MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three and twelve months ended December 31, 2018

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The following management's discussion and analysis of financial condition and results of operations ("MD&A") of Jamieson Wellness Inc. (together with its subsidiaries), referred to herein as "Jamieson", the "Company", "we", "us" or "our", is dated as of February 26, 2019. It should be read in conjunction with our audited consolidated annual financial statements and our accompanying notes for the year ended December 31, 2018.

Our audited consolidated annual financial statements and accompanying notes for the year ended December 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These audited consolidated annual financial statements include the accounts of our Company and other entities that we control and are reported in Canadian dollars.

All references in this MD&A to "Q4 2018" are to our fiscal quarter ended December 31, 2018 and to "Q4 2017" are to our fiscal quarter ended December 31, 2017. All references in this MD&A to "YTD 2018" are to our year ended December 31, 2018 and to "YTD 2017" are to our year ended December 31, 2017.

See "*Forward-Looking Information*" and "*Risk Factors*" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors, including those referred to under the heading "*Risk Factors*" and elsewhere in this MD&A.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing our business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "gross profit", "gross profit margin", "operating margin" "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA margin", "Adjusted Net Income" and "Adjusted Diluted Earnings per Share", to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also uses non-IFRS measures in order to prepare annual operating budgets and to determine components of management compensation.

Forward-Looking Information

Certain statements contained in this MD&A including, in particular, in the sections below entitled "*Summary of Factors Affecting our Performance*", "*Liquidity and Capital Resources*", "*Outlook*" and "*Risk Factors*", contain forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives of our Company. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

In addition, our assessments of, and targets for, annual revenue, Adjusted EBITDA, Adjusted Diluted Earnings per Share and certain other measures are considered forward-looking information. See "*Outlook*" for additional information concerning our strategies, assumptions and market outlook in relation to these assessments.

The forward-looking information contained in this MD&A is based on management's opinions, estimates and assumptions in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe to be appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of the ability to pursue further strategic acquisitions; our ability to source raw materials and other inputs from our suppliers; our ability to continue to innovate product offerings that resonate with our target customer base; our ability to retain key management and personnel; our ability to continue to expand our international presence and grow our brand internationally; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; changes to trends in our industry or global economic factors; and changes to laws, rules, regulations and global standards are material factors made in preparing the forward-looking information and management's expectations contained in this MD&A.

The forward-looking information contained in this MD&A represents management's expectations as of the date of this MD&A and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except (i) as required under applicable securities laws in Canada and (ii) to provide updates in our annual MD&A for each financial year up to and including that in respect of 2021 on our growth targets disclosed in our final prospectus (the "IPO Prospectus") dated June 29, 2017 in respect of our initial public offering (the "Initial Offering"), including to provide information on our growth targets disclosed in such prospectus, actual results and a discussion of variances from our growth targets. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that management considered appropriate and reasonable as of the date such statements are made, is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to those described below and referred to under the heading "*Risk Factors*" and under the heading "*Risk Factors*" in our most recent annual information form.

We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

Overview

Founded in 1922, Jamieson is Canada's leading branded manufacturer, distributor and marketer of high quality natural health products. We offer consumers a comprehensive and innovative line of branded vitamins, minerals and supplements ("VMS") products and certain over-the-counter remedies through our Jamieson and Lorna Vanderhaeghe Health Solutions Inc. (''LVHS'') brands as well as sports nutrition products through our Progressive, Precision and Iron Vegan brands (Body Plus Nutritional Products Inc. ("Body Plus")), all of which we refer to as our "Jamieson Brands" segment. Revenues generated from our previous acquisitions of Body Plus and LVHS, previously described as "Health Food" sales, are known as "Specialty Brands" given the availability of these brands across food, drug and health food channels. In addition to our Jamieson Brands segment, we also offer comprehensive manufacturing and product development services on a contract manufacturing basis to select blue-chip consumer health companies and retailers worldwide, which we refer to as our "Strategic Partners" segment.

VMS and sports nutrition are two large and growing segments of the consumer health industry. Jamieson is Canada's #1 overall consumer health brand by sales and Canada's #1 brand in VMS by sales. Our trusted reputation and success in Canada have allowed us to significantly grow the business internationally, with products being sold in 40 countries worldwide.

