ACASTA ENTERPRISES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Months Ended March 31, 2017

GENERAL

This Management's Discussion and Analysis (the "MD&A") dated May 15, 2017 of Acasta Enterprises Inc. ("Acasta" or the "Company") should be read in conjunction with the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2017 (the "Financial Statements") that were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements and this MD&A are presented in Canadian dollars, unless otherwise noted. Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2016 (the "AIF"), is available under Acasta's profile on the Canadian Securities Administrators' (the "CSA") SEDAR website at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

The Company's public communications may include written or oral forward looking statements. Statements of this type are included in this MD&A, and may be included in other filings with the Canadian regulators, stock exchanges or in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events or results, including comments with respect to the Company's objectives and priorities for 2017 and beyond, and strategies or further actions with respect to the Company, any acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination undertaken by the Company, including the Qualifying Acquisition (as hereinafter defined) and the Company's business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions and are identified by words such as "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Company's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors. The forward looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding the Company's business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward looking statements contained in this MD&A, including, among other factors, those referenced in the sections entitled "Risk Factors" in the AIF.

Forward looking statements contained in this MD&A are not guarantees of future performance and, while forward looking statements are based on certain assumptions that the Company considers reasonable, actual events and results could differ materially from those expressed or implied by forward looking statements made by the Company. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Company and to not place undue reliance on forward looking statements. Circumstances affecting the Company may change rapidly. Except as may be expressly required by applicable law, the Company does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW

Objectives and Strategy

Acasta is an active, long-term, value-oriented investment manager looking to invest in selected industries. Acasta's objective is to generate substantial value for its investors by utilizing the deep experience and proven business acumen of its board of directors and executive officers. Acasta will support the evolution of its businesses by combining capital, innovation, and entrepreneurship to drive business growth, competitive distinction and operational excellence.

Acasta's core philosophy and purpose is to build substantial value for shareholders by acquiring companies in highly attractive business sectors with attributes that include:

- Strategic differentiation of products or services;
- Exceptional management teams;
- Acquisition and organic growth opportunities;
- Sustainable and strong free cash flow;
- Potential improvements in business processes, working capital and profitability;
- Balanced risk return profile; and
- Connectivity to the extensive experience of the board of directors, founders and our management.

Corporate Structure

Prior to January 3, 2017, Acasta was a special purpose acquisition corporation incorporated under the laws of the Province of Ontario for the purpose of effecting a qualifying acquisition, more specifically an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Company. See the Initial Public Offering section of this MD&A below for more details on this stage of the Company's history.

On January 3, 2017, Acasta closed its qualifying acquisition under Part X of the TSX Company Manual (the "Qualifying Acquisition") of 100% of three businesses, concurrently with Acasta's launch as a long-term investment and private equity management firm. Acasta acquired a commercial aviation finance advisory and asset management business, Stellwagen Group ("Stellwagen") and two private label consumer staples businesses, Apollo Health and Beauty Care Partnership and Apollo Laboratories Inc. (collectively, "Apollo") and JemPak Corporation ("JemPak"). These acquisitions formed two distinct investment platforms and reportable segments: (1) Consumer Products (Apollo and JemPak); and (2) Aviation (Stellwagen). See the Qualifying Acquisition section of this MD&A below for more details.

The comparative period operating results for the first quarter of 2016 are representative of Acasta's operations prior to completing its Qualifying Acquisition and, as such, are not consistent with the nature of activities and operating results reported in the first quarter of 2017.

Initial Public Offering

On July 30, 2015, the Company completed its initial public offering ("IPO") as a special purpose acquisition corporation of 35,000,000 Class A restricted voting units (the "Class A Units") at a price of $10.00 per Class A Unit for aggregate gross proceeds of $350.0 million (the "IPO Closing"). Concurrent with the IPO Closing, Acasta's founders (the "Founders") purchased an aggregate of 1,400,000 Class B units of the Company (the "Class B Units") at an offering price of $10.00 per Class B Unit, resulting in aggregate proceeds of $14.0 million to the Company. Prior to the consummation of the IPO, on July 22, 2015, the Founders purchased 10,442,031 Class B shares of the Company (the "Class B Shares") (referred to as the "Founders' Shares") for an aggregate purchase price of $25,000, or $0.0024 per Class B Share.

Subsequently, on August 5, 2015 the Company issued an additional 5,250,000 Class A Units at a price of $10.00 per Class A Unit for aggregate gross proceeds of $52.5 million pursuant to the exercise in full by the IPO underwriters of the IPO over-allotment option which was granted to them (the "IPO Over-Allotment Option").

