UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and September 30, 2017

(expressed in thousands of Canadian dollars, except share and per share amounts, unless otherwise noted)

TABLE OF CONTENTS

	PAGE
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION	32
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)	33
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	34
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS	36
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	37

ACASTA ENTERPRISES INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in thousands of Canadian dollars)

	Notes	As at September 30, 2018	As at December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		$ 786	$ 26,139
Trade and other receivables	7	27,037	39,644
Inventories	8	40,545	48,423
Prepaid expenses and deposits		2,969	54,548
Other current assets	6, 21	7,099	5,534
Current portion of loans receivable		—	11,257
		$ 78,436	$ 185,545
Non-current assets			
Property, plant and equipment	9	$ 37,340	$ 617,594
Intangible assets	10	57,854	275,469
Goodwill	10	—	176,552
Long-term loans receivable		—	189,974
Non-current deposits		—	5,077
Other non-current assets		—	12,889
		$ 95,194	$ 1,277,555
Total assets		**$ 173,630**	**$ 1,463,100**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 26,465	$ 37,107
Debt obligations	12	73,488	276,735
Income taxes payable		2,913	7,232
Other current liabilities	13	477	14,333
		$ 103,343	$ 335,407
Non-current liabilities			
Deferred tax liabilities		$ 3,262	$ 20,306
Other non-current liabilities	13	—	31,520
Long-term debt	12	—	707,211
		$ 3,262	$ 759,037
Total liabilities		**$ 106,605**	**$ 1,094,444**
Shareholders' equity			
Share capital	14	$ 594,246	$ 849,383
Contributed surplus		198,122	300
Warrants		3,939	3,939
Deficiency		(729,282)	(457,104)
Accumulated other comprehensive loss		—	(27,862)
Total shareholders' equity		**$ 67,025**	**$ 368,656**
Going concern (note 2)			
Subsequent event (note 12)			
Commitments (note 23)			
Total liabilities and shareholders' equity		**$ 173,630**	**$ 1,463,100**

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

ACASTA ENTERPRISES INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(in thousands of Canadian dollars, except share and per share amounts)

	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenue	15	$45,877	$ 43,607	$ 132,275	$129,033
Cost of revenue, expenses, and other items					
Cost of revenue	16	37,896	32,293	107,260	87,136
Selling, general and administrative expense	16	11,624	17,129	55,333	48,666
Finance costs, net	17	1,463	5,177	24,802	8,063
Impairment of goodwill and intangible assets	10	—	—	79,775	—
Net unrealized gain on change in fair value of financial instruments		(655)	—	(563)	(236)
Net loss (gain) on foreign exchange		(101)	(1,439)	1,047	(2,994)
Other (income) loss, net	18	(304)	(2,105)	955	(5,801)
Loss before income tax		**$ (4,046)**	**$ (7,448)**	**$(136,334)**	**$ (5,801)**
Current income tax expense (recovery)		(459)	571	(2,330)	5,500
Deferred income tax recovery		—	(1,085)	(7,103)	(3,927)
Net loss from continuing operations		**$ (3,587)**	**$ (6,934)**	**$(126,901)**	**$ (7,374)**
Net income (loss) from discontinued operations, net of tax	6	**(296)**	**(2,805)**	**(144,894)**	**591**
Net loss		**$ (3,883)**	**$ (9,739)**	**$(271,795)**	**(6,783)**
Other comprehensive income (loss) from discontinued operations, net of tax		**$ —**	**$(14,616)**	**$ —**	**$ (28,752)**
Total comprehensive loss		**$ (3,883)**	**$(24,355)**	**$(271,795)**	**$ (35,535)**
Net income (loss) per share					
Basic — continuing operations	19	$ (0.06)	$ (0.08)	$ (1.74)	$ (0.08)
Basic — discontinued operations	19	$ —	$ (0.03)	$ (1.99)	$ 0.01
Diluted — continuing operations	19	$ (0.06)	$ (0.08)	$ (1.74)	$ (0.08)
Diluted — discontinued operations	19	$ —	$ (0.03)	$ (1.99)	$ 0.01

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

ACASTA ENTERPRISES INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(in thousands of Canadian dollars, except share amounts)

		Share capital (Class B Shares)		Warrants					
	Notes	Number	Amount	Number	Amount	Contributed surplus	Deficiency	Accumulated other comprehensive loss	Total shareholders' equity
Balance at December 31, 2017	14	**95,715,298**	**$ 849,383**	**20,884,062**	**$3,939**	**$ 300**	**$(457,104)**	**$(27,862)**	**$ 368,656**
Adjustment on initial application of IFRS 9 (net of tax)	5	—	—	—	—	—	(383)	—	(383)
Adjusted balance at January 1, 2018		**95,715,298**	**$ 849,383**	**20,884,062**	**$3,939**	**$ 300**	**$(457,487)**	**$(27,862)**	**$ 368,273**
Net loss for the period		—	—	—	—	—	(271,795)	—	(271,795)
Reclassification of other comprehensive loss, net of tax	6	—	—	—	—	—	—	27,862	27,862
Contingent consideration on the purchase of ECN		—	—	—	—	1,005	—	—	1,005
Cancellation of Class B Shares, as consideration for the Stellwagen Sale Transaction	6, 14	(26,000,000)	(256,142)	—	—	196,610	—	—	(59,532)
Issuance of equity-settled share-based payments		—	—	—	—	1,212	—	—	1,212
Settlement of contingent consideration on purchase of ECN	14	500,000	1,005	—	—	(1,005)	—	—	—
Balance at September 30, 2018		**70,215,298**	**$ 594,246**	**20,884,062**	**$3,939**	**$198,122**	**$(729,282)**	**$ —**	**$ 67,025**

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

ACASTA ENTERPRISES INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY) (Continued)

(in thousands of Canadian dollars, except share amounts)

	Notes	Share capital (Class B Shares)		Warrants		Contributed Surplus	Deficiency	Accumulated other comprehensive loss	Total shareholders' equity
		Number	Amount	Number	Amount				
Balance at December 31, 2016		**11,960,156**	**$ 14,995**	**20,884,062**	**$3,939**	**$ —**	**$(44,038)**	**$ —**	**$ (25,104)**
Net loss for the period		—	—	—	—	—	(6,783)	—	(6,783)
Other comprehensive loss, net of tax		—	—	—	—	—	—	(28,752)	(28,752)
Issuance of Class B Shares, as consideration for the Qualifying Acquisition	14	52,966,814	529,668	—	—	—	—	—	529,668
Issuance of Class B Shares, as consideration under the ECN acquisition	14	3,037,500	26,517	—	—	—	—	—	26,517
Issuance of Class B Shares, net of share issuance costs, related to private placement	14	15,955,050	158,476	—	—	—	—	—	158,476
Conversion of Class A Restricted Voting Shares	14	11,795,778	119,727	—	—	—	—	—	119,727
Issuance of equity-settled share-based payments		—	—	—	—	150	—	—	150
Balance at September 30, 2017		**95,715,298**	**$849,383**	**20,884,062**	**$3,939**	**$150**	**$(50,821)**	**$(28,752)**	**$773,899**

