

AIMIA REPORTS STRONG THIRD QUARTER 2024 RESULTS AND REITERATES 2024 GUIDANCE

TORONTO, Nov. 8, 2024 /CNW/ - Aimia Inc. (TSX: AIM) ("Aimia" or the "Company"), today reported its financial results for the three and nine months ended September 30, 2024. All amounts are in Canadian currency unless otherwise noted.

SENIOR LEADERSHIP COMMENTARY

"Since the start of the year, we have executed a strategy focused on strengthening the operational performance of our core holdings, unlocking value for shareholders, and improving engagement with our investors," said Tom Finke, Aimia's Executive Chairman. "Our strong financial results for Q3, which were marked by gains across a number of key financial metrics, the continued roll out of our normal course issuer bid, the roadmap being developed by our Strategic Review Committee to return capital to shareholders, and the recent signing of a cooperation agreement with our largest investor, are indicative of the significant progress we have made to date. With the settlement of all activist investor matters now behind us, we plan to build on our recent performance and focus on unlocking shareholder value in the coming months."

"Aimia's core holdings showed resilience against a backdrop of unfavorable geopolitical and macro-economic developments, generating strong financial and operational results in Q3," said Steven Leonard, Aimia's President and Chief Financial Officer. "Our strong performance in the quarter was reflected by improvements across several key financial metrics, including consolidated revenue growth of 13%, increased adjusted EBITDA by 55%, and decreased HoldCo expenses by more than \$2 million. Our results in Q3 put us well on track to reach our guidance for the year. We anticipate generating adjusted EBITDA for our core businesses in the range of \$80 to \$85 million on a combined basis, albeit at the lower end of the scale. We also anticipate corporate operating costs for the year to be approximately \$13 million, exclusive of one-time expenses."

AIMIA'S Q3 2024 HIGHLIGHTS

- Reported consolidated revenue of \$129.1 million, up 13% from \$114.3 million generated in Q3 2023. Results for Q3 2024 sustained the momentum established at the Company's core holdings since the start of 2024 in spite of the continued global shipping disruptions and the negative impact of high inflation on customer demand.
- Reported consolidated Adjusted EBITDA of \$15.0 million, up 55% from \$9.7 million generated in Q3 2023. The improvement was driven by a number of developments, including the reduction in selling, general and administrative (SG&A) expenses at the Holdings segment by \$2.1 million in Q3 2024.
- Generated cash flow from operating activities of \$1.3 million, a total that included \$6.4 million of costs related to shareholder activism, payments related to the departures of former executives, and business acquisition costs incurred in the quarter.
- Reported consolidated net loss of \$1.9 million or \$0.07 per common share, amounts that include a \$2 million expense related to the settlement with Mithaq Capital SPC ("Mithaq") and \$2.4 million tax expense.
- Ended Q3 with a total liquidity of \$121.4 million, comprised of \$120.6 million in cash and cash equivalents and \$0.8 million of marketable securities.
- Announced leadership appointments aimed at fast-tracking the rollout of the Company's strategy endorsed by shareholders at Aimia's annual general meeting, naming James Scarlett as Chair of the recently formed Strategic Review Committee and Steven Leonard as President and Chief Financial Officer. Aimia's strategy and near-term priorities are focused on unlocking

value and returning capital to investors in a responsible and expeditious manner.

- Entered into an agreement with Milkwood Capital (UK) Ltd. to purchase for cancellation 1.3 million common shares owned by Milkwood. The common shares were purchased at a price of \$2.53 per common share, representing an approximate aggregate price of \$3.3 million.
- In Q3 2024, Aimia re-purchased 1.9 million common shares for cancellation under the auspices of a Normal Course Issuer Bid launched on June 6, 2024. The total consideration for shares re-purchased, including the 1.3 million re-purchased for cancellation from Milkwood, was \$5million.