Concurrently with the closing of the IPO Over-Allotment Option, the Founders purchased an aggregate of 118,124 Class B Units at an offering price of $10.00 per Class B Unit, resulting in additional aggregate proceeds of approximately $1.2 million to the Company.

Effective September 8, 2015, both the Class A Units, each consisting of one Class A restricted voting share (the "Class A Share") and one-half of a warrant, and Class B Units, each consisting of one Class B Share and one-half of a warrant, separated. Upon separation, the Class A Shares and warrants underlying the Class A Units commenced trading separately on the Toronto Stock Exchange (the "TSX").

The proceeds from the distribution of the Class A Units pursuant to the IPO and the IPO Over-Allotment Option were deposited into an escrow account with TSX Trust Company, as escrow agent, and invested in permitted investments until closing of the Qualifying Acquisition.

Qualifying Acquisition

On closing of the Qualifying Acquisition, Acasta (through its wholly-owned subsidiaries) acquired:

(a) substantially all of the assets of Apollo for total purchase consideration of $397.2 million, comprised of $159.3 million in cash consideration, $233.9 million in share consideration (satisfied by the issuance of 23.3 million Class B Shares at $10.00 per share) and an estimated $4.0 million in other purchase consideration adjustments.

(b) all of the issued and outstanding shares in the capital of JemPak for total purchase consideration of $134.4 million, comprised of $66.9 million in cash consideration and $67.5 million in share consideration (satisfied by the issuance of 6.7 million Class B Shares at $10.00 per share); and

(c) all of the issued and outstanding equity interests comprising Stellwagen for total purchase consideration of $391.5 million, comprised of $96.5 million in cash consideration, $228.3 million in share consideration (satisfied by the issuance of 22.9 million Class B Shares at $10.00 per share) and an estimated $66.6 million in other purchase consideration adjustments.

Concurrent with the closing of the Qualifying Acquisition, Acasta completed a private placement of Class B shares at $10.00 per Class B Share for aggregate proceeds of approximately $160.0 million, including $130.0 million from certain of Acasta's institutional shareholders and new investors and $30.0 million from the Founders. The Company issued a total of 52.9 million Class B Shares at $10.00 per Class B Share to the vendors of Apollo, JemPak, and Stellwagen as share consideration in connection with the Qualifying Acquisition, of which an aggregate of 6.3 million Class B Shares were issued to the vendors of Apollo and Stellwagen under each of their respective backstop commitments.

On closing of the Qualifying Acquisition, all of the Class A Shares of Acasta that were not submitted for redemption prior to Acasta's shareholder meeting to approve the Qualifying Acquisition were automatically converted into Class B Shares on the basis of one Class B Share for each Class A Share converted. Each redeeming holder of Class A Shares received an amount per Class A Share equal to $10.04 per Class A Share so redeemed. After payment of the deferred underwriting commission to the IPO underwriters, the remaining proceeds held in escrow were released therefrom, and used to fund a portion of the purchase price for the Qualifying Acquisition.

In connection with the Closing, the Founders entered into an amended and restated forfeiture conditions and transfer restrictions agreement and undertaking (the "Forfeiture Agreement"). Pursuant to the Forfeiture Agreement, 50% of the Founders' Shares (the "Contingent Shares") are subject to forfeiture on the following terms: (i) 50% of the Contingent Shares will be forfeited unless the Company secures limited partner commitments of at least $1 billion of capital for its private equity fund prior to the second anniversary of the Closing; and (ii) the remaining 50% of the Contingent Shares will be forfeited unless the Company achieves a Consumer Products Realization Event prior to the second anniversary of the Closing. A Consumer Products

Realization Event can be the sale (partial or full) of Acasta's Consumer Products businesses to the private equity fund, a sale of the businesses to a third party, a strategic merger with other similar businesses, or a separate public listing of the Consumer Products businesses.

In addition to the forfeiture provisions described above, the Contingent Shares are restricted from transfer on the following terms: (i) for a period of one year from Closing, the Contingent Shares may not be transferred; (ii) for the period between the first and fourth anniversary of Closing, the Contingent Shares will only be transferable if the closing price of the Class B Shares exceeds $15.00 for any 20 trading days within a 30-day trading period; and (iii) after the fourth anniversary of Closing, the Contingent Shares will only become transferable if the closing share price of the Class B Shares exceeds $18.00 for any 20 trading days within a 30-day trading period. If the Contingent Shares become unrestricted by any of the conditions listed prior, 50% of the Contingent Shares may only be transferred if the Company has secured limited partner commitments of at least $1 billion of capital for its private equity fund prior to the second anniversary of the Closing, and the remaining 50% of the Contingent Shares may be transferred if the Company achieves a Consumer Products Realization Event prior to the second anniversary of the Closing.

