

NOTICE TO READER

The attached consolidated financial statements of Jamieson Wellness Inc. for the years ended December 31, 2017 and 2016 are being refiled to correct a typographical error in the date of the independent auditors' report. No other changes have been made to this document.



Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

Table of Contents

Independent auditors' report	1
Consolidated statements of financial position	2
Consolidated statements of operations and comprehensive loss.....	3
Consolidated statements of changes in equity (deficiency).....	4
Consolidated statements of cash flows.....	5
Notes to the consolidated financial statements	6-44

INDEPENDENT AUDITORS' REPORT

To the Shareholders of

Jamieson Wellness Inc.

We have audited the accompanying consolidated financial statements of Jamieson Wellness Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of operations and comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Jamieson Wellness Inc. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Canada
February 22, 2018


Chartered Professional Accountants
Licensed Public Accountants

Jamieson Wellness Inc.
Consolidated Statements of Financial Position
In thousands of Canadian dollars as at December 31,

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Assets			
Current assets			
Cash	5	4,833	15,881
Accounts receivable	6	71,996	52,888
Inventories	7	59,080	36,417
Prepaid expenses and other current assets		1,507	1,787
		137,416	106,973
Non-current assets			
Property, plant and equipment	8	45,173	43,901
Goodwill	9	122,975	94,653
Intangible assets	10	204,264	157,888
Deferred income tax	15	2,727	1,764
Total assets		512,555	405,179
Current liabilities			
Redeemable preferred shares	16	-	197,901
Accounts payable and accrued liabilities	11	66,621	51,077
Income taxes payable	15	4,267	2,688
Derivatives	21	1,081	92
Current portion of long-term debt	13	9,750	-
		81,719	251,758
Long-term liabilities			
Long-term debt	13	153,459	152,777
Note to Jamieson Finco LP	12	-	107,255
Post-retirement benefits	14	4,856	3,797
Deferred income tax	15	51,697	41,194
Total liabilities		291,731	556,781
Shareholders' equity (deficiency)			
Share capital	16	234,908	400
Contributed surplus	17	7,437	2,598
Deficit		(19,486)	(153,724)
Accumulated other comprehensive loss		(2,035)	(876)
Total shareholders' equity (deficiency)		220,824	(151,602)
Total liabilities and shareholders' equity (deficiency)		512,555	405,179
Commitments and contingencies	22		
Events after the reporting period	26		

(see the accompanying notes to the consolidated financial statements)

Approved on behalf of the Board:

Angela Holtzham

Director

David Williams

Director

Jamieson Wellness Inc.**Consolidated Statements of Operations and Comprehensive Loss**

In thousands of Canadian dollars, except share and per share amounts, for the years ended December 31,

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Revenue	23	300,619	248,331
Cost of sales	18	195,770	167,519
Selling, general and administrative expenses	18	53,589	44,837
Share-based compensation	17	6,325	4,934
Earnings from operations		44,935	31,041
Foreign exchange loss (gain)		331	(192)
Termination benefits and related costs		4,132	1,420
Public offering costs	1	10,720	-
Acquisition costs	4	2,444	789
Other expenses (income)	19, 22	9,410	(2,876)
Preferred share accretion	16	28,796	30,434
Interest expense and other financing costs	20	4,733	22,926
Loss before income taxes		(15,631)	(21,460)
Provision for income taxes	15	8,156	3,706
Net loss		(23,787)	(25,166)
<i>Other comprehensive income (loss)</i>			
Actuarial loss not reclassified to net loss	14	(580)	(234)
Income tax		148	60
Net of tax		(432)	(174)
Net movement on cash flow hedges that may be reclassified subsequently to net loss	21	(989)	(3,292)
Income tax		262	839
Net of tax		(727)	(2,453)
Total other comprehensive loss		(1,159)	(2,627)
Comprehensive loss		(24,946)	(27,793)
Loss per share attributable to common shareholders:			
Basic, loss per share	24	(1.79)	(48.37)
Diluted, loss per share		(1.79)	(48.37)
Weighted average number of shares			
Basic	24	18,669,758	520,253
Diluted		18,669,758	520,253

(see the accompanying notes to the consolidated financial statements)

Jamieson Wellness Inc.
Consolidated Statements of Changes in Equity (Deficiency)
In thousands of Canadian dollars

	<u>Notes</u>	<u>Share capital</u>	<u>Contributed surplus</u>	<u>Deficit</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Total Shareholders' equity (deficiency)</u>
As at January 1, 2016		400	1,315	(128,558)	1,751	(125,092)
Net loss for the year		-	-	(25,166)	-	(25,166)
Other comprehensive loss		-	-	-	(2,627)	(2,627)
Share-based compensation	17	-	1,283	-	-	1,283
As at December 31, 2016		400	2,598	(153,724)	(876)	(151,602)
Net loss for the year		-	-	(23,787)	-	(23,787)
Issuance of treasury shares	1	232,126	-	-	-	232,126
Capitalized transaction cost		(1,971)	-	-	-	(1,971)
Taxes realized on transaction costs		3,379	-	-	-	3,379
Redemption of preferred shares	16	800	-	173,662	-	174,462
Exercise of stock options	17	174	-	-	-	174
Preferred share dividend	16	-	-	(9,605)	-	(9,605)
Common share dividend (\$0.16 per share)		-	-	(6,032)	-	(6,032)
Other comprehensive loss		-	-	-	(1,159)	(1,159)
Share-based compensation	17	-	4,839	-	-	4,839
As at December 31, 2017		234,908	7,437	(19,486)	(2,035)	220,824

(see the accompanying notes to the consolidated financial statements)

Jamieson Wellness Inc.
Consolidated Statements of Cash Flows
In thousands of Canadian dollars, for the years ended December 31,

Cash provided by (used in)	Notes	2017	2016
Operating activities			
Net loss		(23,787)	(25,166)
Items not affecting cash			
Depreciation of property, plant and equipment	8	5,106	4,316
Amortization of intangible assets	10	3,396	3,230
Amortization of fair value adjustments		1,694	-
Amortization of deferred financing fees	20	4,490	967
Deferred income taxes		(270)	1,052
Accrued interest	20	(8,966)	8,150
Share-based compensation	17	6,325	4,934
Gain on settlement of deferred purchase consideration	22	-	(2,866)
Former shareholder consideration reclassified as compensation expense	4	8,427	-
Preferred share accretion	16	28,796	30,434
Net change in non-cash working capital		(7,874)	3,491
Others		508	467
		17,845	29,009
Investing activities			
Acquisition of business (net of cash acquired)	4	(82,500)	-
Additions to property, plant and equipment	8	(4,714)	(4,710)
Acquisition of intangible assets	10	(272)	-
		(87,486)	(4,710)
Financing activities			
Proceeds from credit facilities	13	241,000	-
Repayment of credit facilities	13	(229,248)	(5,743)
Financing charges	13	(5,801)	-
Issuance of redeemable preferred shares, net	16	1,341	-
Issuance of common stock, net of transaction costs	16	230,155	-
Return of capital and repayment of Note to Finco	12, 16	(163,391)	-
Dividends to Preferred Shareholders	16	(9,605)	-
Dividends to Common Shareholders		(6,032)	-
Exercise of stock options	16	174	-
Payment to former shareholder	22	-	(5,000)
		58,593	(10,743)
(Decrease) increase in cash		(11,048)	13,556
Cash - Beginning of the year		15,881	2,325
Cash - End of the year		4,833	15,881
Supplemental disclosure			
Amount of income taxes paid		6,187	59
Amount of interest paid		11,423	13,845

(see the accompanying notes to the consolidated financial statements)

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

1. Company overview

1.1 Description of the business and consolidated financial statements

Jamieson Wellness Inc. (“Jamieson” or the “Company”) was incorporated on January 24, 2014 as Jamieson Intermediate Holdings Ltd. On January 31, 2014, the Company’s wholly owned subsidiary, Intrepid Acquisition Corporation (“Intrepid”) acquired 100% of the shares of Jamieson Laboratories Ltd. On the same day, Intrepid and Jamieson Laboratories Ltd. amalgamated with the resulting company (“JLL”) carrying on operations under the name Jamieson Laboratories Ltd.

The consolidated financial statements of Jamieson and its subsidiaries for the year ended December 31, 2017 were authorized for issue by the Board of Directors of the Company on February 22, 2018. Jamieson is a company continued under the *Business Corporations Act* (Ontario) (“OBCA”) and resident in Canada. Jamieson’s registered office is located at 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, ON, M5K 1E6.

The Company has manufacturing facilities located in Windsor, Ontario and in Toronto, Ontario and is principally engaged in the manufacturing, development, distribution, sales and marketing of branded and customer branded health products for humans including vitamins, herbal and mineral nutritional supplements.