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

ACASTA ENTERPRISES INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

	Notes	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Operating activities			
Net loss		$ (271,795)	$ (6,783)
Adjustments for non-cash items and other adjustments:			
Share-based compensation		1,212	150
Depreciation of property, plant and equipment	9	9,486	19,417
Amortization of intangible assets	10	16,678	43,504
Net unrealized loss (gain) on change in fair value of financial instruments		(563)	(236)
Finance costs	17	24,802	28,879
Current income tax expense (recovery)		(1,686)	8,717
Deferred income tax recovery		(7,834)	(7,715)
ECN consideration paid in Class B Shares	18	1,005	—
Impairment of goodwill and intangible assets	10	92,023	—
Loss on disposal of Aviation reportable segment	6	97,721	—
Loss on disposal of JemPak	6	2,945	—
Gain on fair value remeasurement of Profit Participating Notes	21	(621)	—
Net loss (gain) on foreign exchange		881	(2,385)
Gain on redemption of Class A Restricted Voting Shares		—	(3,699)
Gain on disposal of property, plant and equipment		—	(211)
Amortization of inventory fair value increment		—	3,355
Changes in non-cash working capital	24	(1,948)	(17,207)
Cash (used in) provided by operating activities		$ (37,694)	$ 65,786
Income taxes paid		(3,623)	(2,671)
Net cash flows provided by (used in) operating activities		$ (41,317)	$ 63,115
Investing activities			
Additions to loans receivable, net		$ —	$ (158,135)
Additions to property, plant and equipment	9	(7,000)	(309,000)
Proceeds on disposition of Aviation reportable segment, net	6	32,727	—
Proceeds on disposition of JemPak, net	6	113,765	—
Proceeds on monetization of Profit Participating Notes	21	33,215	—
Additions to intangible assets	10	—	(68,464)
Proceeds on disposal of property, plant and equipment		—	53,979
Proceeds from restricted cash to finance acquisitions		—	106,240
Acquisition of Apollo		—	(161,545)
Acquisition of JemPak		—	(55,448)
Acquisition of Stellwagen		—	(84,946)
Cash provided by (used in) investing activities		$ 172,707	$ (677,319)
Financing activities			
Proceeds from debt and credit facilities	12	44,362	$ 592,460
Repayment of debt	12	(186,369)	(77,114)
Payment of debt issuance costs	12	(1,000)	(20,542)
Proceeds from restricted cash to fund redemption of Class A Restricted Voting Shares and deferred underwriters' commission		—	298,761
Redemption of Class A Restricted Voting Shares		—	(285,680)
Proceeds from private placement of Class B Shares		—	159,551
Payment of deferred underwriters' commission		—	(13,081)
Payment of share issuance costs related to private placement		—	(1,136)
Interest and related fees paid		(13,880)	(23,776)
Cash provided by (used in) financing activities		$ (156,887)	$ 629,443
Net increase (decrease) in cash during the period		$ (25,497)	$ 15,239
Foreign exchange impact on cash held in foreign currencies		144	2,892
Cash and cash equivalents, beginning of period		26,139	187
Cash and cash equivalents, end of period		**$ 786**	**$ 18,318**

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

1. Description of business

Acasta Enterprises Inc. and its subsidiaries (collectively, "Acasta" or the "Company") was incorporated under the *Business Corporations Act* (Ontario) on June 19, 2015 and is listed on the Toronto Stock Exchange ("TSX") under the symbol AEF. The Company's registered address is 150 Bloor Street West, Suite 310, Toronto, Ontario, M5S 2X9.

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. On January 3, 2017, Acasta announced the closing (the "Closing") of its qualifying acquisition under Part X of the TSX Company Manual (the "Qualifying Acquisition" or "Transaction") of 100% of Stellwagen Group ("Stellwagen"), Apollo Health and Beauty Care Partnership and Apollo Laboratories Inc. (collectively, "Apollo"), and JemPak Corporation ("JemPak").

At September 30, 2018, the Company had two reportable operating segments: Consumer Products and Other segments, the latter being representative of Acasta's corporate net assets and expenses. See note 22 for further segment disclosures.

On March 27, 2018, the Company disposed of substantially all the net assets of the previously controlled businesses that formed the Aviation reportable segment. Results from the Aviation reportable segment for the period from January 1, 2018 to March 27, 2018 and for the three and nine months ended September 30, 2017 have been presented as part of the results from discontinued operations. See note 6.

On June 1, 2018, the Company disposed of its investment in JemPak, which formed part of the Consumer Products reportable segment. The transaction was a share sale and represented all of the assets and liabilities of JemPak, excluding debt outstanding under the Credit Facility. Results from JemPak for the period from January 1, 2018 to May 31, 2018 and for the three and nine months ended September 30, 2017 have been presented as part of the results from discontinued operations. See note 6.

2. Basis of preparation and going concern

Statement of compliance

These unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and applies the accounting policies disclosed in note 3 of the Company's most recent annual audited consolidated financial statements as at and for the years ended December 31, 2017 and 2016 ("annual consolidated financial statements"). These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). However, selected explanatory notes are included to disclose events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the issuance of the most recent annual consolidated financial statements.

These interim financial statements should be read in conjunction with the Company's annual consolidated financial statements.

These interim financial statements were authorized for issue by the Company's board of directors on November 8, 2018.

2. Basis of preparation and going concern (Continued)

Basis of measurement

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments as described in note 21.

Functional and presentation currency

The Company's functional and presentation currency is Canadian dollars ("CAD"). All financial information is presented in thousands of Canadian dollars, except as otherwise indicated.

Going concern

These interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

During the nine months ended September 30, 2018, the Company funded its working capital requirements and its capital and operating expenditures through operating cash flows, proceeds from debt and credit facilities, proceeds from the Stellwagen Sale Transaction, proceeds from the JemPak Sale Transaction and proceeds from the monetization of the PPNs. Proceeds from these transactions have been used to reduce the indebtedness of the Company. Management expects that the cash to be generated from continuing operations based on amended and updated operating forecasts, which assumes a pre-determined Canadian dollar foreign exchange rate relative to the U.S. dollar, will be sufficient to fund the Company's capital and operating expenditures so as to meet its financial obligations as they fall due during the next twelve months. Management also expects that the Company will be able to manage and address the current working capital deficit by either replacing or extending the Amended Credit Facility beyond the June 1, 2019 maturity date, or through further divestiture or capital transactions. See note 12.

There is no guarantee or assurance that the Company will be able to obtain replacement debt financing upon the maturity of existing credit facilities and realize its operating forecast in the foreseeable future, which is partially dependent upon several factors, including foreign exchange rates, and, thus, meet its financial covenants under the relevant credit agreements and/or obtain continued support from its Lenders should that be required. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern. As at September 30, 2018, the interim financial statements do not reflect any adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate. Such adjustments could be material.

3. Significant accounting policies

The significant accounting policies used in preparing these interim financial statements are unchanged from those disclosed in the Company's most recent annual consolidated financial statements and have been applied consistently to all periods presented in these interim financial statements, except where IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have been applied. Changes to significant accounting policies are described in note 5.

The accounting policies have been applied consistently by Acasta's subsidiaries during the periods presented.

4. Significant accounting judgments and estimates

The preparation of these interim financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the most recent annual consolidated financial statements. Actual results may differ from these estimates, which include management judgements and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with the corresponding effect in profit or loss, when, and if, better information is obtained.

5. Recently issued accounting pronouncements

Accounting standards, amendments and interpretations not yet adopted or effective

Certain new standards, amendments and interpretations have been published that are mandatory for the Company's accounting years beginning on or after January 1, 2019 that the Company has decided not to early adopt, as applicable. The following are standards, amendments and interpretations that may be most relevant to the Company in preparing its financial statements in future years:

- IFRS 16 *Leases*. IFRS 16 provides guidance for leases whereby lessees will recognize a liability for the present value of future lease liabilities and record a corresponding right of use asset on the balance sheet. IFRS 16 is effective for the Company's fiscal year beginning January 1, 2019. Early adoption is permitted, provided IFRS 15, herein defined, has been adopted. The Company intends to adopt the new standard on the required effective date and is progressing in its assessment of the impact of the new standard on the interim financial statements. Based on the Company's limited involvement as an operating lessee, the Company does not expect the impact, if any, to be material on its consolidated statements of comprehensive income (loss).

Newly adopted standards

The Company has adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* on January 1, 2018. Other recently issued standards effective on January 1, 2018 that do not have a material effect on the Company's interim financial statements have been omitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are within the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

5. Recently issued accounting pronouncements (Continued)

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption on January 1, 2018. The effect of adopting IFRS 15 did not have a material impact on the Company's interim financial statements as outlined in more detail below.

Sale of goods

The Company primarily generates revenue from the sale of products, specifically focusing on the manufacturing and distribution of private label health and beauty care products. Prior to the JemPak Sale Transaction on June 1, 2018, the Company also generated revenue from the manufacturing and distribution of laundry care products and chemical cleaning products.

The Company contracts with its customers for the sale of products through purchase orders. Each quantity of product is a performance obligation. The Company has concluded that revenue from sale of products should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. Therefore, the adoption of IFRS 15 did not have a material impact on the timing of revenue recognition.