The remaining Founders' Shares that are not Contingent Shares are restricted from transfer until the earlier of (a) one year following Closing; and (b) the closing share price of the Class B shares equals or exceeds $12.00 per share for any 20 days within a 30-day trading period.

Following closing of the Qualifying Acquisition on January 3, 2017, there were 92,677,798 Class B Shares issued and outstanding and 20,884,062 warrants to purchase Class B Shares outstanding. Each full warrant became exercisable on February 3, 2017 to purchase one Class B Share at an exercise price of $11.50 until January 3, 2022.

The Class B Shares commenced trading on the TSX on January 6, 2017 under the symbol "AEF", concurrent with the delisting of the Class A Shares.

OPERATING SEGMENT OVERVIEW

As at March 31, 2017, the Company operated three distinct reportable segments (December 31, 2016 — one), being the Consumer Products, Aviation and Other segments. Acasta's Consumer Products portfolio companies manufacture and distribute store-brand laundry, dish cleaning, and health and beauty care products for a range of retailers across North America. Due to the type of customers, nature of products sold, and methods of distribution, the two operating segments under the Consumer Products business have been aggregated within this reportable segment. Acasta's Aviation portfolio company provides technical management and fleet and capital financing solutions to the global aviation industry and its investors.

Acasta's Chief Executive Officer is the chief operating decision maker for key decisions relating to resources to be allocated to the segments and for assessing their performance. Acasta's Chief Executive Officer reviews the operating results, assesses performance, and makes capital allocation decisions with respect to the Consumer Products and Aviation businesses and as a result, the Company presents these as reportable segments for financial reporting purposes in accordance with IFRS 8 *Operating Segments*.

Consumer Products Reportable Segment

Apollo

Based in Ontario, Canada, Apollo is a private label (store brand) personal care product manufacturer, developing and manufacturing retailer-branded and private label products for major North American retailers. Apollo's products are sold in thousands of stores across North America and its customer base spans across major North American grocery, drug, and mass merchandise retailers, as well as wholesale clubs. In addition to private label, Apollo also manufactures products on a contract basis for many of its clients.

JemPak

Based in Ontario, Canada, JemPak manufactures and distributes private label (store brand) laundry and dish cleaning products, including monodose dish and laundry packs, liquid laundry detergents and related chemicals, for mass merchandise, super, drug, club and dollar stores. JemPak has entrenched relationships with large North American retailers. JemPak's focus on research and development offers competitive formulation, processing and manufacturing capabilities.

Aviation Reportable Segment

Stellwagen

Based in Dublin, Ireland, Stellwagen is a fully-integrated provider of asset management, technical management, and fleet and capital financing solutions to the global aviation industry and aviation investors. Stellwagen's specialized aviation industry knowledge, relationships with airlines, lessors, and other key aviation industry participants, together with the experience and talent of its management team and employees, have contributed to Stellwagen's operational and financial success since its inception in 2013.

SELECTED FINANCIAL INFORMATION

	As at March 31, 2017				As at December 31, 2016
	Reportable Segments				
STATEMENTS OF FINANCIAL POSITION (in thousands of Canadian dollars)	**Consumer Products**	**Aviation**	**Other**	**Acasta Consolidated**	**Acasta Consolidated**
Cash and cash equivalents	$ 1,862	$ 27,821	$ 4,455	$ 34,138	$ 187
Trade and other receivables	33,657	11,315	2,105	47,077	597
Inventories	30,828	—	—	30,828	—
Prepaid expenses and deposits	2,586	3,734	3,670	9,990	25
Restricted cash	—	—	—	—	405,002
Assets held for sale	—	26,511	—	26,511	—
Other current assets	154	—	—	154	—
Property, plant and equipment	56,649	606,005	—	662,654	—
Intangible assets	163,783	169,169	—	332,952	—
Goodwill	309,288	299,302	—	608,590	—
Other non-current assets	—	10,520	—	10,520	710
TOTAL ASSETS	$ 598,807	$ 1,154,377	$ 10,230	$ 1,763,414	$ 406,521
Accounts payable and accrued liabilities	$ 25,342	$ 9,045	$ 2,492	$ 36,879	$ 8,779
Current portion of long-term debt	7,800	49,970	—	57,770	—
Class A Shares subject to redemption	—	—	—	—	409,342
Income taxes payable	2,576	1,594	—	4,170	—
Liabilities related to assets held for sale	—	21,672	—	21,672	—
Other current liabilities	4,000	22,292	4,223	30,515	13,504
Long-term debt	78,134	641,601	(2,044)	717,691	—
Deferred tax liabilities	38,954	5,298	—	44,252	—
Other non-current liabilities	7,815	57,214	—	65,029	—
TOTAL LIABILITIES	$ 164,621	$ 808,686	$ 4,671	$ 977,978	$ 431,625
Share capital	$ —	$ —	$ 822,866	$ 822,866	$ 14,995
Contributed surplus	432,317	342,749	(775,066)	—	—
Warrants	—	—	3,939	3,939	3,939
Retained earnings (deficit)	1,869	4,471	(46,180)	(39,840)	(44,038)
Accumulated other comprehensive loss	—	(1,529)	—	(1,529)	—
TOTAL SHAREHOLDERS' EQUITY	$ 434,186	$ 345,691	$ 5,559	$ 785,436	$ (25,104)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 598,807	$ 1,154,377	$ 10,230	$ 1,763,414	$ 406,521

