-time transaction costs related to business acquisitions amounting to \$0.9 million in three months ended December 31, 2023. Cortland International operating expenses include one-time transaction costs related to business acquisitions amounting to \$0.5 million in three months ended December 31, 2023.
- (c) Holdings selling, general and administrative expense for the three months ended December 31, 2023 include \$9.4 million incurred in relation to shareholders activism and the termination of the employment of a former executive of one of the Corporation's subsidiary, \$0.7 million of Private Placement transaction costs attributable to the warrants as well as an expected loss of \$2.9 million related to the TRADE X bridge loan.

Forward-Looking Statements

This press release contains statements that constitute "forward-looking information" within the meaning of Canadian securities laws ("forward-looking statements"), which are based upon Aimia's current expectations, estimates, projections, assumptions and beliefs. All information that is not clearly historical in nature may constitute forward-looking statements. Forward-looking statements are typically identified by the use of terms such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would" and "should", and similar terms and phrases, including references to assumptions.

Forward-looking statements in this press release include, but are not limited to, Aimia's future growth and value creation, Bozzetto and Cortland growth opportunities, the monetization of Aimia's other investments, costs reduction at the holding level, the value of PLM cash earnout, and future upside resulting from the Company executing on its strategy.

Forward-looking statements, by their nature, are based on assumptions and are subject to known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the forward-looking statement will not occur. The forward-looking statements in this press release speak only as of the date hereof and reflect several material factors, expectations and assumptions. Undue reliance should not be placed on any predictions or forward-looking statements as these may be affected by, among other things, changing external events and general uncertainties of the business. A discussion of the material risks applicable to the Company can be found in Aimia's current Management's Discussion and Analysis and Annual Information Form, each of which have been or will be filed on SEDAR+ and can be accessed at www.sedarplus.ca. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aimia disclaims any intention and assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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