Some contracts with customers contain variable consideration in the form of rights of return for defective products, early payment discounts and marketing allowance. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The Company applies the expected value method to estimate the amount of variable consideration to which the Company will be entitled. The Company applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. The Company invoices the customer at the time of delivery and revenue is recognized at an amount the Company estimates it will be entitled to resulting in the difference recognized as a contract liability. Contract liabilities from variable consideration are included in trade and other payables as the amounts are trivial. The Company does not recognize an asset for the right to recover products from a customer as these are considered to be defective products and are destroyed upon return. These requirements under IFRS 15 are consistent with the Company's policies under IAS 18. Therefore, the adoption of IFRS 15 did not have a material impact on the amount of revenue to be recognized.

Rendering of services

Prior to the Stellwagen Sale Transaction on March 27, 2018, the Company also generated revenue from asset management and finance services to companies primarily in the Aviation reportable segment. Specifically, the Company generated revenue from the following activities:

- Investment banking: The Company earned transaction fees and commissions for the arrangement of financing between aircraft owners and investors. These transactions commonly included the sale and leaseback of aircraft by airlines. The Company acted as an integrated financing arranger by underwriting transactions and generating additional fees therefrom.
- Aircraft servicing: The Company offered a wide range of aircraft and lease management services including commercial, legal, accounting, technical management and risk management services.

5. Recently issued accounting pronouncements (Continued)

Under IFRS 15, the Company concluded that revenue from aircraft servicing would continue to be recognized over time on a straight-line basis over the term of the agreement similar to the previous accounting policy because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from investment banking services would continue to be recognized at a point in time which is at the closing of the financing transaction. The Company has elected to apply the practical expedient of expensing all contract costs incurred that would otherwise be amortized over twelve months or less. Since investment banking transactions generally close within twelve months from contract inception, there are no contract assets to be recognized. Therefore, the adoption of IFRS 15 did not have an impact on the timing or the amount of the revenue recognized from investment banking services and aircraft servicing.

As required for these interim financial statements, the Company disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Subsequent to the disposal of the Aviation reportable segment, the Company's revenues will be limited to the sale of consumer products. Therefore, the Company has determined that revenue by geography best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note 22 for the disclosure on disaggregated revenue by geography.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the hybrid financial asset as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

5. Recently issued accounting pronouncements (Continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	Subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI . . .	Subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss, even upon derecognition.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at January 1, 2018 relates solely to the new impairment requirements involving the expected credit loss approach, as described further below.

5. Recently issued accounting pronouncements (Continued)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 1, 2018.

In thousands of CAD	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost	26,139	26,139
Trade and other receivables	Loans and receivables	Amortized cost	39,644	39,261
Loans receivable	Designated as at FVTPL	Designated as at FVTPL	201,231	201,231
Derivative asset	Held for trading	Designated as at FVTPL	10,353	10,353
Total financial assets			**277,367**	**276,984**

Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortized cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of cash and cash equivalents and trade receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

5. Recently issued accounting pronouncements (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented within selling, general and administrative expense in the statement of profit or loss.

Impact of the new impairment model

The new expected credit loss model for calculating impairment on financial assets has also been assessed and has resulted in a material change. The following analysis provides further detail about the calculation of ECLs related to trade receivables and contract assets on the adoption of IFRS 9. The Company considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The ECLs were calculated based on actual credit loss experience over the past year. The Company performed the calculation of ECL rates separately for Apollo, JemPak, and Stellwagen customers. Exposures within each group were segmented based on common credit risk characteristics such as geographic region.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at January 1, 2018.

In thousands of CAD	Weighted average loss rate	Gross carrying amount	Loss allowance
Current (not past due)	0.57%	28,671	164
1 - 30 days past due	7.50%	1,458	109
31 - 60 days past due	41.59%	127	53
61 - 90 days past due	44.60%	141	63
More than 90 days past due	8.40%	1,024	86
		31,421	**475**

The methodology described above has also been used at the interim reporting date.

5. Recently issued accounting pronouncements (Continued)

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied. retrospectively, except as described below.

- The Company has restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 has resulted in a $383 adjustment to opening retained earnings and trade and other receivable as at January 1, 2018.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

6. Discontinued operations

JemPak Sale Transaction

On June 1, 2018, the Company sold 100% of its shares held in JemPak (“JemPak Sale Transaction”). JemPak was not previously classified as held-for-sale or as a discontinued operation as the sale was not highly probable prior to the second quarter. The profit or loss for the comparative periods has been presented to reflect the results of JemPak as a discontinued operation separately from continuing operations. JemPak results have historically been included in the Consumer Products reportable segment (note 22).

The JemPak Sale Transaction was executed at a purchase price of $118 million, subject to certain purchase price adjustments and a reduction for certain liabilities transferred as noted in the table below. On close of the transaction, net cash proceeds of $111,326 were received by the Company and $77,673 (U.S. $59,868) was used to reduce debt outstanding under the Company’s U.S. Credit Facility and to pay fees and accrued interest to the lenders under the U.S Credit Facility. See note 12. Cash proceeds of $32,668 were used to reduce debt outstanding under the Credit Facility and to pay fees and accrued interest to the lenders of the Company’s Credit Facility. See note 12. The JemPak Sale Transaction did not include any contingent consideration. Post-closing adjustments related to closing date cash and net working capital have been estimated at $296. Changes to the estimate may still be applicable but are not expected to be significant. The JemPak Sale Transaction subjects the Company to certain indemnities related to tax and environmental

6. Discontinued operations (Continued)

site remediation whose likelihood and magnitude will be determined at a future date. No provision has been made at September 30, 2018.

	For the three months ended September 30, 2018	For the three months ended September 30, 2017
Revenue	$ —	$ 22,841
Expenses	—	23,136
Income (loss) from discontinued operations before income tax	$ —	$ (295)
Income tax recovery (expense)	—	36
Net loss from discontinued operations after income tax	$ —	$ (259)
Loss on sale of JemPak, net of tax	(296)	—
Net loss from discontinued operations, net of tax	**$ (296)**	**$ (259)**

	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
Revenue	$ 42,059	$ 66,669
Expenses, inclusive of goodwill impairment	53,700	67,843
Loss from discontinued operations before income tax	$ (11,641)	$ (1,174)
Income tax recovery (expense)	(363)	237
Net loss from discontinued operations after income tax	$ (12,004)	$ (937)
Loss on sale of JemPak, net of tax	(2,945)	—
Net loss from discontinued operations, net of tax	**$ (14,949)**	**$ (937)**

Cash flows provided by (used in) JemPak and recorded within results from discontinued operations for the periods prior to sale are presented below. These activities are reported in aggregate with continuing operations in the statement of cash flows.

	For the period from January 1, 2018 to May 31, 2018	For the nine months ended September 30, 2017
Net cash flows provided by operating activities	$ 5,548	$ 2,659
Net cash flows used in investing activities	(3,505)	(42,369)
Net cash flows provided by (used in) financing activities	(1,293)	32,800
Net increase (decrease) in cash for the period	**$ 750**	**$ (6,910)**

6. Discontinued operations (Continued)

Details of the disposal of JemPak Corporation are described below.

Consideration received		
Cash Proceeds	$	118,000
Less: cash held in JemPak		(3,938)
Net cash proceeds		114,062
Add: adjustment for normalized net working capital		5,242
Less: finance lease liability transferred to purchaser		(7,750)
Less: retention amounts		(228)
Net proceeds	$	111,326
Costs to sell		(4,210)
Post-closing adjustment[1]		(296)
Net proceeds on disposal	**$**	**106,820**
Carrying value of JemPak net assets		
Assets[2]		134,041
Liabilities		24,276
Net assets on disposal	**$**	**109,765**
Loss on sale of JemPak before adjustments and income tax		**(2,945)**
Income tax expense		—
Loss on sale of JemPak, net of tax	**$**	**(2,945)**

(1) Excludes closing cash held in JemPak of $3,938 as at May 31, 2018.

(2) Post-closing adjustment arises from final measurement of closing May 31, 2018 cash and net working capital.