On July 7, 2017, the Company completed an initial public offering (the “Offering”) of its common shares. The Offering consisted of the public offering of 19,050,000 common shares consisting of a treasury issuance by the Company of 15,554,755 common shares and a secondary offering of 3,495,245 common shares by certain selling shareholders (the “Selling Shareholders”). The offering price of \$15.75 per common share resulted in net proceeds to the Company of \$232,126, and \$52,160 to the Selling Shareholders after underwriting commissions of \$15,752. The over-allotment option was fully exercised after the Offering and resulted in additional net proceeds of \$42,634 after underwriting commissions of \$2,371 for one of the Selling Shareholders.

On October 18, 2017, a secondary offering (the “Secondary Offering”) by certain shareholders of the Company (the “Secondary Offering Shareholders”) of common shares, including the sale by the former majority shareholder of the Company (being entities (collectively, the “CCMP Shareholders”) that CCMP Capital Advisors, LP provides investment advisory services to) of all the common shares held by the CCMP Shareholders, was completed. The Secondary Offering consisted of 14,778,751 common shares (which includes 1,758,751 common shares that were sold by CCMP to the underwriters upon the exercise in full of the over-allotment option). The offering price of \$18.50 per common share resulted in net proceeds to the Secondary Offering Shareholders of \$262,471 after deducting underwriting commissions of \$10,936.

In addition to the underwriting fees that were paid by the Company, the Selling Shareholders and the Secondary Offering Shareholders (as described above), other expenses net of costs deducted from share capital related to the Offering and Secondary Offering of approximately \$10,513 were incurred and were paid by the Company. The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”) under the stock symbol “JWEL”.

1.2 Subsidiaries

The table below provides a summary of the Company’s subsidiaries. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of common shares, which are held directly or indirectly by the Company. JWELL Holdings Inc. (“JWELL”) was created for certain limited purposes in connection with the Reorganization (as defined in Note 16). JWELL was wound up on July 4, 2017 but has not yet been formally dissolved. For each of the subsidiaries, Canada is their principal place of operations.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

As at December 31, Entity	2017 %	2016 %
Jamieson Laboratories Ltd.	100	100
International Nutrient Technologies Limited	100	100
JWELL Holdings Inc.	100	-
Body Plus Nutritional Products Inc.	100	-
Sonoma Nutraceuticals Inc.	100	-

2. Summary of significant accounting policies

2.1 Basis of preparation and statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The consolidated financial statements have been prepared on a historical cost basis, except for certain derivative financial instruments and liabilities associated with share-based compensation and post-retirement benefit plans that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand (\$000), except share and per share amounts and when otherwise indicated.

Share split

As a result of the one-to-20.81010939 share split, effected July 5, 2017, all current and historical period per share data and number of common shares, Class A to V preferred shares (as defined in Note 16) and options outstanding in these consolidated financial statements are presented on a post share split basis.

2.2 Basis of consolidation

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company’s voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its consolidated financial statements:

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in the consolidated statements of operations and comprehensive loss.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is subsequently re-measured to fair value at each reporting period end, with the changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured, and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in net income (loss).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units ("CGUs") (or group of CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.3.2 Current versus non-current classification

The Company presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

2.3.3 Fair value measurement

The Company measures financial instruments, such as derivatives, at fair value at each consolidated statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

- Accounting policy disclosures Note 2.3.3
- Disclosures for valuation methods, significant estimates and assumptions Notes 3, 9 and 16
- Quantitative disclosures of fair value measurement hierarchy Note 21
- Financial instruments (including those carried at amortized cost) Notes 13 and 21

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of instruments that are quoted in active markets is determined using the quoted prices. The Company uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Therefore, where possible, parameter inputs to the valuation techniques are based on observable data derived from prices of relevant instruments traded in an active market. These valuation techniques involve some level of management estimation and judgment, the degree of which will depend on the price transparency for the instrument or market and the instrument's complexity.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.4 Revenue recognition

The majority of the Company's revenue is derived from the sale of Jamieson branded products to distributors, retail and wholesale customers, as well as providing contract manufacturing services and the sale of product to strategic partners. The Company recognizes revenue from product sales at the fair value of the consideration received or receivable, net of estimated returns and an estimate of sales incentives provided to customers excluding taxes or duty. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, the Company has satisfied its performance obligations under the arrangement, and has no ongoing involvement with the sold product. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. A portion of the Company's revenues derived from contract manufacturing services provided to customers in its Strategic Partners Business is under a tolling arrangement where the customer supplies the Company with a raw material or ingredient. Revenue is recognized net of the cost of the raw material or ingredient supplied by the customer.

The value of sales incentives provided to customers is estimated using historical trends and is recognized at the time of sale as a reduction of revenue. Sales incentives include rebate and promotional programs provided to the Company's customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. In subsequent periods, the Company monitors the performance of customers against agreed-upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required. A provision for returns and sales provisions is recognized at the time the product is sold and recognized as a reduction to revenue.

2.3.5 Foreign currencies

The Company's consolidated financial statements are presented in Canadian dollars. For each entity, the Company determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. All subsidiaries' functional currency is the Canadian dollar.

Transactions and balances

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

- Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.
- Revenue and expense items are translated using the average exchange rate during the year.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

2.3.6 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of operations and comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income taxes are not recognized where:

- The deferred income tax liability arises from the initial recognition of goodwill;
- The deferred income tax asset or liability arises on the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss; and
- For temporary differences relating to investments in subsidiaries to the extent that the Company can control the timing of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred income tax assets are recognized for unused loss carry forwards and deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. At each reporting period, previously unrecognized deferred income tax assets are reassessed to determine whether it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred income taxes relating to items recognized directly in other comprehensive income (“OCI”) or equity are also recognized directly in OCI or equity, respectively.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances arise. The adjustment is either treated as an adjustment to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognized in net income (loss).

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

2.3.7 Property, plant and equipment

Property, plant and equipment, with the exception of land, is recorded at cost less accumulated depreciation and any net accumulated impairment losses. Land is carried at cost and not depreciated. Construction-in-process assets are capitalized during construction and depreciation commences when the asset is available for use. Repair and maintenance costs are recognized in profit or loss as incurred unless the recognition criteria are satisfied and it substantially changes the useful life of an asset.

Depreciation is calculated on a straight-line basis, after taking into account residual values, over the following expected useful lives of the assets:

Land	Not depreciated
Buildings	20 years
Machinery and equipment	4-10 years
Furniture and fixtures	4 years
Computer equipment and software	3 years
Tools and dies	1 year

When parts of an item of property and equipment have different useful lives, those components are accounted for as components of property and equipment. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations and comprehensive loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.3.8 Intangible assets

Intangible assets are established as a result of business combinations and measured on initial recognition at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Upon recognition of an intangible asset, the Company determines if the asset has a definite or indefinite life. In making this determination, the Company considers the expected use, expiry of agreements, the nature of the asset, and whether the value of the asset decreases over time.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

consolidated statements of operations and comprehensive loss on a straight-line basis over their estimated useful lives as follows:

Customer relationships	25-30 years
Other	3-10 years

The Company expects its trade names to generate economic benefit in perpetuity, and accordingly, has assigned the trade names as indefinite-life intangible assets.

Indefinite-life intangibles including trade names are tested for impairment annually at December 31 and otherwise as required if events occur that indicate that the net carrying value may not be recoverable.

2.3.9 Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity (“HTM”) investments, available-for-sale (“AFS”) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, other liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets and liabilities are recognized initially at fair value plus, in the case of financial instruments classified as loans and receivables, HTM investments, and other liabilities, transaction costs that are attributable to the acquisition of the financial instrument, which are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

The Company has made the following financial instrument classifications:

Cash	FVTPL
Accounts receivable	Loans and receivables
Redeemable preferred shares	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Note to Jamieson Finco LP	Other liabilities
Current portion of long-term debt	Other liabilities
Long-term debt	Other liabilities
Derivatives	FVTPL

Subsequent measurement

The subsequent measurement of financial assets and financial liabilities depends on their classification as described below:

Financial assets and financial liabilities at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Foreign exchange forward contracts classified as FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value presented as foreign exchange loss (gain) in the consolidated statements of operations and comprehensive loss, unless designated in an effective hedging relationship. Financial liabilities at FVTPL include redeemable preferred shares designated as FVTPL due to the existence of embedded derivatives as a result of the conversion and retraction features.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (“EIR”) method, less impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statement of operations and comprehensive loss. Any losses arising from impairment are recognized in the consolidated statements of operations and comprehensive loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Impairment of financial assets carried at amortized cost

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as a reduction to the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of operations and comprehensive loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Other liabilities

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of operations and comprehensive loss through the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability. The EIR amortization is included in interest expense in the consolidated statements of operations and comprehensive loss.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of operations and comprehensive loss.