HIGHLIGHTS SUBSEQUENT TO QUARTER END

- Signed a cooperation agreement with Mithaq that will result in the dismissal of all outstanding litigation between the parties, the appointment of two Mithaq nominees, Muhammad Asif Seemab and Rhys Summerton, to Aimia's Board of Directors, the grant of customary preemptive and registration rights to Mithaq, the adoption of customary standstill provisions through March 31, 2026, and an undertaking from Mithaq to vote all of its common shares of the Company in favour of each of Aimia's management nominees for election to the Company's board of directors at Aimia's next annual general meeting of shareholders to be held in 2025.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Aimia			
<i>(in millions of dollars except for margin and per share data)</i>			
Revenue	Q3 2024 129.1	Q3 2023 114.3	Change 13 %
Gross Profit	35.4	22.9	55 %
Gross Margin	27.4 %	20.0 %	7.4 pp
Operating Expenses	(29.4)	(30.4)	(3 %)
Operating Income (loss)	6.0	(7.5)	NM
Adjusted EBITDA ¹	15.0	9.7	55 %
Net earnings (loss)	(1.9)	(34.4)	94 %
Earnings (loss) per share diluted	(0.07)	(0.45)	84 %

¹ Adjusted EBITDA is a non-GAAP measure.

Aimia's financial results for the three months ended September 30, 2024 reflect the acquisition of StarChem completed on January 2, 2024. 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 and nine months ended September 30, 2024, which can be accessed from SEDAR+ and www.aimia.com.

Balance Sheet and Liquidity

As at September 30, 2024, Aimia had a total liquidity of \$121.4 million, comprised of \$120.6 million in cash and cash equivalents and \$0.8 million of marketable securities. As at June 30, 2024, Aimia had total liquidity of \$114.6 million, which was comprised of \$112.8 million in cash and cash equivalents and \$1.8 million in marketable securities.

The quarter over quarter increase in Aimia's liquidity was attributable to a number of developments in Q3, including cash flow from operating activities of \$1.3 million, and net proceeds of \$22.6 million from a new senior financing agreement entered into by Bozzetto. The increase in liquidity was partially offset by a \$3.3 million investment in property, plant and equipment, \$3.9 million dividend payment for preferred shareholders, a \$4.9 million repayment of other borrowings, payments of \$5 million for the repurchase of common shares through a normal course issuer bid. Cash flow from operating activities in Q3 2024 includes \$1.2 million of shareholder activism costs, \$0.9 million of transaction and transition costs, and \$4.3 million in payments to former executives of the Company related to vested deferred share units.

Of Aimia's cash and cash equivalents held at September 30, 2024, \$59.5 million was held in Bozzetto, \$7.7 million in Cortland International, and \$53.4 million in the Holdings segment.

Available Tax Losses

As at September 30, 2024, Aimia had \$772.1 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 \$480.2 million of operating tax losses and \$291.9 million of capital tax losses.

Dividends

Aimia paid \$3.9 million in dividends for the third quarter ended September 30, 2024, on its three series of outstanding preferred shares.

Aimia's Board of Directors declared quarterly dividends of \$0.300125 per Series 1 preferred share, \$0.485813 per Series 3 preferred share, and \$0.528183 per Series 4 preferred share, in each case payable on December 31, 2024, to shareholders of record on December 17, 2024.

With the reset of the annual dividend rate for Series 3 Preferred shares and the introduction of Cumulative Floating Rate Series 4 Preferred Shares, Aimia's quarterly dividend payments increased by approximately \$600,000 beginning in Q2 2024.

SEGMENT RESULTS

Aimia is comprised of three segments: Bozzetto, Cortland International, and Holdings. Financial highlights for each segment for the three-month period ended September 30, 2024, 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. Bozzetto's management team owns the remaining 5.9%. The Bozzetto segment includes results since Bozzetto's acquisition on May 9, 2023, and the results since the acquisition of 65% of StarChem on January 2, 2024.