Stellwagen Sale Transaction

On March 27, 2018, the Company disposed of and derecognized substantially all of the net assets in the Aviation reportable segment (see note 22) through the Stellwagen Sale Transaction or by loss of control. Management committed to a plan to sell 100% of the shares held in Stellwagen in February 2018, following a strategic decision to place greater focus on the Company's consumer products segment.

The disposition included the Stellwagen Sale Transaction for consideration that included cash, cancellation of Class B Shares, settlement of certain liabilities, and contingent consideration as outlined below. Cash proceeds of $45,042 (U.S. $35,000) was used to reduce debt outstanding under the Company's U.S. Credit Facility and pay fees and accrued interest to the lenders under the U.S Credit Facility. 26,000,000 Class B Shares were canceled on March 27, 2018, resulting in a reduction to share capital (note 14). As a part of the Company's consideration for the purchase of Stellwagen from the Stellwagen Vendors on January 3, 2017, the Company incurred a contractual obligation to pay an earn-out based on performance of Stellwagen over a three-year period. Consideration from the Stellwagen Sale Transaction included termination of this obligation, valued at $9,007 (U.S. $7,000). Lastly, the proceeds included contingent consideration receivable in the form of a downside protection on the future monetization of PPNs, up to a maximum payout U.S. $5,000. The fair value of the contingent consideration was measured in accordance with the agreement based on a comparison to the actual consideration received on monetization of the PPNs. At September 30, 2018, the Company has recognized a receivable for the amount of $6,435 (U.S. $5,000) in Other current assets.

6. Discontinued operations (Continued)

The Stellwagen Sale Transaction resulted in the loss of control over Stelloan Investment Company I DAC ("Stelloan") and Embassy Acquisition Facility I DAC ("Embassy") as the Company no longer has the ability to direct the relevant operating activities of the entities. As a result of the loss in control, the Company ceased consolidating Stelloan and Embassy and derecognized the assets and liabilities of these subsidiaries as of the date of the Stellwagen Sale Transaction. Included in results from discontinued operations for the period from January 1, 2018 to March 27, 2018 is a loss of $33,121 attributable to the change in fair value of the loans receivable held by Embassy with third party borrowers prior to disposal.

Following the disposition of the Aviation reportable segment, the Company retained an investment in Stelloan through its ownership of Profit Participating Notes ("PPNs"). The Company monetized its investments in the PPNs at a fair value of $32,215 (U.S. $25,796) on May 15, 2018. See note 21.

The Aviation reportable segment was not previously classified as held-for-sale or as a discontinued operation. The profit or loss and OCI for the comparative period has been presented to reflect the results of the Aviation reportable segment as a discontinued operation separately from continuing operations.

	For the three months ended September 30, 2018	For the three months ended September 30, 2017
Revenue	$ —	$ 24,785
Expenses and loss on revaluation of loans receivable	—	(27,973)
Loss from discontinued operations before income tax	$ —	$ (3,188)
Income tax recovery	—	642
Net (loss) income from discontinued operations, net of tax	**$ —**	**$ (2,546)**

	For the period from January 1, 2018 to March 27, 2018	For the nine months ended September 30, 2017
Revenue	$ 22,489	$ 79,104
Expenses and loss on revaluation of loans receivable	55,163	77,910
Income (loss) from discontinued operations before income tax	$ (32,674)	$ 1,194
Income tax recovery	450	334
Net (loss) income from discontinued operations after income tax	$ (32,224)	$ 1,528
Income loss on disposition of Aviation reportable segment, net of tax	(97,721)	—
Net (loss) income from discontinued operations, net of tax	**$ (129,945)**	**$ 1,528**

Cash flows provided by (used in) discontinued operations for the periods are presented below. These activities are reported in aggregate with continuing operations in the statement of cash flows.

	For the period from January 1, 2018 to March 27, 2018	For the nine months ended September 30, 2017
Net cash flows provided by operating activities	$ 31,946	$ 69,246
Net cash flows used in investing activities	(65)	(473,657)
Net cash flows (used in) provided by financing activities	(27,895)	409,920
Net increase in cash for the period	**$ 3,986**	**$ 5,509**

6. Discontinued operations (Continued)

Details of the disposal of the Aviation reportable segment are described below.

Consideration received or receivable		
Cash proceeds	$	45,042
Less: Cash held in Aviation reportable segment		(12,315)
Net cash proceeds	$	32,727
Cancellation of Class B Shares of Acasta		57,200
Cancellation of Stellwagen Earn-out payment		9,007
Fair value of PPN downside protection		6,435
Costs to sell		(1,907)
Net proceeds on disposal	**$**	**103,462**
Carrying value of Aviation reportable segment net assets		
Assets[(1)]		1,025,934
Liabilities		843,119
Net assets on disposal	**$**	**182,815**
Loss on disposal of the Aviation reportable segment before adjustments, income tax, and reclassification of other comprehensive income items	**$**	**(79,353)**
Loss on receivable from Stellwagen Vendors, net		(1,501)
Net loss on foreign currency transaction for the year ended December 31, 2017 reclassified from accumulated other comprehensive income, net of tax		(29,377)
Net gain on foreign currency translation for the period from January 1, 2018 to March 27, 2018 reclassified from other comprehensive income, net of tax		5,819
Cumulative net movement in cash flow hedges for the year ended December 31, 2017 reclassified from accumulated other comprehensive income, net of tax		1,515
Movement in cash flow hedges for the period from January 1, 2018 to March 27, 2018 reclassified from other comprehensive income, net of tax		5,176
Loss on disposal of Aviation reportable segment, net of tax	**$**	**(97,721)**

(1) Excludes closing cash held in the Aviation reportable segment of $12,315 as at March 27, 2018.

Loss on disposal of Aviation reportable segment, net of tax includes other comprehensive income for the period from January 1, 2018 to March 27, 2018 in the amount of $10,995 attributable to a net gain on foreign currency translation and movement in cash flow hedges. On disposal of the Aviation reportable segment, this other comprehensive income generated within discontinued operations was reclassified and presented within loss from discontinued operations.

7. Trade and other receivables

Trade and other receivables comprised the following:

		As at September 30, 2018		As at December 31, 2017
Trade receivables	$	26,393	$	31,421
Allowance for doubtful accounts		(207)		(92)
Sales tax receivable		851		4,592
Interest receivable		—		814
Other		—		2,909
Total trade and other receivables	**$**	**27,037**	**$**	**39,644**

7. Trade and other receivables (Continued)

Trade receivables disclosed above include certain amounts that are past due at the end of the reporting period for which the Company has recognized a bad debt recovery of $253 for the three months ended September 30, 2018 (three months ended September 30, 2017 — $nil) and $172 for the nine months ended September 30, 2018 (nine months ended September 30, 2017 — $nil) within selling, general and administrative expense.

8. Inventories

Inventories comprised the following:

	As at September 30, 2018	As at December 31, 2017
Raw materials	$ 22,577	$ 25,627
Work in progress	80	704
Finished goods	19,266	23,470
Inventory reserve	(1,378)	(1,378)
Total inventories	**$ 40,545**	**$ 48,423**

During the three months ended September 30, 2018, $26,823 of inventory was expensed in cost of revenue (three months ended September 30, 2017 — $20,835). During the nine months ended September 30, 2018, $72,742 of inventory was expensed in cost of revenue (nine months ended September 30, 2017 — $60,426). Inventory reserves recovered to net realizable value in the three and nine month periods were $nil (three and nine months ended September 30, 2017 — $nil). All of the inventory value is pledged as collateral for the Amended Credit Facility (see note 12 for further detail).

9. Property, plant and equipment

During the nine months ended September 30, 2018, the Company disposed of all the property, plant and equipment of JemPak and the Aviation reportable segment when the Company sold its shares in the respective subsidiaries. A carrying amount of $25,668 and $566,393 were included in net assets on disposal of JemPak and the Aviation reportable segment, respectively. See note 6 for further detail.