2.3.10 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as foreign exchange forward contracts to hedge its foreign currency risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is executed and are subsequently remeasured at fair value each reporting period end.

At the inception of a hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. The documentation identifies the specific asset, liability, or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used, and how effectiveness will be assessed.

The Company also formally assesses, both at inception and at each reporting date thereafter, whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items. If a hedge relationship becomes ineffective, it no longer qualifies for hedge accounting and any subsequent change in the fair value of the hedging instrument is recognized in net income (loss).

The Company uses hedge accounting for highly probable forecasted transactions. When hedge accounting is appropriate, the hedging relationship is designated as a cash flow hedge. In a cash flow hedge, the change in fair value of the hedging instrument is recorded, to the extent it is effective, in other comprehensive income until the hedged item affects net earnings.

When a cash flow hedge is discontinued or derecognized, any cumulative adjustment to either the hedged item or other comprehensive income (loss) is recognized in net income (loss). If a designated hedge is no longer effective, the associated derivative instrument is subsequently carried at fair value through net income (loss) without any offset from the hedged item.

2.3.11 Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials

Purchase cost on a first-in, first-out basis.

Finished goods and work in progress

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

Inventory provision

A provision for obsolescence is calculated based on historical experience and expiration.

2.3.12 Impairment of non-financial assets

Disclosures relating to impairment of non-financial assets are summarized in the following notes:

- Accounting policy disclosures Note 2.3.12
- Disclosures for significant assumptions Note 3
- Property, plant and equipment Note 8
- Goodwill and intangible assets Notes 9 and 10

The Company performs impairment testing annually for goodwill and indefinite-life intangible assets and, when circumstances indicate that there may be impairment, for other long-lived assets. Management judgment is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying CGUs for the purpose of impairment testing.

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The determination of the recoverable amount involves significant estimates and assumptions, including those with respect to valuation multiples, future cash inflows and outflows, discount rates, and asset lives. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite-life intangible assets recognized in future periods.

Where the carrying amount of an asset or CGU (or group of CGUs) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses, if any, of continuing operations are recognized in the consolidated statements of operations and comprehensive income (loss) in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or group of assets does not exceed their recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in the consolidated statements of operations and comprehensive loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.13 Cash

Cash in the consolidated statements of financial position comprises cash balances that are subject to an insignificant risk of changes in value.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

2.3.14 Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the subsequent increase in the provision due to the passage of time is recognized as a finance cost.

2.3.15 Post-retirement benefits

The Company's post-retirement benefit plan (see Note 14) is unfunded and available to all Canadian hourly union personnel. The plan provides prescription and vision benefits to eligible employees upon attainment of age 65 with at least 15 years of service.

Post-retirement benefit costs for the plan are actuarially determined using the projected unit credit method prorated on service and management's best estimate of the appropriate discount rate, health care costs, inflation, mortality and other decrements. The accrued benefit obligation is based on the present value of future benefits based on the last actuarial valuation completed as of December 31, 2017.

Current and past years' service costs, interest income or expenses and gains and losses on curtailments are recognized in the consolidated statements of operations and comprehensive loss as they occur and at the date of a plan amendment or curtailment.

Re-measurements, comprising actuarial gains and losses, are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to OCI in the period in which they occur. Re-measurements are not reclassified to net income (loss) in subsequent periods.

2.3.16 Share-based compensation

The Company has a share option plan for senior employees and directors from which options to purchase common shares of the Company are issued. Options may not be granted with an exercise price of less than fair value at grant date. The awards have no cash settlement alternatives.

Share-based compensation costs are accounted for on a fair value basis, as measured at the grant date, which is generally the date at which both the Company and employee have a mutual understanding of the terms of the award.

The compensation expense is based on the estimated number of awards that will eventually vest and adjustments for forfeitures are made as they occur.

Legacy Option Plan

In connection with the Offering, on July 5, 2017 the Legacy Option Plan was amended and restated and option exchange agreements were entered into such that, among other things: (i) options issued under the Legacy Option Plan became exercisable for common shares (rather than Class A common shares, which were a part of the authorized share capital of the Company prior to the Reorganization (as described in Note 16)); and (ii) adjustments were made to reflect the share split.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

The vesting requirements are service and performance based and the options have a contractual life of no more than 10 years. Options had an exercise price equal to no less than the market price on the date of grant. The share price on the date of grant was estimated by the Company by calculating the fair value of the Company using a capitalized adjusted EBITDA approach and determining the residual value attributable to common shareholders.

No further awards may be made under the Legacy Option Plan.

Time-based share options

The Company granted time-based share options to directors, officers and employees to purchase common shares of the Company, which vested over four years with the vesting period generally beginning on the date of grant, but in some cases on an earlier date tied to the beginning of the individual's employment with the Company (vesting 50% on each of the third and fourth anniversary from the beginning of the vesting period).

The resulting share-based compensation cost is recognized based on the graded vested method of accounting with the corresponding credit to contributed surplus over the vesting period, typically four years, which is considered a contribution as the share option plan is settled in shares of the Company.

Performance-based share options

The Company granted performance-based share options to certain employees to purchase common shares of the Company. These options vest based on the achievement of specified targets, which range from two to three times Intrepid's initial investment in JLL plus a preferred return. The Company has concluded that the specified target represents a market condition, and thus, recognizes the compensation cost over the estimated vesting period irrespective of whether the market condition is satisfied provided that service conditions are satisfied. The corresponding credit is recognized as contributed surplus and is considered a contribution as the share option plan is settled in shares of the Company.

Fair value measurement of share options granted under the Legacy Option Plan

The fair value of time-based and performance-based options is determined using a binomial option valuation model, which requires the Company to develop a scenario analysis by forecasting several estimated outcomes, including forecasting the consideration the Company may achieve on the sale of the Company and associating a probability to each. Other inputs to the valuation model include discount rate, estimated life and fair value of the Company at the grant date.

Long-term incentive plan

In conjunction with the Offering, the Company adopted a long-term incentive plan ("LTIP"). Pursuant to the LTIP, options are granted with an exercise price equal to or greater than their fair value, as determined by the closing price on the TSX immediately preceding the grant date of the shares into which they may be converted. Options granted to directors of the Company fully vest on the one-year anniversary from the grant date or vest at a rate of 25% per year on each anniversary date from the beginning of the vesting period. Options granted to persons other than directors of the Company vest at a rate of 25% per year on each anniversary date from the beginning of the vesting period. Options expire no later than the 10th anniversary of the beginning of the vesting period or upon termination of employment.

Fair value measurement of share options granted under the LTIP

The fair value is estimated using the Black-Scholes option-pricing model. Several assumptions are used in the underlying calculation of fair values of the Company's stock options using the Black-Scholes option-pricing model, including the expected life of the option, stock-price volatility and forfeiture rates.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

Employee-share purchase plan

The Company maintains an Employee Stock Purchase Plan (“ESPP”) for all eligible employees. Employees can contribute any amount of their eligible earnings subject to an annual cap of 10% of aggregate base salary and commissions to the ESPP. Share purchases occur 14 days following the end of the Company’s fiscal quarter (the “Purchase Date”), or the first business day thereafter if any Purchase Date is not a business day. Eligible employees are able to purchase common shares at 90 percent of the volume weighted average closing price on the TSX on the five trading days immediately preceding the Purchase Date.

Employees pay for their stock purchases through payroll deductions at a rate equal to any whole percentage from 1 percent to 10 percent.

Contributions to the ESPP are recorded as share capital at each Purchase Date.

A maximum of 10% of the issued common shares outstanding are reserved for issuance under the LTIP and ESPP plans combined.

2.3.17 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statements of operations and comprehensive loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The Company does not have any finance lease arrangements.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the consolidated statements of operations and comprehensive loss on a straight-line basis over the lease term.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

Judgments

The Company has identified the following judgments, apart from estimates, that management had made in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment and intangible assets with finite useful lives

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, including assets arising from business combinations, considering industry trends such as technological advancements, past experience, expected use and review of asset lives.

Components of an item of property, plant and equipment may have different useful lives. The Company makes estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires taking into account industry trends and company-specific factors. The Company reviews these decisions at least once each year or when circumstances change. The Company will change depreciation methods, depreciation rates or asset useful lives if they are different from previous estimates.

Long-lived assets valuation

The Company performs impairment testing annually for goodwill and indefinite-life intangible assets and when circumstances indicate long-lived assets may be impaired. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying CGUs for the purpose of impairment testing. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less costs of disposal.

The determination of the recoverable amount involves significant estimates and assumptions. Fair value less costs to sell is determined using market multiples. Value in use is determined using future cash inflows and outflows, discount rates, growth rates and asset lives. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite-life intangible assets recognized in future periods.