STATEMENTS OF INCOME (LOSS) (in thousands of Canadian dollars)	Three Months Ended March 31, 2017 — Reportable Segments: Consumer Products	Aviation	Other	Acasta Consolidated	Three Months Ended March 31, 2016: Acasta Consolidated
Revenue	$ 63,774	$ 29,197	$ —	$ 92,971	$ 457
Cost of Sales	44,714	—	—	44,714	—
Selling, general and administrative expense	14,979	17,974	5,979	38,932	478
Finance costs	1,046	5,414	192	6,652	—
Net unrealized (gain) loss on change in fair value of financial liabilities	—	—	(236)	(236)	8,050
Net loss (gain) on foreign exchange transactions	244	(25)	(95)	124	—
Other expense (income), net	259	1,082	(3,698)	(2,357)	—
INCOME (LOSS) BEFORE INCOME TAX	$ 2,532	$ 4,752	$ (2,142)	$ 5,142	$ (8,071)
Current income tax expense	3,016	1,018	—	4,034	—
Deferred income tax recovery	(2,353)	(737)	—	(3,090)	—
NET INCOME (LOSS)	$ 1,869	$ 4,471	$ (2,142)	$ 4,198	$ (8,071)

RESULTS OF OPERATIONS

Acasta reported net income of $4.2 million, or $0.05 per share (on a basic and diluted basis), in the first quarter of 2017 compared with a net loss of $8.1 million, or $0.86 per share (on a basic and diluted basis), in the first quarter of 2016. Adjusted net income of $9.3 million, or $0.11 per share (on a basic and diluted basis), EBITDA of $31.9 million and adjusted EBITDA of $37.0 million were reported by Acasta in the first quarter of 2017. See the Non-IFRS Financial Performance Measures section of this MD&A for calculations of adjusted net income and EBITDA and their reconciliation to net income as reported under IFRS.

Revenue

In the first quarter of 2017, revenue of $93.0 million was generated by source and reportable segment as follows:

(Amounts in thousands of Canadian dollars)	Three Months Ended March 31, 2017: %	Amount
REVENUE BY SOURCE		
Revenue from the sale of consumer products	68.6%	$ 63,774
Transaction fees	3.9%	3,608
Lease rental income	17.1%	15,863
Servicing fees	2.2%	2,040
Other revenue	8.2%	7,686
Total revenue	100.0%	$ 92,971
REVENUE BY REPORTABLE SEGMENT		
Consumer Products	68.6%	$ 63,774
Aviation	31.4%	29,197
Total revenue	100.0%	$ 92,971

In the first quarter of 2016, revenue of $0.5 million related entirely to interest income earned on restricted cash and cash equivalents held in escrow and invested in Government of Canada treasury bills (carried at $403.6 million as at March 31, 2016).

Cost of Sales and Selling, General and Administrative Expense

With respect to the Consumer Products reportable segment, Acasta's cost of sales is comprised primarily of the cost of inventory, raw materials and consumables and manufacturing overhead, which includes an allocation of salaries and wages and depreciation of property, plant and equipment directly used in the manufacturing process.