Property, plant and equipment at September 30, 2018 comprised the following:

Cost	Building and Leasehold Improvements	Office Equipment	Machinery and Equipment	Aircraft and Motor Vehicles	Total
Balance, December 31, 2017	$ 15,789	$ 2,978	$ 48,904	$ 573,324	$ 640,995
Additions	1,352	534	5,114	—	7,000
Transfers and disposals	(11,879)	(1,556)	(15,796)	(588,129)	(617,360)
Foreign currency translation	—	16	—	14,805	14,821
Balance, September 30, 2018	**$ 5,262**	**$ 1,972**	**$ 38,222**	**$ —**	**$ 45,456**

9. Property, plant and equipment (Continued)

Accumulated Depreciation	Building and Leasehold Improvements	Office Equipment	Machinery and Equipment	Aircraft and Motor Vehicles	Total
Balance, December 31, 2017	$ (495)	$ (668)	$ (5,369)	$ (16,869)	$ (23,401)
Depreciation	(419)	(408)	(3,864)	(4,795)	(9,486)
Disposals	324	404	2,385	22,186	25,299
Foreign currency translation	—	(6)	—	(522)	(528)
Balance, September 30, 2018	**$ (590)**	**$ (678)**	**$ (6,848)**	**$ —**	**$ (8,116)**
Carrying value at September 30, 2018	**$ 4,672**	**$ 1,294**	**$ 31,374**	**$ —**	**$ 37,340**

10. Goodwill and intangible assets

During the nine months ended September 30, 2018, the Company disposed of all the goodwill and intangible assets of JemPak and the Aviation reportable segment. See note 6 for more detail.

Goodwill and intangible assets comprised the following:

		Intangible assets					
Cost	**Goodwill**	**Customer relationships/ contracts**	**Intellectual property**	**Lease premiums**	**Non-compete/ Backlog**	**Fund contract**	**Total**
Balance, December 31, 2017	$ 176,552	$ 173,009	$ 13,200	$ 119,612	$ 38,916	$ 7,075	$ 528,364
Transfers and disposals	(135,685)	(38,630)	(13,200)	(122,701)	(39,920)	(7,258)	(357,394)
Foreign currency translation	1,799	421	—	3,089	1,004	183	6,496
Balance, September 30, 2018	**$ 42,666**	**$ 134,800**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 177,466**

		Intangible assets					
Accumulated Amortization	**Goodwill**	**Customer relationships/ contracts**	**Intellectual property**	**Lease premiums**	**Non-compete/ Backlog**	**Fund contract**	**Total**
Balance, December 31, 2017	$ —	$ (23,948)	$ (3,300)	$ (9,792)	$ (38,891)	$ (412)	$ (76,343)
Amortization	—	(12,884)	(1,191)	(2,450)	—	(153)	(16,678)
Impairment loss on JemPak	(12,248)	—	—	—	—	—	(12,248)
Impairment loss on Apollo	(30,418)	(49,357)	—	—	—	—	(79,775)
Transfers and disposals	—	9,328	4,491	12,557	39,895	580	66,851
Foreign currency translation	—	(85)	—	(315)	(1,004)	(15)	(1,419)
Balance, September 30, 2018	**$ (42,666)**	**$ (76,946)**	**$ —**	**$ —**	**$ —**	**$ —**	**$ (119,612)**
Carrying value at September 30, 2018	**$ —**	**$ 57,854**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 57,854**

None of the intangible assets are determined to have indefinite useful lives and, accordingly, have been amortized in the period consistent with stated accounting policies.

The Company did not identify any indicators of impairment at September 30, 2018. No impairment expense was recognized in the three months ended September 30, 2018 (three months ended September 30, 2017 — $nil).

The Company recorded an impairment of goodwill and intangible assets in respect of Apollo totaling $79,775 for the nine months ended September 30, 2018 (nine months ended September 30, 2017 — $nil) as

10. Goodwill and intangible assets (Continued)

a result of a decline in forecasted sales, reduction in profit margins, and increased inventory costs and operating expenses expected from the CGU. Impairment is recorded within Impairment of goodwill and intangible assets in the consolidated statement of comprehensive income (loss).

The Company recorded an impairment of goodwill in respect of JemPak of $12,248 during the three months ended March 31, 2018. The JemPak CGU was assessed again for indicators of impairment as of the date the CGU met the criteria to be designated as held for sale prior to its disposal. No indicators of impairment were identified at that time, and no additional impairment expense recognized. All activity is presented in results from discontinued operations.

There was no reversal of impairment during the three and nine months ended September 30, 2018 and September 30, 2017.

11. Income taxes

For the three and nine months ended September 30, 2018, the effective tax rate for continuing operations was 11.03% and 6.98%, respectively, which varies from the enacted Federal and provincial tax rate applicable for AEI of 26.5%. The difference between these effective tax rates and the statutory tax rate is attributable to the goodwill impairment recognized during the nine months ended September 30, 2018, the sale of the shares of JemPak and the Aviation reportable segment, as well as the derecognition of deferred tax resulting from operating losses of AEI and Apollo for which a suitable source of probable future taxable income has not been identified. For the three and nine months ended September 30, 2017, the effective tax rate for continuing operations varied from the enacted Federal and provincial tax rate applicable as certain AEI losses did not give rise to a tax benefit in the periods, whereas income generated in Apollo previously resulted in current and deferred income tax expense.

Upon the disposition of the shares and certain debts of the entities and assets previously included as part of the Aviation reportable segment, a capital loss of $307,463 has been estimated which has not been recognized as a deferred tax asset. Upon the disposition of the shares of JemPak, a capital gain for tax purposes of $42,191 has been estimated, partially offsetting the capital loss recognized on the Stellwagen Sale Transaction.

12. Debt

	As at September 30, 2018	As at December 31, 2017
Aircraft loans	$ —	$ 623,886
Term loan A	—	27,300
Term loan B	56,500	31,850
Revolving credit facility	5,000	26,091
U.S. Credit Facility (formerly Aviation Facility)	12,417	150,540
Portfolio Loan Revolver	—	137,787
Less: Deferred financing fees	(429)	(13,508)
Total debt	**$ 73,488**	**$ 983,946**
Current	$ 73,488	$ 276,735
Long-term	—	707,211
Total debt	**$ 73,488**	**$ 983,946**

12. Debt (Continued)

Credit Facility and Amended Credit Facility

On January 3, 2017, the Company entered into a credit agreement with a three-year term providing a borrowing capacity of up to $150,000. On May 24, 2017, this credit agreement was amended and restated to reduce the capacity of the facility to $100,000 (the "Credit Facility"). Deferred financing fees related to the cancelled, undrawn capacity of the facility were written off and recognized within finance costs included in net loss in the prior year.

On June 1, 2018, this Credit Facility was further amended in consideration of the JemPak Sale Transaction ("Amended Credit Facility"). The Amended Credit Facility matures on December 31, 2018 and will automatically extend for an additional three months if not repaid at the original maturity date. The final maturity date is June 1, 2019. Under the Amended Credit Facility, availability under Term loan A was cancelled, availability under Term loan B was increased to $58,000, and the Revolving credit facility availability was reduced to $5,000. Certain financial covenants were also revised, as well as interest rate applicable margins. Subsequent to September 30, 2018, further revisions were made to certain financial covenants, as well as interest rate applicable margin. A summary of the facilities available under the Amended Credit Facility are listed below. The Company used cash proceeds of $32,668 from the JemPak Sale Transaction to repay the principal outstanding under Term loan A, Revolving credit facility amounts previously drawn by JemPak, and accrued interest and fees.

a) **Revolving credit facility** — availability of up to $5,000 (reduced from $35,000 as part of the amendments to the Credit Facility in June 2018) to be used for working capital and other general corporate purposes. Amounts of drawdowns are in Canadian dollars by way of prime rate and bankers' acceptances advances and in United States dollars by way of U.S. base rate advances and LIBOR advances. Interest is CDOR, LIBOR, or prime rate based plus an applicable margin. At September 30, 2018, the Company had drawn $5,000 in Canadian advances and U.S. $nil.

b) **Term loan A** — amounts outstanding under Term loan A totaling $26,400 were repaid in full on June 1, 2018. There is no further ability to draw on this facility.

c) **Term loan B** — availability of up to $58,000, increased from $35,000 on June 1, 2018. Amounts are in Canadian dollars by way of prime rate and bankers' acceptances advances. Interest is CDOR or prime rate based plus an applicable margin. Principal repayment of $1,500 was paid on September 30, 2018; if the maturity date is extended, $2,000 is payable on December 31, 2018; if the maturity date is further extended, $2,000 is payable on March 31, 2019 with the balance due on June 1, 2019.

d) **Delayed draw facility** — The ability to make further draws against this facility was removed in May 2017.