Valuation of inventory

Management makes estimates of the future customer demand for products when establishing appropriate provisions for inventory. In making these estimates, management considers the product life of inventory and the profitability of recent sales of inventory. In many cases, products sold by the Company turn quickly and inventory on-hand values are low, thus reducing the risk of inventory obsolescence. However, code or "best before" dates are very important in the determination of realizable value of inventory. Management ensures that systems are in place to highlight and properly value inventory that may be approaching code dates. To the extent that actual losses on inventory differ from those estimated, inventory, net income (loss), and comprehensive income (loss) will be affected in future periods.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

Trade merchandise allowances, return provision, and other trade discounts

The Company provides for estimated payments to customers based on various trade programs and contracts that often include payments that are contingent upon attainment of specified sales volumes. Significant estimates used to determine these liabilities include: (i) the projected level of sales volume for the relevant period; (ii) customer contracted rates for allowances, discounts, and rebates; and (iii) an amount based on the historical rate of returns. These arrangements are complex and there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations. To the extent that payments on trade discounts differ from estimates of the related liability, accounts payable and accrued liabilities, net income (loss), and comprehensive income (loss) will be affected in future periods.

Employee benefit plans

The cost of post-employment medical benefits and the present value of the benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, mortality rates and future benefit cost increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds and extrapolates as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Inflation, health care and dental costs are based on expected trend rates for the respective segment.

Further details about the Company's post-retirement benefit obligations are provided in Note 14.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When the measurement of fair values cannot be determined based on quoted prices in active markets, fair value is measured using valuation techniques and models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Changes in assumptions about the inputs to these models could affect the reported fair value of the Company's financial and non-financial assets and liabilities.

Tangible and intangible assets acquired through the business combination are initially recorded at their fair values based on assumptions of management. These assumptions include estimating the cost of tangible assets and future expected cash flows arising from intangible assets identified. Financial instruments acquired are determined based on the amortized costs at the acquisition date that approximate their carrying values.

To the extent that these estimates differ from those realized, the measured asset or liability, net income (loss), and/or comprehensive income (loss) will be affected in future periods. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 9, 14, 16, 17 and 21.

Taxes

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities that are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions,

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities.

Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the consolidated statements of financial position, a charge or credit to income tax expense in the consolidated statements of operations and comprehensive loss and may result in cash payments or receipts.

All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

4. Business Combinations

On January 31, 2017, JLL acquired 100% of the outstanding shares of Body Plus Nutritional Products Inc. ("Body Plus") and Sonoma Nutraceuticals Inc. ("Sonoma"), and Body Plus and Sonoma became wholly owned subsidiaries of JLL.

Consideration for the acquisition totalled \$82,500 (net of cash acquired), plus acquisition costs of \$3,233, which were recognized in the consolidated statements of operations and comprehensive loss of the Company for the year ended December 31, 2017, except for approximately \$789 of the acquisition costs, which the Company recognized during the year ended December 31, 2016. The purchase price was funded with cash. An additional \$1,863 is to be paid as a retention bonus (the "Retention Bonus") to key employees of Body Plus and Sonoma, subject to these individuals remaining employed for 12 and/or 18 months following the closing of the acquisition. Pursuant to the purchase agreement, the former owner is entitled to a \$7,500 payment (the "Holdback Amount") subject to a consulting agreement entered into between JLL and the former owner, if the consulting relationship continues for 12 months following the closing of the acquisition. In accordance with IFRS 3 "Business Combinations," the deferred compensation of \$9,363 comprised of the Holdback Amount and the Retention Bonus has been accounted for as deferred compensation.

During the year ended December 31, 2017, the Company has recognized \$8,427 of deferred compensation in the other expense line on the consolidated statements of operations and comprehensive loss.

Body Plus markets, develops and distributes premium quality sports nutrition products under the Progressive, Precision and Iron Vegan brands. Sonoma manufactures, develops and distributes sports nutrition products, supplements and also provides contract manufacturing services.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

The following table provides a reconciliation of measurement period adjustments to the purchase price allocation of the net assets acquired at their fair value amounts:

	Preliminary fair value as at January 31, 2017 \$	Measurement period fair value adjustments \$	Final fair value as at January 31, 2017 \$
Accounts receivable	5,731	(289)	5,442
Inventories	13,909	(173)	13,736
Prepaid expenses and other current assets	291	1	292
Accounts payable and accrued liabilities	(4,203)	1,324	(2,879)
Property, plant and equipment	1,491	181	1,672
Goodwill	31,802	(3,480)	28,322
Intangible assets	49,500	-	49,500
Income taxes payable	(2,801)	2,794	(7)
Deferred income tax liability	(13,578)	-	(13,578)
Total net assets acquired	82,142	358	82,500

Measurement period fair value adjustments are a result of closing working capital adjustments and a change in estimate of income taxes payable pursuant to the tax indemnity in the purchase agreement.

The determination of the fair value of assets acquired and liabilities assumed has been based upon management's estimates and certain assumptions with respect to the fair values of the net assets acquired and liabilities assumed except for deferred taxes, which are based on the full amount required under IAS 12.

The fair value of intangible assets acquired comprises \$44,800 of trade names and \$4,700 of customer relationships.

The goodwill represents the future economic benefit arising from other assets acquired in the acquisition that are not individually identifiable and separately recognized. The goodwill arising from the acquisition of \$28,322 is attributable to expected future income and cash-flow projections and synergies the Company expects to achieve in combining the acquisition into its operations. Goodwill is allocated between the fair value of the assembled workforce and the residual value.

Since the acquisition of Body Plus and Sonoma, revenues of \$44,239 and net income of \$4,607 have been included in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2017. Had the acquisition occurred at the beginning of the annual reporting period, the revenue and net loss for the Company on a consolidated basis would have been \$304,091 and \$23,480, respectively.

On January 31, 2018, the Company paid the former owner a reduced Holdback Amount of \$5,500 (representing a \$2,000 reduction) in exchange for the Company transferring the seller the amounts held in escrow in relation to the general and tax indemnities and releasing the former owner from the Company's post-closing indemnification rights under the purchase agreement.

5. Cash

Cash comprises cash at the bank.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

6. Accounts Receivable

As at December 31,	2017	2016
	\$	\$
Trade	71,974	52,279
Other miscellaneous receivables	172	1,364
Allowance for doubtful accounts	(150)	(755)
	71,996	52,888

The Company maintains an allowance for doubtful accounts that represents its estimate of the uncollectible amounts based on specific losses estimated on individual exposures and provisions based on historical experience.

The aging of receivables is as follows:

As at December 31,	2017	2016
	\$	\$
Current	52,323	42,401
Aged 1-30 days past due	17,079	9,416
Aged 31-60 days past due	2,247	701
Aged > 60 days past due	497	1,125
Allowance for doubtful accounts	(150)	(755)
	71,996	52,888

7. Inventories

As at December 31,	2017	2016
	\$	\$
Raw material and packaging	25,878	12,455
Bulk product and work in process	7,957	8,086
Packaged finished goods	27,760	18,047
Inventory provision	(2,515)	(2,171)
	59,080	36,417
Inventories expensed during the year	161,691	140,437

An inventory provision is estimated by management based on historical sales, inventory aging and expiry, point of sales information and expected future sales and is included in cost of sales. Subsequent changes to the provision are recorded in cost of sales in the consolidated statements of operations and comprehensive loss.

For the year ended December 31, 2017, inventory write-downs of \$1,263 were expensed through cost of sales (2016 - \$1,420).

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

8. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Other	Total
	\$	\$	\$	\$	\$
Cost					
At January 1, 2016	2,497	22,783	24,160	1,779	51,219
Additions	-	562	3,060	1,088	4,710
Disposals	-	(3)	(53)	(2)	(58)
At December 31, 2016	2,497	23,342	27,167	2,865	55,871
Acquisitions (Note 4)	-	-	1,097	575	1,672
Additions	-	312	3,102	1,300	4,714
Disposals	-	(5)	(27)	(3)	(35)
At December 31, 2017	2,497	23,649	31,339	4,737	62,222
Accumulated Depreciation					
At January 1, 2016	-	2,097	5,004	567	7,668
Depreciation for the year	-	1,151	2,630	535	4,316
Disposals	-	-	(13)	(1)	(14)
At December 31, 2016	-	3,248	7,621	1,101	11,970
Depreciation for the year	-	1,172	3,127	807	5,106
Disposals	-	(1)	(24)	(2)	(27)
At December 31, 2017	-	4,419	10,724	1,906	17,049
Net book value					
At December 31, 2017	2,497	19,230	20,615	2,831	45,173
At December 31, 2016	2,497	20,094	19,546	1,764	43,901

There are no fixed assets under finance leases included in the amounts noted above. Other comprises furniture and fixtures, computer equipment, and leasehold improvements.