In the first quarter of 2017, cost of sales of $44.7 million and selling, general and administrative expense of $38.9 million were generated by source and reportable segment as follows:

	Three Months Ended March 31, 2017	
(Amounts in thousands of Canadian dollars)	**%**	**Amount**
COST OF SALES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSE BY NATURE		
Cost of inventory, raw materials and consumables	45.3%	$ 37,901
Depreciation of property, plant and equipment and amortization of intangible assets	24.0%	20,091
Freight charges	3.7%	3,066
Salaries and benefits	10.7%	8,966
Rent and utilities expense	2.9%	2,448
Professional fees	7.7%	6,445
General office expenses	2.3%	1,930
Management fees	0.1%	100
Research and development costs	1.0%	858
Other expenses	2.3%	1,841
Total cost of sales and selling, general and administrative expense	100.0%	$ 83,646
COST OF SALES BY REPORTABLE SEGMENT		
Consumer Products	100.0%	$ 44,714
Aviation	0.0%	—
Total cost of sales	100.0%	$ 44,714
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE BY REPORTABLE SEGMENT		
Consumer Products	38.5%	$ 14,979
Aviation	46.2%	17,974
Other	15.3%	5,979
Total selling, general and administrative expense	100.0%	$ 38,932

In the first quarter of 2016, there were no cost of sales recorded as the Company was classified as a special purpose acquisition corporation and did not have operating subsidiaries or investments in other entities. Selling, general and administrative expense of $0.5 million in the first quarter of 2016 related primarily to public company listing and filing fees and due diligence costs associated with reviewing potential qualifying acquisition targets.

Other Results of Operations

In the first quarter of 2017, finance costs of $6.7 million related primarily to interest on bank loans and finance lease obligations. A net loss of $0.1 million was recorded related to the translation of foreign currency transactions during the first quarter of 2017. Other income of $2.4 million during the first quarter of 2017 related primarily to a $3.7 million gain on the redemption of Class A Shares, which was partially offset by a $1.1 million loss on the disposal of property, plant and equipment and $0.3 million in restructuring costs.

In the first quarter of 2017, the Company recorded current income tax expense of $4.0 million, which was partially offset by a deferred income tax recovery of $3.1 million and resulted in a net income tax expense of $0.9 million for the period. The Company's effective tax rate may fluctuate significantly in future periods due to varying rates in different jurisdictions, foreign currency exchange rate movements, changes in tax laws, the impact of specific transactions and assessments and the relative distribution of income among the Company's operating jurisdictions.

In the first quarter of 2016, a net unrealized loss on change in fair value of financial liabilities of $8.1 million was recorded reflecting an increase in the trading price of the Class A Shares.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

Adjusted net income and EBITDA are not recognized measures under IFRS and this data may not be comparable to data presented by other companies.

Adjusted net income is calculated by adjusting net income (loss) as recorded in the unaudited condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the exclusion of certain other income and expense items determined in accordance with IFRS. The Company believes that this generally accepted measure allows the evaluation of the results of continuing operations and is useful in making comparisons between periods. Adjusted net income is intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

EBITDA is calculated by adjusting net income (loss) as recorded in the unaudited condensed consolidated interim statements of income (loss) and comprehensive income (loss) for finance costs, current and deferred income tax, depreciation and amortization expenses. The Company believes that this measure allows the evaluation of the results of continuing operations and is useful in making comparisons between periods. EBITDA is intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

Adjusted EBITDA is calculated by adjusting net income (loss) as recorded in the unaudited condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the exclusion of certain other income and expense items determined in accordance with IFRS (the calculation for adjusted net income) and then further adjusting for interest, current and deferred income tax, depreciation and amortization expenses. The Company believes that this generally accepted measure allows the evaluation of the results of continuing operations and is useful in making comparisons between periods. Adjusted EBITDA is intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

NON-IFRS FINANCIAL PERFORMANCE MEASURES (in thousands of Canadian dollars, except share and per share amounts)	Three Months Ended March 31, 2017 — Reportable Segments — Consumer Products	Aviation	Other	Acasta Consolidated	Three Months Ended March 31, 2016 — Acasta Consolidated
Net income (loss)	**$ 1,869**	**$ 4,471**	**$ (2,142)**	**$ 4,198**	**$ (8,071)**
Gain on redemption of Class A Shares	—	—	(3,699)	(3,699)	—
Loss on disposal of property, plant and equipment	—	1,083	—	1,083	—
Qualifying Acquisition transaction costs	—	—	4,627	4,627	—
Costs to prepare aircraft for sale	—	706	—	706	—
Net loss (gain) on foreign exchange transactions	244	(25)	(95)	124	—
Amortization of inventory fair value increment	1,946	—	—	1,946	—
Other non-recurring costs	359	—	—	359	—
Adjusted net income (loss)	**$ 4,418**	**$ 6,235**	**$ (1,309)**	**$ 9,344**	**$ (8,071)**
Net income (loss) per share — basic and diluted				**0.05**	**(0.86)**
Adjusted net income (loss) per share — basic and diluted				**0.11**	**(0.86)**
Weighted average number of Class B Shares outstanding				**85,642,902**	**9,349,648**
Finance costs	$ 1,046	$ 5,414	$ 192	$ 6,652	$ —
Current income tax expense	3,016	1,018	—	4,034	—
Deferred income tax recovery	(2,353)	(737)	—	(3,090)	—
Depreciation of property, plant and equipment and amortization of intangible assets	7,555	12,536	—	20,091	—
EBITDA	$ 11,133	$ 22,702	$ (1,950)	$ 31,885	$ (8,071)
Adjusted EBITDA	$ 13,682	$ 24,466	$ (1,117)	$ 37,031	$ (8,071)