As at September 30, 2018, the undrawn capacity on the Amended Credit Facility was $nil.

The net assets of the Consumer Products reportable segment are pledged as security under the Amended Credit Facility.

The Amended Credit Facility contains covenants which are customary for facilities of this nature. Such covenants limit, among other things, the ability of the Company to incur or assume additional debt, sell material assets, and make certain capital expenditures or acquisitions. The Amended Credit Facility also imposes certain financial covenants the Company must monitor, report, and comply with each fiscal quarter.

12. Debt (Continued)

U.S. Credit Facility (formerly Aviation Facility)

On May 14, 2017, the Company entered into a secured two-year credit facility agreement (the "U.S. Credit Facility") with a syndicate of lenders including one related party. The U.S Credit Facility allowed for the borrowing of up to U.S. $150,000 to fund specific investments including the Company's interest in the Stelloan Fund PPNs and deposits in other aviation related initiatives.

During the nine months ended September 30, 2018, the Company made principal repayments of $145,381 (U.S. $110,405), as permitted under the agreement, such that the outstanding principal balance at September 30, 2018 was $12,416 (U.S. $9,592). An early repayment fee of $4,283 (U.S. $3,312) was paid by the Company during the nine months ended September 30, 2018 to the lenders and is recognized within finance expense in the period. Interest is LIBOR based plus an applicable margin. The U.S. Credit Facility is secured by a first-priority lien over Acasta's real property.

In response to the Company's effort to reduce indebtedness, in addition to making early repayments of principal, the ability to make further draws on the facility was removed. The amount outstanding under the U.S Credit Facility is due within 12 months of period end, subject to certain considerations related to the Amended Credit Facility.

The following table reconciles the changes in cash flows from financing activities attributable to debt for the following years:

	As at September 30, 2018	As at December 31, 2017
Total debt, beginning of period	$ 983,946	$ —
Proceeds from credit facilities	44,362	737,372
Debt repayments	(219,033)	(91,187)
Financing fees	(1,000)	(15,286)
Total cash flows from debt financing activities	$ (175,671)	$ 630,899
Other components of debt		
Debt assumed on acquisition of Stellwagen	$ —	$ 391,686
Derecognition of aircraft loans and Portfolio Loan Revolver on disposal of Aviation reportable segment	(766,799)	—
Non-cash changes in deferred financing fees	8,205	4,699
Effects of foreign exchange	23,807	(43,338)
Total other components of debt	$ (734,787)	$ 353,047
Total debt, end of period	**$ 73,488**	**$ 983,946**

13. Other liabilities

Other current liabilities comprised the following:

	As at September 30, 2018	As at December 31, 2017
Amounts due to related parties[1]	$ 477	$ 5,835
Finance lease obligation — current	—	496
Other current liabilities	—	2,161
Unamortized discount on loans receivable	—	5,841
Total other current liabilities	**$ 477**	**$ 14,333**

(1) For comparative purposes, amounts due to related parties as at September 30, 2018 include payables to Acasta Capital Inc. for reimbursement of expenses on a cost-recovery basis of $477 (December 31, 2017 — $1,815). Acasta Capital Inc. ceased to be a related party of the company during Q2 2018.

Other non-current liabilities comprised the following:

	As at September 30, 2018	As at December 31, 2017
Finance lease liability	$ —	$ 7,281
Unamortized discount on loans receivable	—	6,143
Amount due to related party	—	11,820
Security deposits	—	6,276
Total other non-current liabilities	**$ —**	**$ 31,520**

14. Share capital

On March 27, 2018, the Company completed the Stellwagen Sale Transaction for consideration that included cancellation of 26,000,000 Class B Shares. The cancelled shares were measured at their fair value, being the trading price of the Class B Shares on the closing date of the Stellwagen Sale Transaction, which resulted in a reduction in the value of Class B Shares outstanding and an increase in contributed surplus.

On April 6, 2018, the Company issued 500,000 Class B Shares to the ECN vendors as per the settlement agreement entered on March 18, 2018 prior to the Stellwagen Sale Transaction. The shares were measured at their fair value, being the trading price on the effective date of the agreement.

The following is a summary of the Class B Shares issued and outstanding:

	Number	Amount
Balance, December 31, 2016	11,960,156	$ 14,995
Conversion of Class A Restricted Voting Shares	11,795,778	119,727
Issued as consideration under Qualifying Acquisition — JemPak	6,750,000	67,500
Issued as consideration under Qualifying Acquisition — Apollo	23,388,396	233,884
Issued as consideration under Qualifying Acquisition — Stellwagen	22,828,418	228,284
Private placement	15,955,050	159,551
Issued as consideration under acquisition — ECN	3,037,500	26,578
Share issuance costs	—	(1,136)
Balance, September 30, and December 31, 2017	**95,715,298**	**$ 849,383**

14. Share capital (Continued)

	Number	Amount
Balance, December 31, 2017	95,715,298	$ 849,383
Cancellation of Class B Shares, as consideration in the Stellwagen Sale Transaction (note 6)	(26,000,000)	(256,142)
Issued as settlement of ECN contingent consideration	500,000	1,005
Balance, September 30, 2018	**70,215,298**	**$ 594,246**

15. Revenue

The Company earns revenue from the following primary sources:

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Health and beauty care products	$ 45,877	$ 43,607	$ 132,275	$ 129,033
Revenue from continuing operations	**$ 45,877**	**$ 43,607**	**$ 132,275**	**$ 129,033**
Revenue from discontinued operations	**—**	**47,626**	**64,548**	**145,773**
Total revenue	**$ 45,877**	**$ 91,233**	**$ 196,823**	**$ 274,806**

16. Expenses by nature

Cost of revenue and selling, general and administrative expense comprised the following:

	For the three months ended				For the nine months ended			
	September 30, 2018		September 30, 2017		September 30, 2018		September 30, 2017	
	Cost of revenue	Selling, general and administrative expense	Cost of revenue	Selling, general and administrative expense	Cost of revenue	Selling, general and administrative expense	Cost of revenue	Selling, general and administrative expense
Cost of inventory, raw materials and consumables	$ 26,823	$ —	$ 22,187	$ —	$ 72,742	$ —	$ 60,426	$ —
Depreciation of property, plant and equipment and amortization of intangible assets	1,228	2,432	1,046	4,321	3,394	11,090	2,872	12,928
Freight-out charges	—	2,950	—	2,633	—	11,041	—	7,398
Salaries and benefits	6,995	2,844	5,868	4,413	21,631	14,824	15,821	10,830
Rent and utilities expenses	1,750	70	2,008	—	5,636	265	5,005	—
Professional fees	—	1,326	—	3,404	—	10,171	—	11,172
General office expenses	—	1,449	(1)	1,260	—	4,315	—	3,799
Research and development costs	—	—	—	—	—	—	—	—
Share-based compensation	—	238	—	150	—	1,274	—	150
Production repairs, maintenance & supplies	986	—	1,042	—	3,344	—	2,556	—
Laboratory expenses	—	248	—	594	—	1,086	—	1,583
Other expenses	114	67	143	354	513	1,267	456	806
Cost of revenue and selling, general and administrative expense attributable to continuing operations	**$ 37,896**	**$ 11,624**	**$ 32,293**	**$ 17,129**	**$ 107,260**	**$ 55,333**	**$ 87,136**	**$ 48,666**
Cost of revenue and selling, general and administrative expense attributable to discontinued operations	**—**	**—**	**$ 17,752**	**$ 26,518**	**$ 31,757**	**$ 22,828**	**$ 51,252**	**$ 73,618**
Total cost of revenue and selling, general and administrative expense	**$ 37,896**	**$ 11,624**	**$ 50,045**	**$ 43,647**	**$ 139,017**	**$ 78,161**	**$ 138,388**	**$ 122,284**

17. Finance costs

Finance costs are comprised of the following:

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest on bank overdrafts and loans	$ 1,274	$ 2,978	$ 10,300	$ 4,458
Exit fees and penalties	—	—	4,283	—
Amortization and accretion of deferred financing costs	189	2,199	10,495	3,605
Other interest income, net	—	—	(276)	—
Finance costs from continuing operations	**$ 1,463**	**$ 5,177**	**$ 24,802**	**$ 8,063**
Finance costs from discontinued operations	**—**	**7,005**	**8,698**	**20,816**
Total finance costs	**$ 1,463**	**$ 12,182**	**$ 33,500**	**$ 28,879**

18. Other (income) loss, net

Other income, net comprised the following:

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net realized loss (gain) on change in fair value of financial instruments	$ 138	$ —	$ (2,072)	$ —
Gain on revaluation of Stellwagen Vendor Earn-out		(2,102)	—	(2,102)
Loss on settlement of ECN contingent consideration	—	—	1,005	—
Loss on settlement of Apollo contingent consideration	—	—	2,464	—
Gain on redemption of Class A Restricted Voting Shares	—	—	—	(3,699)
Other income	(442)	(3)	(442)	—
Other loss (income), net from continuing operations	**$ (304)**	**$ (2,105)**	**$ 955**	**$ (5,801)**
Other loss (income), net from discontinued operations	**—**	**(564)**	**236**	**(542)**
Other loss (income), net	**$ (304)**	**$ (2,669)**	**$ 1,191**	**$ (6,343)**

19. Net income (loss) per share

The following is the net loss from continuing operations per share calculation for the three and nine months ended September 30, 2018 and September 30, 2017.

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net loss from continuing operations attributable to owners of Class B Shares	$ (3,587)	$ (6,934)	$ (126,901)	$ (7,374)
Weighted average number of Class B Shares outstanding during the period	64,994,283	90,494,283	72,963,033	88,214,511
Net loss per share — basic and diluted	**$ (0.06)**	**$ (0.08)**	**$ (1.74)**	**$ (0.08)**

The following potential Class B Shares are anti-dilutive and therefore excluded from the weighted average number of Class B Shares for the purposes of calculating diluted net loss per share from continuing operations in each period.

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
DSUs	633,769	13,662	488,915	4,571
Warrants	20,884,062	20,884,062	20,884,062	20,884,062
Total anti-dilutive instruments	**21,517,831**	**20,897,724**	**21,372,977**	**20,888,633**

The following is the net income (loss) from discontinued operations per share calculation for the three and nine months ended September 30, 2018 and September 30, 2017.

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net (loss) income from discontinued operations attributable to owners of Class B Shares	$ (296)	$ (2,805)	$ (144,894)	$ 591
Weighted average number of Class B Shares outstanding during the period	64,994,283	90,494,283	72,963,033	88,214,511
Add: Dilutive impact of DSUs	—	—	—	4,571
Diluted weighted average number of Class B Shares outstanding during the period	64,994,283	90,494,283	72,963,033	88,219,082
Net (loss) income per share — basic and diluted	**$ —**	**$ (0.03)**	**$ (1.99)**	**$ 0.01**

19. Net income (loss) per share (Continued)

The following potential Class B Shares are anti-dilutive and therefore excluded from the weighted average number of Class B Shares for the purposes of diluted net loss per share from discontinued operations in each period.

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
DSUs	633,769	13,662	488,915	—
Warrants	20,884,062	20,884,062	20,884,062	20,884,062
Total anti-dilutive instruments	**21,517,831**	**20,897,724**	**21,372,977**	**20,884,062**

Net loss per share is computed by dividing the net loss incurred during the period by the weighted-average number of Class B Shares outstanding during the period. Diluted net income (loss) income per share is computed by dividing net income (loss) incurred during the period by the diluted weighted-average number of Class B Shares outstanding during the period.

Class B Shares totaling 5,221,016 are contingently subject to forfeiture and consequently excluded from the determination of the weighted average number of Class B Shares outstanding until such time as these shares are no longer subject to forfeiture.

20. Related party transactions

On March 27, 2018, the Company closed the Stellwagen Sale Transaction to Mr. Douglas Brennan and certain other investors, the former owner from whom Stellwagen was originally purchased. Total sale proceeds included U.S. $35,000 cash, cancellation of 26,000,000 Acasta Class B Shares, cancellation of the Stellwagen Earn-out liability and downside protection on the monetization of the Stelloan PPNs up to a maximum payout of U.S. $5,000. For more details on the Stellwagen Sale Transaction, refer to note 6. At September 30, 2018, a receivable of $6,473 (U.S. $5,000) has been recorded by the Company.

WFI Inc., the remaining lending party to the U.S. Credit Facility, is related to Acasta by virtue of being controlled by members of key management personnel at Apollo. As at September 30, 2018, $12,417 (U.S. $9,592) of debt was outstanding to WFI Inc. (December 31, 2017 — $25,090; U.S. $20,000) (see note 12). The U.S Credit Facility debt is subordinated relative to the Amended Credit Facility.

During the nine months ended September 30, 2018, the Company made payments to the Apollo Vendors totaling $2,465 for post-closing adjustments relating to working capital at Apollo (nine months ended September 30, 2017 — $nil). No amounts are payable as at September 30, 2018.

During the three and nine months ended September 30, 2018, the Company incurred fees of $nil and $549, respectively, to entities controlled by members of JemPak key management (three and nine months ended September 30, 2017 — $350 and $1,195 respectively). These expenses relate to rent on a plant facility owned by these related parties, as well as consulting services. As part of the JemPak Sale Transaction, the Company also incurred an additional $1,770 in severance and success fee payments to key management of JemPak, who were related parties at the date of the transaction.

During the nine months ended September 30, 2018, the Company incurred $3,702 in severance and other costs associated with key management personnel of the Company, as defined, as a result of terminating certain Acasta head office employees. These amounts have been paid in full as at September 30, 2018. An

20. Related party transactions (Continued)

additional $500 in bonus fees were incurred during the nine months ended September 30, 2018 to a member of key management who was a related party at the time the expense was incurred.

Amounts due to related parties are non-interest bearing and are payable on demand, unless otherwise stated above. Related party amounts are recorded at their exchange amount.

21. Financial instruments

The carrying values of cash equivalents, trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments. The fair value of debt is not considered to be materially different from carrying value as related interest rates are largely variable and terms to maturity on most facilities are relatively short-term.

Consideration for the Stellwagen Sale Transaction on March 27, 2018 included the cancellation of the Stellwagen Earn-out liability. In addition, an interest rate swap previously reported under Stellwagen was derecognized at a fair value of $15,905.

The Stellwagen Sale Transaction resulted in a loss of control over Stelloan and Embassy which resulted in the cessation of consolidating the financial results of these entities. Loans receivable in Embassy were derecognized on March 27, 2018 at a total fair value of $168,110. A loss on revaluation to fair market value of these loans receivable in the amount of $33,121 has been included in results from discontinued operations for the period from January 1, 2018 to March 27, 2018 (see note 6).

The Company retained its investment in the Stelloan PPNs following the Stellwagen Sale Transaction and carried the investment at fair value with changes in the fair value being recognized in profit and loss.

On May 15, 2018, Stelloan sold its underlying portfolio loans receivable to a third party and redeemed the Company's investment in PPNs. The PPNs were monetized at a fair value of $33,215 (U.S. $25,796). The Company realized a gain on revaluation to fair market value of $621 during the nine months ended September 30, 2018 (nine months ended September 30, 2017 — $nil). Realized gains on revaluation are recorded within other income (loss).

The following table presents the fair value hierarchy of financial assets and financial liabilities that are carried at fair value on the consolidated statements of financial position on a recurring basis. There were no transfers between levels of the fair value hierarchy during the period.

	Fair value as at September 30, 2018			Fair value as at December 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Loans receivable	$ —	$ —	$ —	$ —	$ 201,231	$ —
Derivatives included in other current assets	666	—	—	103	—	—
Derivatives included in other non-current assets	—	—	—	—	10,353	—
Financial liabilities						
Contingent consideration payable	$ —	$ —	$ —	$ —	$ —	$ 8,782

22. Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are reviewed regularly by the Company's interim Chief Executive Officer who is the chief operating decision maker ("CODM") for key decisions relating to resources to be allocated to the segments and for assessing their performance, in consultation with the board of directors. Operating companies may be aggregated into a reportable segment based on the nature of the products and services, production process, customer base, distribution model and regulatory environment at the operating companies, as well as key financial metrics such as gross margin and projected long-term revenue growth.