9. Goodwill

Goodwill acquired through business combination for the purpose of impairment testing is allocated to the Jamieson Brands CGU, which is expected to benefit from the synergies of the business combination in which the goodwill arose.

The carrying amount of goodwill for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
	\$	\$
Balance, beginning of the year	94,653	94,653
Acquisitions (Note 4)	28,322	-
Balance, end of year	122,975	94,653

The estimated recoverable amount was determined by the Company as the fair value less costs of disposal of the CGU by using the capitalized adjusted EBITDA approach, based on a 10.5x multiple (2016 - 10.5x), whereby the Company referenced comparable companies in determining adjusted EBITDA multiples. Comparable companies were determined based by reference to size and operation in similar industries.

The impairment analysis is not sensitive to reasonable possible changes to the multiple.

There have been no impairments losses recognized against goodwill during the years ended December 31, 2017 and 2016.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

10. Intangible assets

	Customer relationships \$	Trademarks \$	Other	Total \$
Cost				
At January 1, 2016	96,885	70,324	-	167,209
At December 31, 2016	96,885	70,324	-	167,209
Acquisitions (Note 4)	4,700	44,800	-	49,500
Additions	-	-	272	272
At December 31, 2017	101,585	115,124	272	216,981
Accumulated amortization				
At January 1, 2016	6,091	-	-	6,091
Amortization charge for the year	3,230	-	-	3,230
At December 31, 2016	9,321	-	-	9,321
Amortization charge for the year	3,373	-	23	3,396
At December 31, 2017	12,694	-	23	12,717
Net book value				
At December 31, 2017	88,891	115,124	249	204,264
At December 31, 2016	87,564	70,324	-	157,888

The remaining amortization period of customer relationships is 24-27 years. Amortization is recorded in cost of sales on the consolidated statements of operations and comprehensive loss.

The carrying amount of indefinite-life intangible assets comprises trademarks allocated to the Jamieson Brands CGU.

Refer to note 9 for the Company's determination of the recoverable amount.

There have been no impairments losses recognized against intangible assets during the years ended December 31, 2017 and 2016.

11. Accounts payable and accrued liabilities

As at December 31,	2017 \$	2016 \$
Trade payables and accrued liabilities	28,908	21,186
Trade and promotional accruals	21,871	16,644
Salaries, commissions and bonuses	5,339	606
Deferred compensation	8,427	10,041
Termination benefits	1,992	414
Accrued interest - current	84	2,186
	66,621	51,077

Deferred compensation

In conjunction with the acquisition of Body Plus and Sonoma, the Company recognized \$8,427 of deferred compensation in accrued liabilities on the consolidated statements of financial position (see Note 4). On May 25, 2017, preferred shares issued as deferred compensation to Lorna Vanderhaeghe Health Solutions Inc. were vested under an accelerated vesting agreement, pursuant to which 25,668 shares were vested (2016 - 12,829 shares vested). The Company recognized share-based compensation expense for the year ended December 31, 2017 of \$1,486 (2016 - \$3,651) for these shares.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

The asset purchase agreement had provided the former owner the right to redeem the shares for cash, once vested. The Company had classified this instrument as a financial liability that was re-measured to fair value at each reporting year-end. Subsequent to vesting, the deferred compensation had been reclassified to redeemable preferred shares on the consolidated statements of financial position and subsequently redeemed as part of the pre-closing capital changes (refer to Note 16 details).

12. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(i) Due to Jamieson Finco LP (“Finco”)

On January 30, 2014, Finco subscribed for 3,121,516 common shares, on a post share split basis, in the capital of the Company for proceeds of \$83,501. On February 1, 2014, the Company repurchased the common shares it issued to Finco on January 30, 2014 in exchange for a note in the amount of \$83,501. The proceeds of the subscription were used by the Company to fund a portion of its acquisition of JLL. The term of the note was seven years and bore an interest rate of 9.75%.

On June 28, 2017, Finco forgave \$12,958 of accrued interest, reducing the principal and accrued interest in respect of the note to \$98,289 (\$83,501 principal and \$14,788 accrued interest). Through a series of transactions, the principal and accrued interest was settled on a net basis in exchange for 94,592,252.49 Class W preferred shares of the Company (see Note 16) and the Company agreeing to remit \$3,697 of tax payable on behalf of Finco (the “Finco Tax Payable”).

The following table provides a reconciliation of the change in financing liabilities with respect to the note:

	Note to Finco
	\$
As at January 1, 2017	107,255
Accrued interest	3,992
Interest forgiveness	(12,958)
Finco tax payable	(3,697)
Issuance of Class W preferred shares (Note 16)	(94,592)
As at December 31, 2017	-

The balance of the note as at December 31, 2017 is \$nil (December 31, 2016 - \$107,255) including accrued interest of \$nil (2016 - \$23,754).

(ii) Share-based compensation

The Company offers its employees a share-based compensation plan, whereby certain employees receive options to purchase shares of the Company in the event certain conditions are achieved. Please refer to Note 17 for details of the share-based compensation awards.

Compensation of key management personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiaries, directly or indirectly, including any external director of the Company.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

Remuneration of key management personnel including C-suite executives of the Company comprises the following expenses:

For the years ended December 31,	2017	2016
	\$	\$
Short-term employee benefits	4,966	1,903
Termination and post-employment benefits	282	-
Share-based compensation	1,427	800
Total remuneration	<u>6,675</u>	<u>2,703</u>

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

13. Long-term debt

As at December 31,	2017	2016
	\$	\$
Revolving credit facility (i, iii)	30,000	-
Term credit facility (i, ii)	137,688	155,936
Deferred financing fees	<u>(4,479)</u>	<u>(3,159)</u>
	<u>163,209</u>	<u>152,777</u>
Less: Current portion	<u>(9,750)</u>	<u>-</u>
	<u>153,459</u>	<u>152,777</u>

The following table provides a reconciliation of the change in financing liabilities with respect to the term and revolving credit facilities:

	\$
As at January 1, 2017	152,777
Net drawing from credit facilities	11,752
Capitalized financing costs	(5,801)
Amortization of deferred financing fees	4,490
Other	(9)
As at December 31, 2017	<u>163,209</u>

i) On January 31, 2017, JLL entered into a term loan and revolving credit facility agreement with a syndicate of lenders. The agreement provided a secured term credit facility of \$195,000 (with the option to increase the facility up to \$255,000) and a revolving credit facility of \$75,000 (including a \$10,000 swingline facility) (collectively, the "Credit Facilities"). The Credit Facilities mature on January 31, 2021 with the outstanding principal repayable in full on this date. Financing costs of \$4,265 and \$1,536 were incurred as part of the issuance of the term credit facility and revolving credit facility, respectively.

As at December 31, 2017, the weighted average interest rate on this facility was 4.5%.

For the year ended December 31, 2017, JLL made drawings of \$195,000 and debt repayments of \$57,312 applied against the term credit facility.

For the year ended December 31, 2017, JLL made drawings of \$46,000 and debt repayments of \$16,000 applied against the revolving credit facility.

As at December 31, 2017, the Company had an outstanding letter of credit ("LC") for \$1,060 (2016 - \$nil). The LC reduces the available borrowing against the revolving credit facility by the LC amount.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

The Credit Facilities are secured by a general security agreement and first charge over the assets including property, plant and equipment of JLL and its subsidiaries, subject to permitted liens.

Under the terms of the credit facilities, JLL is subject to restrictive covenants and must maintain an interest coverage ratio of not less than 3.00:1.00 and a leverage ratio not greater than 4.05:1.00. JLL is in compliance with all covenants as at the date of these consolidated financial statements.

On January 31, 2017, JLL extinguished its existing credit facilities with CPPIB (see ii) and Wells Fargo (see iii). The Company expensed the remaining unamortized deferred financing fees of \$2,340 related to the CPPIB credit facility and \$819 related to the Wells Fargo credit facility.

ii) On January 31, 2014, JLL entered into a second lien term loan agreement with CPPIB Credit Investments Inc. ("CPPIB"). The agreement provided a secure term credit facility of \$150,000. On June 12, 2014, JLL amended the term facility to provide an additional \$15,000 in committed funds. The term facility was to mature on January 31, 2021, with the outstanding principal amount repayable in full on this date.

Interest on borrowings under this facility accrued based on Canadian Banker's Acceptance ("BA") plus an applicable margin of 7.14% with a BA floor of 1.25%. As at December 31, 2016, the weighted average interest rate on this facility was 8.39% (2016 - 8.39%).

The term credit facility required an annual repayment based on a percentage of excess cash flow. For the year ended December 31, 2017, JLL made debt repayments of \$155,936 (2016 - \$5,743).