BALANCE SHEET REVIEW

Total assets as at March 31, 2017 of $1,763.4 million increased by $1,356.9 million compared with December 31, 2016 total assets of $406.5 million. Total liabilities as at March 31, 2017 of $978.0 million increased by $546.4 million compared with December 31, 2016. The increase in total assets and total liabilities between December 31, 2016 and March 31, 2017 was due primarily to the consolidation of financial positions in connection with the Qualifying Acquisition effective January 3, 2017.

Assets held for sale of $26.5 million as at March 31, 2017 were comprised of a single aircraft within the Company's Aviation reporting segment, with the proceeds being used to settle liabilities related to assets held for sale of $21.7 million as at March 31, 2017.

Property, plant and equipment of $662.7 million as at March 31, 2017 was comprised primarily of $605.5 million related to two aircraft (one of which was acquired during the first quarter of 2017 for $297.3 million) held within the Company's Aviation reporting segment, $38.2 million in machinery and equipment and $16.8 million in buildings and leasehold improvements. The total provisional fair value of property, plant and equipment acquired on January 3, 2017 in connection with the Qualifying Acquisition was $424.5 million.

Intangible assets of $333.0 million as at March 31, 2017 were comprised primarily of $151.4 million related to customer relationships in the Consumer Products reporting segment, $124.6 million related to aircraft lease premiums, $36.1 million related to non-competition and backlog agreements in the Aviation reporting segment, $12.4 million related to intellectual property in the Consumer Products reporting segment and $8.5 million related to customer contracts in the Company's Aviation reporting segment. The total provisional fair value of intangible assets acquired on January 3, 2017 in connection with the Qualifying Acquisition was $280.3 million.

Total provisional goodwill of $608.6 million as at March 31, 2017 arising in connection with the January 3, 2017 Qualifying Acquisition was attributed to the Company's Consumer Products and Aviation reportable segments as $309.3 million and $299.3 million, respectively.

Long-term debt (including the current portion of long-term debt) of $775.5 million as at March 31, 2017 was comprised primarily of $698.6 million in loans utilized to acquire two aircraft within the Company's Aviation reporting segment and $85.9 million in credit facility drawdowns within the Company's Consumer Products reporting segment, partially offset by $9.1 million in financing fees.

As at December 31, 2016, $405.0 million in cash was held in escrow, representing the funds raised pursuant to the IPO plus interest earned on the balance. The Company also held $0.2 million in cash and cash equivalents, $0.6 million in trade and other receivables and $0.7 million in deferred financing costs associated with the Company's Credit Facility as at December 31, 2016. As at December 31, 2016, $409.3 million in Class A Shares subject to redemption were classified as financial liabilities at their fair value based on their quoted market price. The Company also had $8.8 million in accounts payable and accrued liabilities, $0.4 million in amounts due to a related party and $13.1 million in deferred underwriters' commission associated with the gross proceeds of the Class A Units issued pursuant to the IPO and the exercise of the IPO Over-Allotment Option.

The table below summarizes the change in the number of Class B Shares outstanding as at December 31, 2016 and March 31, 2017:

	Share Capital (Class B Shares)
Balance — December 31, 2016	**11,960,156**
Conversion of Class A Shares under the Qualifying Acquisition	11,795,778
Issued as consideration under the Qualifying Acquisition	52,966,814
Issued related to the Private Placement	15,955,050
Balance — March 31, 2017	**92,677,798**

There were 20,884,062 warrants to purchase Class B Shares outstanding as of March 31, 2017, which is the same number of warrants that were outstanding as of December 31, 2016.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2017, the Company's cash and cash equivalents totaled $34.1 million. At December 31, 2016, cash and cash equivalents and current restricted cash totaled $405.2 million, of which $405.0 million was held in escrow in anticipation of the Qualifying Acquisition.