Our trusted reputation, strong industry relationships and certifications and commitment to meeting the highest standards of manufacturing together with high quality production capabilities, attract opportunities for us to manufacture products for select blue-chip consumer health companies and retailers worldwide. Combining deep consumer insights with extensive research and development capabilities, we deliver category-leading innovation and growth.

Our leading market position and brands, focus on quality and innovation and extensive selection of products make us the preferred partner for retailers in Canada.

Initial Public Offering

On July 7, 2017, we successfully completed the Initial Offering. Our common shares ("Common Shares") are listed for trading on the Toronto Stock Exchange under the stock symbol "JWEL".

Prior to the closing of the Initial Offering, we executed the following transactions (collectively, the "Reorganization"): (i) declared accrued and unpaid dividends on the then outstanding class A to V and class W preferred shares in an aggregate amount of $9.6 million, 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 $65.1 million, which return of capital was satisfied through the issuance of promissory notes (the "ROC Notes"); (iii) redeemed all of the then outstanding class W preferred shares in exchange for a note payable of $94.6 million ("Class W Promissory Note"); and (iv) agreed to remit the Dividend Tax Withholding and tax payable on behalf of Jamieson Finco LP ("Finco") in the aggregate amount of $5.8 million ("Finco Tax Payable").

Following the transactions described immediately above and also forming part of the Reorganization: (i) each of the holders of the then outstanding class A – V preferred shares converted their shares on a 1:1 basis into Common Shares of the Company; and (ii) the Company filed articles of amendment to split each Common Share into 20.81010939 Common Shares, add a new class of preference shares ("Preference Shares") and eliminate the class A common shares and class A – W preferred shares. In addition, the Company amended and restated its legacy option plan as of July 5, 2017 ("Legacy Option Plan") and entered into option exchange agreements.

The Initial Offering consisted of the offering to the public 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"), including Jamieson Intermediate Holdings S.à r.l. ("CCMP"), an entity which was controlled by certain funds to which investment advisory services were provided by CCMP Capital Advisors, LP. The Initial Offering price of $15.75 per Common Share resulted in net proceeds to the Company of $232.1 million, and $52.2 million to the Selling Shareholders after underwriting commissions of $15.8 million. In addition, CCMP granted to the underwriters an over-allotment option (the "Over-Allotment Option") to purchase up to an additional 2,857,500 Common Shares from CCMP (or an affiliate) at an exercise price of $15.75. The Over-Allotment Option was fully exercised after the Initial Offering and closed on July 14, 2017 and raised additional net proceeds of $42.6 million for an affiliate of CCMP after underwriting commissions of $2.4 million.

On July 7, 2017, the Company used a portion of the proceeds from the Initial Offering to: (i) make a loan to Jamieson Laboratories Ltd. ("JLL"), $50.0 million of which was used by JLL on the same day to repay a portion of its Term Loan Facility (as defined herein) (refer to "*Liquidity and Capital Resources – Credit Facilities*"); and (ii) repay the Dividend Notes, the ROC Notes, the Class W Promissory Note, the Dividend Tax Withholding and the Finco Tax Payable, such that these obligations are no longer outstanding.

On July 7, 2017, the Company adopted a long-term incentive plan (the "LTIP"). In conjunction with the closing of the Initial Offering, options to purchase 679,944 Common Shares were granted under the LTIP to directors, officers and certain employees of the Company.

Also on July 7, 2017, after the closing of the Initial Offering, CCMP transferred all of its Common Shares of the Company then remaining to its affiliate, CCMP Capital Investors III Aggregator (AV-3) Ltd. ("CCMP Aggregator"). On August 3, 2017, CCMP Aggregator transferred all of its Common Shares of the Company then remaining to its shareholders, on a pro rata basis, including CCMP Capital Investors III (AV-3), L.P. ("CCMP AV-3") and CCMP Capital Investors III (AV-3) Employee, L.P. ("CCMP AV-3 Employee", and together with CCMP AV-3, the "CCMP Shareholders").

Secondary Offering

On October 18, 2017, a secondary offering (the "Secondary Offering") by certain shareholders of the Company of Common Shares, including the CCMP Shareholders, was completed. Pursuant to the Secondary Offering, the CCMP Shareholders sold all of their Common Shares.