The term facility was secured by a collateral agreement and second charge over the assets including property, plant and equipment of JLL.

iii) On January 31, 2014, JLL entered into a credit agreement with Wells Fargo Capital Finance Corporation ("Wells Fargo"). The agreement provided a revolving credit facility of \$45,000. The revolving facility was to mature on January 31, 2019, with the outstanding principal amount repayable in full on this date. As at December 31, 2016, JLL had no amounts outstanding and the entire \$45,000 revolving credit facility was available to draw upon.

Interest on borrowings under this facility accrued based on BA plus an applicable margin of 2.5% with a BA floor of 1.25%. As at December 31, 2016, the weighted average interest rate on this facility was 3.9%.

The revolving facility was collateralized with first charge over the assets including property, plant and equipment of JLL.

Under the terms of the revolving and term credit facilities, JLL was subject to restrictive covenants and was required to maintain a leverage ratio less than 6.2:1 as at December 31, 2016. JLL was in compliance with all covenants of the credit agreement at December 31, 2016.

14. Post-retirement benefits

The Company maintains an unfunded post-retirement benefit plan that provides health and vision care coverage to retirees at age 65 with 15 or more years of service. The Company uses actuarial reports prepared by independent actuaries to measure its accrued obligation for funding and accounting purposes.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

Changes in the present value of the post-retirement benefit plan are as follows:

As at December 31,	2017	2016
	<u>\$</u>	<u>\$</u>
Balance, beginning of the year	3,797	3,140
Benefits paid	(21)	(20)
Actuarial loss	580	234
Interest costs	152	133
Current service costs	348	310
Balance, end of the year	4,856	3,797

The following significant economic assumptions were employed to determine the accrued benefit obligation:

As at December 31,	2017	2016
	<u>%</u>	<u>%</u>
Benefit obligations		
Discount rate - expense for the year	4.00	4.25
Discount rate - year-end obligation	3.50	4.00
Health care cost inflation	5.00 - 6.00	5.00 - 6.50
Dental care cost inflation	4.50	4.50

Impact of an increase/decrease in the health care trend of 1%:

As at December 31,	Accrued benefit obligation		Service cost		Interest cost	
	<u>1% Increase</u>	<u>1% Decrease</u>	<u>1% Increase</u>	<u>1% Decrease</u>	<u>1% Increase</u>	<u>1% Decrease</u>
2017	1,339	(938)	143	(98)	47	(33)
2016	1,045	(732)	118	(81)	42	(29)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the post-retirement benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the post-retirement benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as used to calculate the recognized post-retirement liability.

The following payments are expected contributions to the post-retirement benefit plan in future years:

As at December 31,	2017	2016
	<u>\$</u>	<u>\$</u>
Within one year	24	20
Between 2 and 5 years	165	138
Between 5 and 10 years	525	428
Total expected payments	714	586

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

15. Income taxes

The major components of income tax expense for the years ended December 31:

Years ended December 31,	2017	2016
	<u>\$</u>	<u>\$</u>
Current income tax expense	9,119	2,688
Deferred income tax expense (recovery)	(963)	1,018
Provision for income taxes	8,156	3,706

Reconciliation of effective tax rate

Income tax expense (recovery) varies from the amount that would be computed by applying the combined federal and provincial statutory income tax rates as a result of the following:

As at December 31,	2017	2016
	<u>\$</u>	<u>\$</u>
Income tax recovery at combined statutory rate of 26.5% (2016 - 26.1%)	(4,141)	(5,601)
Non-deductible expenses	109	60
Share-based compensation	1,622	1,224
Deferred compensation	1,842	-
Non-deductible acquisition costs	980	-
Other and deductible temporary differences not benefited	7,744	8,023
	8,156	3,706

Income tax recognized in other comprehensive income (loss)

As at December 31,	2017	2016
	<u>\$</u>	<u>\$</u>
Derivative instruments	262	839
Post-retirement benefit plan	148	60
	410	899

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities arise on the timing differences between accounting and tax treatment of goodwill and intangible assets, property plant and equipment, post-retirement employee benefit obligations and deferred financing fees.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

Deferred income tax assets and liabilities comprise the following:

As at December 31,	2017	2016
	\$	\$
Non capital losses carried forward	-	664
Deferred financing fees	4,585	-
Post retirement	1,249	969
Property, plant and equipment	(6,052)	(4,391)
Intangible assets	(49,353)	(36,649)
Other	601	(23)
Total deferred income tax liabilities	<u>(48,970)</u>	<u>(39,430)</u>
Classified in the consolidated financial statements as:		
Deferred income tax assets	2,727	1,764
Deferred income tax liabilities	<u>(51,697)</u>	<u>(41,194)</u>
Net deferred income tax	<u>(48,970)</u>	<u>(39,430)</u>

The Company has Canadian based non-capital loss carry forwards as at December 31, 2017 of \$nil (2016 - \$2,598) on a pre-tax basis.

Deferred income taxes represents the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following represents deductible temporary differences that have not been recognized in these consolidated financial statements:

As at December 31,	2017	2016
	\$	\$
Non-capital loss carryforwards	-	52
Redeemable preferred shares	-	138,884
Deductible temporary differences not recognized	<u>-</u>	<u>138,936</u>

16. Share capital and redeemable preferred shares

The following tables reflect the impact of the share split as it was retrospectively applied to all periods presented.

	Common Shares	
	#	\$
As at December 31, 2016	520,253	400
Issued during the year, net	15,554,755	233,534
Exercise of options	261,233	174
Exchange of Class A to V preferred shares	<u>21,403,880</u>	<u>800</u>
As at December 31, 2017	<u>37,740,121</u>	<u>234,908</u>

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

	Class A-V Preferred Shares		Class W Preferred Shares (Note 12)	
	#	\$	#	\$
As at December 31, 2016	21,314,440	197,901	-	-
Issued during the year	96,636	1,391	94,592,252	94,592
Accelerated vesting of preferred shares (Note 11)	-	11,527	-	-
Repurchased during the year	(7,196)	(50)	-	-
Redeemed during the year	(21,403,880)	(239,565)	(94,592,252)	(94,592)
Preferred share accretion during the year	-	28,796	-	-
As at December 31, 2017	-	-	-	-

	Common Shares		Preferred Shares	
	#	\$	#	\$
As at December 31, 2015	520,253	400	21,321,052	167,467
Issued during the year	-	-	7,780	100
Repurchased during the year	-	-	(14,392)	(100)
Preferred share accretion during the year	-	-	-	30,434
As at December 31, 2016	520,253	400	21,314,440	197,901

As at December 31, 2017, the authorized share capital consisted of:

- Unlimited number of common shares with no par value. The holders of common shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.
- Unlimited number of preferred shares, issuable in series.

As at June 30, 2017, the authorized share capital consisted of:

- Unlimited number of common shares with no par value.
- Unlimited number of Class A common shares with no par value.
- Unlimited number of convertible and redeemable preferred shares, issuable in series, voting, with a cumulative dividend accruing at 4.5% compounded quarterly as and when declared. Retractable by the holder and redeemable by Company at an amount that is the greater of: a) the original purchase price plus any declared but unpaid dividends and b) the as-if converted value (convertible 1:1 for common shares, subject to adjustment for declared and unpaid dividends) (the "Class A to V" preferred shares). Prior to any conversion, the preferred shareholder who was converting was entitled to receive a return of capital in an amount equal to the amount paid by the shareholder to the Company for such shares less the value, at the time of the issuance of the preferred shares, of the common shares issuable upon conversion of those preferred shares (the "Return of Capital Right").
- Unlimited number of redeemable preferred shares, non-voting with a cumulative dividend accruing at 4.5% compounded quarterly as and when declared. Retractable by the holder and redeemable by Company at an amount equal to \$1.00 per share plus accrued and unpaid dividends (the "Class W" preferred shares).

On May 25, 2017, preferred shares issued as deferred compensation to Lorna Vanderhaeghe Health Solutions Inc. were vested under an accelerated vesting agreement. The accrued compensation had been reclassified to redeemable preferred shares on the consolidated statements of financial position.

On June 8, 2017, the Supreme Court in British Columbia (the Company's governing jurisdiction at the time) granted an order (the "Rectification Order") to amend and rectify certain language in the articles of the Company and to create 22 separate classes of preferred shares. The purpose of the order was to clarify the Return of Capital Right of preferred shareholders and to facilitate the payment of a cumulative 4.5% dividend upon declaration prior to the conversion of preferred shares into common shares. The amended articles had been considered in the accounting for the preferred shares on a prospective basis.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

Pre-closing capital changes

Immediately prior to the closing of the Offering, the Company executed the following transactions (the “Reorganization”): (i) declared accrued and unpaid dividends (at 4.5% compounded quarterly) on the then outstanding Class A to V and Class W preferred shares in an aggregate amount of \$9,605, which dividends (net of Part XIII tax withholdings (the “Dividend Tax Withholding”)) were satisfied through the issuance of promissory notes (the “Dividend Notes”); (ii) returned capital on the then outstanding Class A to V preferred shares in the aggregate amount of \$65,102, which return of capital was satisfied through the issuance of promissory notes (the “ROC Notes”); (iii) redeemed all of the outstanding Class W preferred shares in exchange for a note payable of \$94,592 (“Class W Promissory Note”); and (iv) agreed to remit the Dividend Tax Withholding and Finco Tax Payable of \$3,697 (see Note 12).