Operating Activities

Cash provided by operating activities of $15.8 million in the first quarter of 2017 compared with cash used in operating activities of $0.2 million in the first quarter of 2016. In the first quarter of 2017, the Company's cash provided by operating activities was generated primarily by revenue of $93.0 million, partially offset by cost of sales and selling, general and administrative expenses (net of embedded depreciation) of $63.6 million, cash taxes paid of $3.4 million and a net cash outflow associated with the changes in non-cash working capital items of $13.2 million during the period.

Investing Activities

Cash used in investing activities of $543.9 million in the first quarter of 2017 compared with cash used in operating activities of nil in the first quarter of 2016. In the first quarter of 2017, the Company's primary cash investments included a new aircraft within the Aviation reporting segment (resulting in a $297.3 million addition to property, plant and equipment and a $67.9 million addition to intangible assets) and the net cash outflow on the closing of the Qualifying Acquisition related to Apollo ($161.5 million), Stellwagen ($90.8 million) and JemPak ($55.4 million). Partially offsetting the overall investing cash outflows during the first quarter of 2017, $106.2 million in cash previously held in escrow was released on closing of the Qualifying Acquisition and $25.0 million in proceeds were received on the sale of an aircraft during the period.

On May 11, 2017, the Company entered into an agreement to acquire ECN Capital's commercial aviation finance advisory and asset management business ("ECN Commercial Aviation") for a purchase price of U.S. $22,500. ECN Commercial Aviation arranges, co-invests and manages a portfolio of commercial aviation assets on behalf of institutional investors through a U.S.-based team. The purchase price will be satisfied by the issuance of Acasta Class B Shares at $10.00 per share, the number of which will be determined by the closing exchange rate one business day prior to the closing date of the acquisition. The Class B Shares issued in satisfaction of the purchase price will be subject to a one year lock-up, with a top-up of up to 10.0% if Acasta's share price is less than $10.00 per share upon the expiration of the lock-up.

Financing Activities

Cash provided by financing activities of $562.0 million in the first quarter of 2017 compared with cash provided by operating activities of nil in the first quarter of 2016. In the first quarter of 2017, the Company received net proceeds from long-term debt and credit facilities of $414.6 million, sourced through two aircraft loans within the Aviation reporting segment and the Credit Facility within the Consumer Products reporting segment (see Long-Term Debt note to the Financial Statements for details). Proceeds of $298.8 million in cash previously held in escrow was released and used to fund the redemption of Class A Shares and the deferred underwriters' commission related to the Qualifying Acquisition. Concurrent with the closing of the Qualifying Acquisition, the Company paid $285.7 million on the redemption of Class A Shares, partially offset by $159.6 million in gross proceeds from the issuance of common shares related to the private placement.

On May 14, 2017, Acasta entered into a secured two-year credit facility agreement with lenders for up to U.S. $150,000 subject to certain conditions being met. Proceeds from the credit facility, once drawn, will be used to fund a U.S. $100,000 investment in the Stelloan Fund (see Financial Statements note 28 for details), which is an investment-related subsidiary included as part of the Company's Aviation reportable segment. Interest is based on LIBOR plus an applicable margin.

Financial Instruments

The Company occasionally enters into contracts acting as economic hedges of underlying exposures that are not held for speculative purposes. Acasta does not use complex derivative contracts to hedge exposures. The Company's interest rate swap contracts are recorded in the other non-current assets financial statement line item and settle on a monthly basis. The interest rate swap contracts exchange floating rate interest amounts for fixed rate interest amounts and are designed as cash flow hedges in order to reduce the Company's cash flow exposure resulting from variable interest borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount in accumulated other comprehensive income is reclassified to net income (loss) over the period that the floating rate interest payments on debt affect net income (loss). A total of $1.0 million was recognized in other comprehensive income, net of tax, during the first quarter ended March 31, 2017 with nil being reclassified to net income (loss) during the period.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements as at March 31, 2017 include operating leases of $30.9 million (see Leases note to the Financial Statements for details). If Acasta were to terminate these off-balance sheet arrangements, the Company's liquidity position (as outlined in the table below) is sufficient to satisfy any related penalties or obligations.