At September 30, 2018, the Company operates two distinct reportable segments (December 31, 2017 — three), being the Consumer Products and Other segments (December 31, 2017 — Consumer Products, Aviation and Other segments). Acasta's Consumer Products reportable segment manufactures and distributes private label health and beauty care products for a range of retailers across North America. Acasta's Aviation reportable segment was discontinued on March 27, 2018 as a result of the Stellwagen Sale Transaction and loss of control of substantially all net assets in the Aviation reportable segment. See note 6 for more detail. Acasta's Other reportable segment includes the corporate parent entity of the Consumer Products reportable segment.

Financial information for the three and nine months ended September 30, 2018 and September 30, 2017 by reportable segment is presented below.

Three months ended September 30, 2018	**Consumer Products**	**Other**	**Total from Continuing Operations**	**Discontinued Operations**
Revenue	$ 45,877	$ —	**$ 45,877**	$ —
Cost of revenue	37,896	—	**37,896**	—
Selling, general and administrative expense	9,428	2,196	**11,624**	—
Finance costs	960	503	**1,463**	—
Impairment of goodwill and intangible assets	—	—	**—**	—
Net unrealized loss on change in fair value of financial instruments	(655)	—	**(655)**	—
Net loss (gain) on foreign exchange	96	(197)	**(101)**	—
Other expense (income), net	(304)	0	**(304)**	296
Loss before income tax	**$ (1,544)**	**$ (2,502)**	**$ (4,046)**	**(296)**
Current income tax expense (recovery)	(459)	—	**(459)**	—
Deferred income tax recovery	—	—	**—**	—
Net loss	**$ (1,085)**	**$ (2,502)**	**$ (3,587)**	**$ (296)**

22. Segment information (Continued)

Nine months ended September 30, 2018	Consumer Products	Other	Total from Continuing Operations	Discontinued Operations
Revenue	$ 132,275	$ —	**$ 132,275**	$ 64,548
Cost of revenue	107,260	—	**107,260**	31,757
Selling, general and administrative expense	35,783	19,550	**55,333**	22,828
Finance costs	3,536	21,266	**24,802**	8,698
Impairment of goodwill and intangible assets	79,775	—	**79,775**	12,248
Net unrealized loss on change in fair value of financial instruments	(563)	—	**(563)**	33,121
Net loss (gain) on foreign exchange	(1,642)	2,689	**1,047**	(24)
Other expense (income), net	(1,885)	2,840	**955**	100,901
Loss before income tax	**$ (89,989)**	**$ (46,345)**	**$ (136,334)**	**$ (144,981)**
Current income tax expense (recovery)	(2,330)	—	**(2,330)**	644
Deferred income tax recovery	(7,103)	—	**(7,103)**	(731)
Net loss	**$ (80,556)**	**$ (46,345)**	**$ (126,901)**	**$ (144,894)**

Three months ended September 30, 2017	Consumer Products	Other	Total from Continuing Operations	Discontinued Operations
Revenue	$ 43,607	$ —	**$ 43,607**	$ 47,626
Cost of revenue	32,293	—	**32,293**	17,752
Selling, general and administrative expense	11,648	5,481	**17,129**	26,518
Finance costs	570	4,607	**5,177**	7,005
Net loss (gain) on foreign exchange transactions	1,085	(2,524)	**(1,439)**	398
Other expense (income), net	—	(2,105)	**(2,105)**	(564)
Income (loss) before income tax	**$ (1,989)**	**$ (5,459)**	**$ (7,448)**	**$ (3,483)**
Current income tax expense	571	—	**571**	618
Deferred income tax recovery	(1,085)	—	**(1,085)**	(1,296)
Net income (loss)	**$ (1,475)**	**$ (5,459)**	**$ (6,934)**	**$ (2,805)**

Nine months ended September 30, 2017	Consumer Products	Other	Total from Continuing Operations	Discontinued Operations
Revenue	$ 129,033	$ —	**$ 129,033**	$ 145,773
Cost of revenue	87,136	—	**87,136**	51,252
Selling, general and administrative expense	33,534	15,132	**48,666**	73,618
Finance costs	2,330	5,733	**8,063**	20,816
Net unrealized loss on change in fair value of financial instruments	—	(236)	**(236)**	—
Net loss (gain) on foreign exchange transactions	(61)	(2,933)	**(2,994)**	609
Other expense (income), net	—	(5,801)	**(5,801)**	(542)
Income (loss) before income tax	**$ 6,094**	**$ (11,895)**	**$ (5,801)**	**$ 20**
Current income tax expense	5,500	—	**5,500**	3,217
Deferred income tax recovery	(3,927)	—	**(3,927)**	(3,788)
Net income (loss)	**$ 4,521**	**$ (11,895)**	**$ (7,374)**	**$ 591**

22. Segment information (Continued)

Segment assets and liabilities as at September 30, 2018 and December 31, 2017

	Consumer Products	Other	Aviation	Total
As at September 30, 2018				
Total assets	$ 164,719	$ 8,911	$ —	**$ 173,630**
Total liabilities	$ 88,383	$ 18,222	$ —	**$ 106,605**
As at December 31, 2017				
Total assets[(1)]	$ 399,418	$ 27,211	$ 1,036,471	**$ 1,463,100**
Total liabilities	$ 143,773	$ 163,214	$ 787,457	**$ 1,094,444**
Goodwill	$ 106,911	$ —	$ 69,641	**$ 176,552**

(1) Total assets include goodwill

Geographical information

The following is a summary of the Company's geographical information:

	Canada	United States	Europe	Total
for the three months ended September 30, 2018				
Revenue from continuing operations	$ 2,281	$ 43,596	$ —	**$ 45,877**
Revenue from discontinued operations	$ —	$ —	$ —	**$ —**
for the nine months ended September 30, 2018				
Revenue from continuing operations	$ 5,888	$ 126,387	$ —	**$ 132,275**
Revenue from discontinued operations	$ 8,435	$ 32,728	$ 23,385	**$ 64,548**
for the three months ended September 30, 2017				
Revenue from continuing operations	$ 1,845	$ 41,762	$ —	**$ 43,607**
Revenue from discontinued operations	$ 4,921	$ 15,435	$ 27,270	**$ 47,626**
for the nine months ended September 30, 2017				
Revenue from continuing operations	$ 4,935	$ 124,098	$ —	**$ 129,033**
Revenue from discontinued operations	$ 14,365	$ 52,392	$ 79,016	**$ 145,773**
Non-current assets (as at September 30, 2018)	$ 95,194	$ —	$ —	**$ 95,194**
Non-current assets[(1)] (as at December 31, 2017)	$ 313,043	$ —	$ 761,649	**$ 1,074,692**

(1) Non-current assets exclude financial instruments of $202,863.

23. Commitments and contingencies

The following commitments are related to warehouse, property, and other office leases.

	As at September 30, 2018	As at December 31, 2017
No later than one year	$ 2,688	$ 5,066
Later than one year and no later than five years	11,065	19,363
Later than five years	11,675	30,243
Total commitments	**$ 25,428**	**$ 54,672**

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may

23. Commitments and contingencies (Continued)

not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to net income (loss) in that period.

24. Changes in non-cash working capital

The following changes in non-cash working capital are attributable to both continuing and discontinued operations.

	For the nine months ended	
	September 30, 2018	September 30, 2017
Increase in trade and other receivables	$ (588)	$ (3,230)
Increase in inventories	(3,506)	(13,498)
Increase in prepaid expenses and deposits	(335)	(2,990)
Decrease in loans receivable	4,309	—
Decrease in other assets	10,340	(4,381)
Increase (decrease) in accounts payable and accrued liabilities	8,784	(4,101)
(Decrease) increase in other liabilities	(20,952)	10,993
Changes in non-cash operating working capital	**$ (1,948)**	**$ (17,207)**

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