The Company used a portion of the proceeds from the Offering to repay the Dividend Notes, the ROC Notes, the Class W Promissory Note, and the Finco Tax Payable, such that these obligations are no longer outstanding.

Following the transactions described immediately above and also forming part of the Reorganization: (i) each of the holders of the then outstanding Class A to V preferred shares converted their shares on a 1:1 basis into common shares of the Company; (ii) the Company filed articles of amendment to split each common share into 20.81010939 common shares, add a new class of preferred shares and eliminate the Class A common shares and Class A to W preferred shares. In addition, the Company amended and restated the Legacy Option Plan and entered into option exchange agreements (as described in Note 17).

As at December 31, 2016, the authorized share capital consisted of:

- a) Unlimited number of common shares with no par value.
- b) Unlimited number of class A common shares with no par value.
- c) Unlimited number of convertible and redeemable preferred shares, voting, with a cumulative dividend accruing at 4.5% annually as and when declared. Retractable by the holder and redeemable by Company at an amount that is the greater of: a) the original purchase price plus any declared but unpaid dividends and b) the as-if converted value (convertible 1:1 for common shares subject to adjustment for declared and unpaid dividends). Upon conversion, the shareholders have agreed that prior to receiving common shares the preferred shareholder who was converting will receive the cumulative dividend plus a return of capital in the amount paid by an investor for the preferred shares less the value, at the time of the issuance of the preferred shares, of the common shares issuable upon conversion of those preferred shares. Excluding special repurchase options on shares issued as deferred compensation as described in Note 11.

These redeemable preferred shares, which were retractable at the option of the holder on demand, were classified as financial liabilities on the consolidated statements of financial position.

17. Share-based compensation

Senior employees and directors plan

All options that had been issued under the Legacy Option Plan vested in conjunction with the Offering and Secondary Offering.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

Outstanding options held under the Legacy Option Plan and LTIP to purchase common shares have the following expiry dates and exercise prices:

Range of Exercise Prices	2017 Outstanding Options			2017 Exercisable Options	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price/Share	Number of Exercisable Options	Weighted Average Exercise Price/Share
\$0.00-\$10.00	1,605,787	7.48	2.12	1,605,787	2.12
\$10-\$20	1,399,301	8.51	15.02	669,935	13.90

Movements during the year

A summary of the status of the Company's outstanding share options and changes during the years ended December 31, presented below:

	2017		2016	
	Options (number of shares)	Weighted Average Exercise Price/Share	Options (number of shares)	Weighted Average Exercise Price/Share
Outstanding options, beginning of	2,505,059	4.42	2,582,118	4.28
Granted	1,043,662	13.97	107,922	8.55
Exercised	(261,233)	0.67	-	-
Forfeited	(282,400)	3.89	(184,981)	4.57
Outstanding options, end of year	3,005,088	8.13	2,505,059	4.42
Options exercisable, end of year	2,275,722	5.59	-	-

At grant date, each option series is measured at fair value based on the binomial option pricing model for options granted under the Legacy Option Plan and the Black-Scholes option-pricing model for options granted under the LTIP. The inputs used in this model for the options granted during the years ended December 31 are shown in the table below.

As at December 31,	2017	2016
Weighted average share price at the measurement date	\$ 13.48	\$ 6.61
Weighted average option fair value at the grant date	\$ 4.85	\$ 5.43
Expected volatility (i)	35%-43%	43%
Risk-free interest rate (ii)	1.11%-1.90%	1.79%
Expected life (in years) (iii)	3-6.5	3
Expected dividend yield	0%-2.0%	-

(i) Estimated by considering comparable industry share price volatility. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

(ii) Based on Government of Canada Bonds.

(iii) Based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

The expense recognized for employee services received related to the Legacy Option Plan and LTIP for the year ended December 31, 2017 is \$4,839 (2016 - \$1,283), and is classified as contributed surplus on the Company's consolidated statements of financial position.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

Employee-share purchase plan

For the year ended December 31, 2017, employee contributions amounted to approximately \$64 and no shares have been issued.

18. Employee benefits expense

The Company recognized employee benefit expenses included in cost of sales and selling, general and administrative expenses on the consolidated statements of operations and other comprehensive loss as follows:

For the year ended December 31,	2017	2016
	\$	\$
Salaries, wages and bonus	52,212	37,757
Other employee benefits	10,704	9,272
Post-retirement benefits (Note 14)	500	443
	<u>63,416</u>	<u>47,472</u>

Additionally, the Company recognized termination benefits for the year ended December 31, 2017 of \$4,132 (2016 - \$1,420) related to reorganization activities to gain flexibility and improve efficiency. The costs related to both years are mainly composed of severance costs and salary continuances.

19. Other expenses (income)

As at December 31,	2017	2016
	\$	\$
Deferred compensation (Note 4)	8,427	-
Other	983	(2,876)
	<u>9,410</u>	<u>(2,876)</u>

20. Interest expense and other financing costs

As at December 31,	2017	2016
	\$	\$
Interest on debt and borrowings	9,209	13,809
Interest on note to Finco (Note 12)	(8,966)	8,150
Amortization of deferred financing fees (Note 13)	4,490	967
	<u>4,733</u>	<u>22,926</u>

21. Financial instruments and risk management activities

Financial instruments

The Company's financial assets and liabilities have been classified in Note 2.

Fair value measurement

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges for forecast purchases and sales in US\$ and have been classified as Level 2 in the fair value hierarchy. Derivatives not designated in a formal hedging relationship are classified as fair value through profit or loss and classified as Level 2 in the fair value hierarchy. Net gains and losses on financial instruments held for trading consist of realized and unrealized gains and losses on derivatives that were de-designated or were otherwise not in a formal hedging relationship.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

The fair values and notional amounts of derivative financial instruments shown below are as at December 31:

	2017			2016		
	Notional	Fair Value		Notional	Fair Value	
	Amount	Asset	Liability	Amount	Asset	Liability
	\$USD	\$	\$	\$USD	\$	\$
Foreign currency forward contract designated as hedging instruments	36,000	-	(1,081)	24,000	-	(92)

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the consolidated statements of operations and comprehensive loss.

The fair values of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding long-term debt and note to Finco) approximate their carrying value due to their short-term nature.

The carrying value of long-term debt as at December 31, 2017 and December 31, 2016 approximates their fair value. The carrying value of the note to Finco approximates its fair value at December 31, 2016. The fair value of the Company's long-term debt was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair value of long-term debt is considered a Level 2 fair value measurement.

There were no transfers between levels during 2017 and 2016.

Financial instrument risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial instruments and policies for managing these risks are detailed below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk from its customers (primarily related to trade accounts receivable) in the normal course of business. The Company has adopted a policy of only dealing with creditworthy counterparties. To mitigate this risk, the Company carries out regular credit evaluations and purchases credit insurance for international customers, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company is also exposed to counterparty credit risk inherent in its financing activities, trade receivable insurance and foreign currency derivatives. The Company has assessed these risks as minimal.

Market risk

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily from transactions in US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposure. As of December 31, 2017, \$46,259 (2016 - \$32,257) of anticipated foreign currency denominated sales and purchases

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

have been hedged with underlying foreign exchange forward contracts settling at various dates in the year preceding the consolidated statement of financial position date.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's net loss before income taxes (due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives) and the Company's pre-tax equity (due to changes in the fair value of foreign exchange forward contracts designated as cash flow hedges).

As at December 31,	Change in US\$ fx rate %	Effect on income (loss) before tax \$	Effect on pre-tax OCI \$
2017	5	1,149	1,800
2016	5	796	1,200

The Company's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's accounts receivable and accounts payable are non-interest bearing. The Company's exposure to the risk of changes in market interest rates arises from long-term debt obligations issued at fixed rates that create fair value interest rate risk and variable rate borrowings that create cash flow interest rate risk.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

With all other variables held constant, the sensitivity to a reasonably possible change in interest rates on floating rate borrowings of the Company would have the following impact to net loss before income taxes:

As at December 31,	Increase/decrease in basis points +/-	Effect on profit before tax \$
2017	100	1,936
2016	100	920

Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect net income (loss), as the Company's debt is carried at amortized cost and the carrying value does not change as interest rates change.