Liquidity and Capital Resources Analysis

As set out below, the Company believes that it has sufficient available capital resources to satisfy its expenditure commitments (including contractual obligations) within one year of March 31, 2017:

(Amounts in thousands of Canadian dollars)	Amount
COMMITMENTS	
Contractual obligations:	
Operating leases payable(1)	$ 3,398
Current portion of long-term debt	57,770
Liabilities related to assets held for sale	21,672
Amounts due to related parties	25,395
Other commitments:	
Accounts payable and accrued liabilities	36,879
Income taxes payable	4,170
Total commitments within one year of March 31, 2017	**$ 149,284**

	Amount
CAPITAL RESOURCES	
Cash and cash equivalents	$ 34,138
Working capital, excluding cash and cash equivalents	87,895
Assets held for sale	26,511
Operating leases receivable	75,860
Available under the Credit Facility	64,067
Total capital resources available within one year of March 31, 2017	**$ 288,471**

(1) Operating leases payable later than 1 year and not longer than 5 years amounted to $12.4 million and operating leases payable later than 5 years amounted to $15.1 million as at March 31, 2017.

RELATED PARTY TRANSACTIONS

The Company was charged $3.8 million by Acasta Capital during the three months ended March 31, 2017 related to support on the Qualifying Acquisition on a cost recovery basis, and for services throughout the quarter. Amounts payable to Acasta Capital as at March 31, 2017 were $4.2 million (December 31, 2016 — $0.4 million).

As at March 31, 2017, the Company provided for $65.9 million in other purchase consideration adjustments payable to the Stellwagen vendor, who is a shareholder of the Company. In addition, an estimated liability of $4.0 million for other purchase consideration adjustments is payable to the vendors of Apollo, who are shareholders of the Company. Further details on the purchase consideration adjustments are included in the Business Combinations note to the Financial Statements.

The Company incurred $0.3 million during the three months ended March 31, 2017 (three months ended March 31, 2016 — $0.1 million) mainly relating to fees paid to the JemPak Board of Directors and rent to a company controlled by a JemPak Board member. These transactions were in the normal course of operations and were recorded at the agreed upon exchange amount. A finance lease liability of $7.8 million as at March 31, 2017 represents a payable to a company controlled by a JemPak Board member as described in the Leases note to the Financial Statements.

The Company incurred $0.1 million in consulting fees expense for the three months ended March 31, 2017 that was paid to Aero Analytics Limited, an entity controlled by a Stellwagen Board member. The Company incurred $0.3 million in technical consulting fees for the three months ended March 31, 2017 relating to aircraft redeliveries. The fees were paid to CloudCARDs Limited, a company invested in by Guardian Holdings

Limited, a wholly owned subsidiary of Stellwagen. The Company earned $0.1 million in servicing fees for the three months ended March 31, 2017. The services were provided to Ibex 3 Limited, a company that is 50.0% owned by an Acasta shareholder.

Amounts due to related parties are currently non-interest bearing and are payable on demand. Related party amounts are recorded at their exchange amount.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's critical accounting policies and estimates are disclosed in the Significant Accounting Polices, Significant Accounting Judgements and Estimates and Recently Issued Accounting Pronouncements notes to the Financial Statements.

RISK PROFILE

Evaluation of disclosure controls and procedures

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. At March 31, 2017, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective and that material information relating to the Company was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation.

Internal controls over financial reporting

Management is responsible for designing and maintaining internal controls over financial reporting as defined under National Instrument 52-109. At March 31, 2017, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these internal controls and procedures was effective in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 Internal Control — Integrated Framework.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that its objectives are met. Due to inherent limitations in all systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute assurance that the objectives of our control systems have been met.

Limitation on Scope of Design

In accordance with Section 3.3 of National Instrument 52-109, the Chief Executive Officer and the Chief Financial Officer of Acasta have limited the scope of their design of the Company's disclosure controls and procedures and internal control over financial reporting to exclude the controls, policies and procedures of Apollo, JemPak and Stellwagen, which were acquired on January 3, 2017.

Contributions to the Financial Statements from the entities acquired January 3, 2017 represent the following amounts as compared to consolidated totals as of and for the period ended March 31, 2017:

- 100.0% of consolidated revenues for the three months ended March 31, 2017;
- 151.0% of consolidated net income for the three months ended March 31, 2017;
- 99.4% of consolidated total assets as at March 31, 2017; and
- 99.5% of consolidated total liabilities as at March 31, 2017.

Further details related to the acquisitions are disclosed in the Business Combinations note to the Financial Statements.

Changes in Internal Control

There were no changes during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

Managing Risk

For a description of the risks facing the Company following the closing of the Qualifying Acquisition, see the Risk Factors section of the AIF dated March 30, 2017 which is available on SEDAR at www.sedar.com. These risks described in the AIF should be considered by interested parties when evaluating the Company's performance and outlook.