The Secondary Offering of 14,778,751 Common Shares, including 1,758,751 Common Shares which were sold by the CCMP Shareholders to the underwriters upon the exercise in full of the over-allotment option, raised gross proceeds of $273.4 million for the selling shareholders, at a price of $18.50 per Common Share. The Company did not receive any proceeds from the Secondary Offering. Underwriting fees were paid by the selling shareholders, and other expenses related to the Secondary Offering of approximately $0.7 million were incurred and paid by the Company.

The closing of the Secondary Offering constituted a change of control event, and as a result, the remaining service-based options granted under the Legacy Option Plan vested (amounting to an aggregate of 852,314 options to purchase Common Shares), resulting in an acceleration of expense of $1.0 million.

Summary of Factors Affecting Our Performance

We believe our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and referred to under "*Risk Factors*".

Our Brands

Our iconic brands have been built around consumer trust through focus on product quality, purity and potency. Our well-established brands include Jamieson, LVHS, Progressive, Precision and Iron Vegan. Maintaining, enhancing and growing our brand appeal in Canada and internationally is critical to our continued success. Failure to maintain and enhance our brands in any of the targeted markets may materially and adversely affect the business, results of operations or financial condition.

Product Innovation and Planning

We believe that product innovation is integral to our success and we continue to focus on innovation as a key pillar of our growth. Our business is subject to changing consumer trends and preferences which is dependent, in part, on continued consumer interest in our new products, line extensions and reformulations. The success of new product offerings, enhancements, or reformulations depends upon a number of factors, including our ability to: (i) accurately anticipate customer needs; (ii) develop new products, line extensions or reformulations that meet these needs; (iii) successfully commercialize new products, line extensions and reformulations in a timely manner; (iv) price products competitively; (v) manufacture and deliver products in sufficient volumes and in a timely manner; (vi) differentiate product offerings from those of competitors; and (vii) maintain relationships with scientist employees and consultants and members of our panel of consumer health industry experts, which we call the Jamieson Scientific Advisory Board, in order to benefit from their expertise and innovations. We believe our pace of innovation and speed to market with the introduction of new products provide us with a competitive advantage within the space we compete.

Customer Relationships

We have longstanding and deeply entrenched customer relationships with Canada's top retailers across the food, drug, mass, club, health food store, specialty and online retail channels. We sell products through our knowledgeable retail partners and we are dependent on retail partners across all channels to display and present our products to customers, in their brick and mortar stores and on their online e-commerce sites. Our partners service customers by stocking and displaying our products, and, in certain health food and other specialty stores, explaining product attributes and health benefits. Our relationships with these retail customers are important for consumer trust in the brand and the advertising and educational programs we continue to deploy. Failure to maintain these relationships with retail partners or financial difficulties experienced by these retail partners could adversely affect our business.

Sourcing and Production

We have developed a strong, global supply chain based on long-standing relationships and have had relationships with the majority of our suppliers for over ten years. We purchase our ingredients from nearly 200 high quality raw material ingredient and packaging suppliers worldwide and potential suppliers are subject to a rigorous evaluation process by our quality assurance department. We are dependent on a stable and consistent supply of materials and inputs, including ingredients and packaging products. Although materials and inputs are generally available from multiple sources, certain materials and inputs are sourced from a restricted number of suppliers. In 2018, our top ten suppliers accounted for approximately 50% of our purchases. As is customary in the consumer health industry, we do not have long-term written contracts with most suppliers and often enter into one-year contracts for raw materials at fixed prices to provide additional time to address price increases and mitigate margin erosion.

Consumer Trends

The Canadian consumer health industry is subject to shifts in consumer trends, preferences and consumer spending and our revenue and operating results depend, in part, on our ability to respond to such changes in a timely manner. As a result of our broad product scope and our strong innovation capabilities, we believe that we are well-positioned to respond to these shifts in consumer trends, preferences and consumer spending.

Our revenue is also impacted by consumer spending habits, including spending on our products, which are affected by many factors that are beyond our control, including, but not limited to, prevailing economic conditions, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, and consumer perception of economic conditions.