Commodity price risk

The Company is exposed to price risk related to purchases of certain commodities used as raw materials. The Company may use fixed price contracts with suppliers to mitigate commodity price risk. Concentration in any one raw material is not significant to the Company.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, various long-term debt agreements, obligations under its post-retirement benefits plan and operating lease commitments.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also through the management of its capital structure. The Company continually revises its available liquid resources as compared to the timing of the payment of liabilities to manage its liquidity risk.

The contractual undiscounted principal cash flows payable in respect of financial liabilities as at the consolidated statement of financial position date were as follows:

As at December 31,	2017	2016
	\$	\$
Amounts payable in more than 12 months	162,794	266,988
Amounts payable in less than 12 months	76,371	51,077
	239,165	318,065

Capital

The Company’s objective is to maintain a cost effective capital structure that supports its long-term growth strategy, supports the business and maximizes shareholders’ value. The Company typically uses leverage in its capital structure to reduce the cost of capital. The Company’s goal is to maintain its primary credit ratios and leverage at levels that are designed to provide continued access to investment-grade credit pricing and terms. The Company measures its credit profile using a number of metrics, some of which are non-IFRS measures, primarily cash, less long-term debt and bank indebtedness (“net cash (debt)”) to earnings before interest, income taxes, depreciation, amortization, restructuring and other related costs, and interest coverage. Additionally, the Company maintains a cash flow reserve to service obligations as they come due.

In addition to senior debt, credit facilities, and equity, the Company uses leases as additional sources of financing.

There have been no material changes to the Company’s risk management activities since inception of the Company’s operations.

The Company is subject to capital requirements under the credit facility agreement, as described in Note 13. As at December 31, 2017, the Company was in compliance with all financial covenants.

22. Commitments and contingencies

Due to former shareholder

In conjunction with the acquisition of JLL disclosed in Note 1, Intrepid issued a \$9,400 note payable to JLL’s former shareholder. During the year ended December 31, 2015, JLL paid \$1,943 on the note and in accordance with the terms of the related share purchase agreement, JLL withheld the balance of the note payable. The amount withheld resulted from differences discovered during the purchase accounting process, and the former shareholder filed suit to recover the amount withheld.

On November 7, 2016, management of the Company settled outstanding litigation for gross payment of \$5,000 to the former shareholder of JLL. The terms of the settlement forever discharge and release JLL from any and all claims or potential claims with respect to this issue. The resulting gain of \$2,866 is recorded in other income on the consolidated statements of operations and comprehensive loss.

Operating lease commitments

JLL and its subsidiaries have entered into a number of operating leases for vehicles, production equipment, computer and communications equipment, office equipment and office space.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

Total minimum lease payments payable in future years are as follows:

As at December 31, Year	2017 \$	2016 \$
2017	-	1,141
2018	1,766	1,053
2019	1,443	730
2020	255	46
2021	28	-
2022	-	-
	3,492	2,970

For the year ended December 31, 2017, an amount of \$1,692 was recognized as an expense in respect of operating leases (2016 - \$1,234).

General contingencies

In addition, various claims and potential claims arising in the normal course of operation are pending against JLL. It is the opinion of management that these claims or potential claims are without merit and the amount of potential liability, if any, is not determinable. Management believes the final determination of these claims or potential claims will not materially affect the financial position or results of the Company.

23. Segment information

The Company has two reportable operating segments with all material operations carried out in Canada:

- The Jamieson Brands segment principal activity is the manufacturing, distribution and marketing of branded natural health products including vitamins, minerals and supplements; and
- The Strategic Partners segment principal activity is providing contract manufacturing services to consumer health companies and retailers worldwide.

The Company's chief operating decision maker evaluates segment performance on the basis of earnings from operations, as reported to internal management, on a periodic basis.

Inter-segment revenues and expenses are eliminated upon consolidation and relate mainly to sales from the Strategic Partners segment to the Jamieson Brands segment. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	For the year ended December 31, 2017		
	Jamieson Brands	Strategic Partners	Total
	\$	\$	\$
Revenue	237,001	63,618	300,619
Earnings from operations	37,595	7,340	44,935
Foreign exchange loss			331
Termination benefits and related costs			4,132
Public offering costs			10,720
Acquisition costs			2,444
Other expenses			9,410
Preferred share accretion			28,796
Interest expense and other financing costs			4,733
Provision for income taxes			8,156
Net loss			(23,787)

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

	For the year ended December 31, 2016		
	Jamieson Brands	Strategic Partners	Total
	\$	\$	\$
Revenue	192,496	55,835	248,331
Earnings from operations	28,844	2,197	31,041
Foreign exchange gain			(192)
Termination benefits and related costs			1,420
Acquisition costs			789
Other income			(2,876)
Preferred share accretion			30,434
Interest expense and other financing costs			22,926
Provision for income taxes			3,706
Net loss			(25,166)

Share-based compensation is allocated to the Jamieson Brands operating segment.

Geographic information

Net income earned outside of Canada for the years ended December 31, 2017 and 2016 represents an insignificant portion of total net income.

Information about major customers

The following table provides the proportion of revenue attributed to each significant customer:

For the years ended December 31,	2017	2016
Customer 1	17.9%	21.2%
Customer 2	10.6%	11.8%
Customer 3	10.5%	11.0%
	39.0%	44.0%

The revenue concentration noted mirrors the consolidated nature of the retail grocery landscape in Canada. It is management's opinion that the loss of any customer, significant or otherwise, would not impact the Company's viability. No other sales were made to any one customer that represented in excess of 10% of total sales.

24. Loss per share

Basic loss per share amounts are calculated by dividing the net loss attributable to common shareholders of the Company less dividends declared and paid to Class A to W preferred shareholders by the weighted average number of shares outstanding during the year.

The following table sets for the calculation of net loss available to common shareholders:

For the year ended December 31,	2017	2016
	\$	\$
Net loss	(23,787)	(25,166)
Preferred share dividends	(9,605)	-
Basic, net loss available to common shareholders	(33,392)	(25,166)

Diluted loss per share amounts are calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the year, adjusted for the effects of potentially dilutive preferred shares and share options.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

The following table sets forth the calculation of basic and diluted loss per share ("EPS"), and reflects the impact of the share split as if it was retrospectively applied to all periods presented:

Year ended December 31,	2017			2016		
	Net loss available to common shareholders	Weighted average number of shares	EPS \$	Net loss available to common shareholders	Weighted average number of shares	EPS \$
<i>Basic</i>						
Continuing operations	(33,392)	18,669,758	(1.79)	(25,166)	520,253	(48.37)
<i>Diluted</i>						
Continuing operations	(33,392)	18,669,758	(1.79)	(25,166)	520,253	(48.37)

For the year ended December 31, 2017, diluted EPS excludes the effect of approximately 3,005,088 options on a post share split basis that are anti-dilutive.

For the year ended December 31, 2016, diluted EPS excludes the effect of approximately 2,505,059 options and 21,314,440 preferred shares on a post share split basis, that are anti-dilutive.

25. Future accounting standards issued but not yet effective

The standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of these consolidated financial statements are disclosed below. The Company intends to adopt these standards on the required effective date.

IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16, "Leases", which replaces IAS 17, "Leases", and its associated interpretative guidance. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if entities have also applied IFRS 15.

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its consolidated financial statements.

IFRS 9, "Financial Instruments: Classification and Measurement"

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company plans to adopt the new standard on the effective date, including the new hedge accounting guidance. During 2017, the Company commenced an assessment of all three aspects of IFRS 9. Based on the assessment performed thus far, the adoption of IFRS 9 is not expected to have a material impact on the consolidated financial statements. The Company does not intend to restate prior year comparatives and any adjustment will be applied to opening retained earnings as of January 1, 2018.

Jamieson Wellness Inc.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), which replaces IAS 18, "Revenue", IAS 11, "Construction Contracts" and various revenue related interpretations. IFRS 15 establishes a new control-based revenue recognition model where 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. The new revenue standard is effective for annual periods beginning on or after January 1, 2018.

The Company is in the process of completing its evaluation of IFRS 15, including the review of its customer contracts. Based on the assessment performed thus far, the Company does not expect that IFRS 15 will have a material impact on the amount and timing of revenue recognized; however, additional disclosure requirements are expected.

IFRS 2, "Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2"

The IASB issued amendments to IFRS 2, "Share-based Payment" that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is assessing the potential effect of the amendments on its consolidated financial statements.

IFRIC Interpretation 23, "Uncertainty over Income Tax Treatment"

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019, but certain transition reliefs are available. The Company will apply interpretation from its effective date, which may affect its consolidated financial statements and the required disclosures. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Jamieson Wellness Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

26. Events after the reporting period

On January 31, 2018, the Company paid the former owner a reduced Holdback Amount of \$5,500 (representing a \$2,000 reduction) in exchange for the Company transferring the seller the amounts held in escrow in relation to the general and tax indemnities and releasing the former owner from the Company's post-closing indemnification rights under the purchase agreement (see Note 4).