Bozzetto ²			
(in millions of dollars except for margin data)	Q3 2024	Q3 2023	Change
Revenue	86.0	75.9	13 %
Gross Profit ³	25.3	15.2	66 %
Gross Margin ³	29.4 %	20.0 %	9.4 pp
Operating Expenses ⁴	(16.2)	(14.9)	9 %
Operating Income (loss)	9.1	0.3	NM
Earnings (loss) before income taxes	5.0	(4.7)	NM
Adjusted EBITDA ⁵	14.5	11.7	24 %
Adjusted EBITDA margin	16.9 %	15.4 %	1.5 pp

- Bozzetto generated revenue of \$86.0 million in the third quarter of 2024, up 13% from \$75.9 million generated in the comparable period for 2023. The year-over-year growth was largely driven by the contributions from StarChem, which was acquired in January 2024, and by the strong performance of its Textile solutions group, which enjoyed strong demand in Asia. Bozzetto's revenue growth in Q3 2024 was offset by declines experienced by its Dispersion Solutions and its Water Solutions groups, which each experienced softer customer demand and increased competition in local markets.
- Adjusted EBITDA for Q3 2024 was \$14.5 million, which represents a margin of 16.9%. These compare to \$11.7 million and 15.4%, respectively, for Q3 2023. The year-over-year improvements reflect the contributions from StarChem and lower input costs.

² Bozzetto's results for Q3 2024 include contributions from its acquisition of StarChem, closed on January 2, 2024. The prior year period excludes any StarChem contributions.

³ Bozzetto's gross profit and margins for Q3 2023 were impacted by \$6.3 million of inventory step-up expense. The amount was excluded from Bozzetto's Adjusted EBITDA for the same period.

⁴ Operating expenses for the three months ended September 30, 2024, include \$0.1 million of costs related to business acquisitions.

⁵ Adjusted EBITDA is a non-GAAP measure.

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.

Cortland International (in millions of dollars except for margin data)			
	Q3 2024	Q3 2023	Change
Revenue	43.1	38.4	12 %
Gross Profit	10.1	7.7	31 %
Gross Margin	23.4 %	20.1 %	3.3 pp
Operating Expenses ⁶	(7.9)	(8.1)	(2 %)
Operating Income (loss)	2.2	(0.4)	NM
Earnings (loss) before taxes	—	(0.3)	NM
Adjusted EBITDA ⁷	5.4	5.7	(5 %)
Adjusted EBITDA Margin	12.5 %	14.8 %	(2.3) pp

- Cortland generated revenue of \$43.1 million for Q3 2024, up 12% from \$38.4 million generated in Q3 2023. The growth was driven by strong sales in North America, particularly among customers within the oil and gas industry and for netting solutions for the aquaculture industry. Cortland's sales in Q3 2024 were offset, however, by softer market conditions in India due to ongoing logistical issues in the Red Sea and by the adverse impact of this year's monsoon season in India.
- Adjusted EBITDA for Q3 2024 was \$5.4 million, representing a margin of 12.5%. These compare to \$5.7 million and 14.8%, respectively for Q3 2023. The year-over-year declines were driven by \$1 million of advisory fees in Q3 2024 relating to business transformation and operational improvement initiatives aimed at enhancing Cortland's performance.
- Excluding these advisory fees, Adjusted EBITDA for Q3 2024 totaled \$6.4 million, representing a margin of 14.8%.
- As result of a business transformation initiative, Cortland developed a strategic roadmap to build market share, strengthen its sales force and launch new products. The benefits of the strategic roadmap are expected over the coming quarters.

⁶ Operating expenses include transaction and transition costs related to business acquisitions amounting to \$0.2 million, and \$2.8 million in the three months ended September 30, 2024, and September 30, 2023, respectively.

⁷ Adjusted EBITDA is a non-GAAP measure.

Holdings Segment

The Holdings segment includes Aimia's investments in Clear Media Limited, Kognitiv, Capital A, 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 dollars except for margin data)			
	Q3 2024	Q3 2023	Change
Operating Expenses	(5.3)	(7.4)	(28 %)
Earnings (loss) before taxes	(4.5)	(28.8)	84 %
Adjusted EBITDA ⁸	(4.9)	(7.7)	36 %

- Operating expenses for the Holdings segment included \$2.1 million in Q3 2024 and \$2.5 million in Q3 2023 of expenses related to shareholder activism.
- Adjusted EBITDA in Q3 improved by \$2.8 million largely due to a decline in employee compensation and benefits expenses as a result of management changes effected in January 2024, lower expenses relating to MIM operations, and lower professional, advisory, and service fees.

⁸ Adjusted EBITDA is a non-GAAP measure.

Outlook and Guidance

Given operational performance at its core holdings on a year-to-date basis and ongoing efforts to minimize costs, Aimia expects to achieve its guidance disclosed earlier this year. Guidance for adjusted EBITDA is expected at the lower end of the range provided as a result of the ongoing logistical disruptions in the Red Sea and the negative impact of high inflation on input costs and customer demand.

<i>(in millions of Canadian dollars)</i>	Guidance for 2024	Year-to-date Actuals
Adjusted EBITDA at Bozzetto and Cortland on a Combined Basis	\$80 - \$85	\$ 60.3 ⁹
Holding Company Costs	\$ 13.0	\$ 9.3

⁹ Excludes \$2.2 million of advisory fees incurred by Cortland International related to business transformation initiatives.

Quarterly Conference Call and Audio Webcast Information

Aimia will host a conference call to discuss its third quarter 2024 financial results at 8:30 am ET on November 8. The call will be webcast at the following URL link:

<https://app.webinar.net/GJKE2JOdx0o> Interested parties can listen to conference call by dialing 1 888 699 1199 or 1 416 945 7677 (internationally). 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 diversified company focused on unlocking the growth potential of its two global businesses, Bozzetto, a sustainable specialty chemicals company, and Cortland International, a rope and netting solutions company. Headquartered in Toronto, Aimia's priorities include monetizing its non-core investments, enhancing the value of our core holdings, returning capital to its shareholders, and efficiently utilizing its loss carry-forwards to create shareholder 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 operating income (loss) 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 believes 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 operating income (loss) 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, share-based compensation, costs related to the termination of the Paladin agreements, as well as transaction costs related to business acquisitions.

For a reconciliation of Adjusted EBITDA to operating income (loss), please refer to the tables below.

Bozzetto		
<i>(in millions of Canadian dollars)</i>	Q3 2024	Q3 2023
Reconciliation of Adjusted EBITDA		
Operating income (loss)	9.1	0.3

Depreciation and amortization	5.3	5.1
Cost of sales expense related to inventory fair value step up resulting from purchase price allocation	—	6.3
Transaction related costs	0.1	—
Adjusted EBITDA	14.5	11.7
Adjusted EBITDA Margin	16.9 %	15.4 %

Cortland International (in millions of Canadian dollars)	Q3 2024	Q3 2023
Reconciliation of Adjusted EBITDA		
Operating income (loss)	2.2	(0.4)
Depreciation and amortization	3.0	3.0
Cost of sales expense related to inventory fair value step up resulting from purchase price allocation	—	0.3
Transaction and transition related costs	0.2	2.8
Adjusted EBITDA	5.4	5.7
Adjusted EBITDA Margin	12.5 %	14.8 %

Holdings (in millions of Canadian dollars)	Q3 2024	Q3 2023
Reconciliation of Adjusted EBITDA		
Operating income (loss)	(5.3)	(7.4)
Share-based compensation expense (reversal)	0.4	(0.3)
Adjusted EBITDA	(4.9)	(7.7)

For a reconciliation of Holdco costs to the Holdings segment's Selling, general and administrative expenses, please refer to the tables below.

Holdings (in millions of Canadian dollars)	Nine Months Ended September 30, 2024
Holdings segment Selling, general and administrative expenses	24.2
Shareholders activism related expenses	(11.9)
Share-based compensation (expense) reversal	0.7
Separation payments related management changes	(1.6)
Costs related to the termination of Paladin agreements	(0.8)
MMW wind-down expenses	(0.4)
Other one-time professional fees	(0.9)
Holdco Costs	9.3

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; Aimia's accelerating efforts to return capital to shareholders in the 2nd half of 2024; Aimia's corporate operating costs for 2024; Bozzetto and Cortland significant organic and accretive growth potential; monetize our non-core assets in an expedited manner; Aimia's potential change in the capital structure in order to support the return capital to shareholders; the adjusted EBITDA in 2024 for Aimia's core businesses in the range of \$80 to \$85 million; Aimia's corporate operating costs of approximately \$13 million in 2024; and Aimia's, Bozzetto and Cortland Adjusted EBITDA as well as the guidance for 2024.

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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