Competition

The market for VMS and sports nutrition products is highly competitive. Our direct competition consists of publicly and privately-owned companies, which tend to be highly fragmented in terms of both geographic market coverage and product categories. In many of our product categories, we compete not only with widely advertised branded products, but also with private label products. Given our significant scale and broad product scope relative to our competition, our iconic brand status, our strong innovation capabilities and our high-quality manufacturing, we believe that we are well-positioned to capitalize on favorable long-term trends in the VMS and sports nutrition segments. The specialized knowledge, expertise, and certifications required for production of VMS and sports nutrition products, is generally a significant barrier to entry for new competitors. Internationally, our competition varies by market and we have a strategic approach to entering international markets, which includes evaluating certain factors in each market, such as competitiveness, pricing dynamics, growth potential, regulatory environment and the propensity to be attracted to foreign brands.

Foreign Exchange

We currently benefit from a natural currency hedge by purchasing certain materials and inputs in U.S. dollars and selling our products internationally in U.S. dollars. With respect to sales in Canada, we are exposed to fluctuating US-Canadian currency exchange rate where the products sold contain materials and inputs purchased with

U.S. dollars. We manage net exposure to fluctuating U.S.-Canadian currency exchange rate with foreign exchange hedging contracts. We do not have foreign exchange hedging contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange hedging contracts in respect of other foreign currencies.

Currency hedging entails a risk of illiquidity and, to the extent the applicable foreign currency depreciates or appreciates against the Canadian dollar, the use of hedges could result in losses greater than if the hedging had not been used. There can be no assurance that our hedging strategies, if any, will be effective in the future or that we will be able to enter into foreign exchange hedging contracts on satisfactory terms.

Business Acquisitions

We leverage our relationships and network of industry participants and advisors to actively source and identify acquisition opportunities. We continue to pursue strategic acquisitions that enable us to further broaden and diversify product offerings and leverage current manufacturing and distribution facilities for new products. Any acquisitions may involve large transactions or realignment of existing investments, and present financial, managerial and operational challenges, which, if not successfully overcome, may reduce our profitability. We believe we have demonstrated our ability to successfully identify, integrate and grow businesses that we acquire. Since 2016, management has successfully made two acquisitions in line with our strategy.

Implementation of Growth Strategies

We have a successful track record of growing revenues faster than the broader VMS segment and we believe we have a strong domestic and international growth strategy in place aimed at continuing to exceed broader industry growth rates. Our future success depends, in part, on management's ability to implement our growth strategy, including (i) product innovations within existing categories and growth into adjacent categories and continued growth of existing products in existing categories; (ii) further penetration into international markets and new geographies; (iii) growth in the Strategic Partners segment; and (iv) in support of our profitability targets, improvements in operating income, gross profit and operating expense margins. The ability to implement this growth strategy depends, among other things, on our ability to develop new products and product line extensions that appeal to consumers, maintain and expand brand loyalty and brand recognition, maintain and improve competitive position in the channels in which we compete and identify and successfully enter and market products in new geographic markets, market segments and categories.

Regulation

In Canada and in the other jurisdictions in which we operate, we are subject to the laws and regulations applicable to any business engaged in formulation, production and distribution of consumer health products. This includes natural health product regulations, laws governing advertising, consumer protection regulations, environmental laws, laws governing the operation of warehouse facilities and labour and employment laws. We hold all required Health Canada site licenses, Canadian Food Inspection Agency certifications and import licenses for all of our manufacturing and distribution centres. Our products sold outside of Canada are subject to tariffs, treaties and various trade agreements as well as laws affecting the importation of consumer goods and we continuously monitor changes in these laws, regulations, treaties and agreements.

There is currently no uniform regulation applicable to natural health products worldwide and there has been an increasing movement in certain foreign markets to increase the regulation of natural health products. The adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in compliance costs or lead us to discontinue product sales and may have an adverse effect on the marketing of our products, resulting in loss of sales. We believe that Canadian regulations are amongst the most stringent worldwide and, as we currently operate in compliance with these high standards, increased regulation in foreign jurisdictions makes us uniquely positioned to grow sales in such jurisdictions.

How We Assess the Performance of our Business

The key performance indicators below are used by management in evaluating the performance of our Company and assessing our business. We refer to certain key performance indicators used by management and typically used by our competitors in the Canadian consumer health industry, certain of which are not recognized under IFRS. See "*Non-IFRS Financial Measures*".

Revenue

The majority of our 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 through our Strategic Partners segment.

Revenue is recognized for the sale of Jamieson branded products and the manufacturing of products to our strategic partners at the point in time when control of the asset is transferred to the customer, either at FOB shipping or FOB destination. We generally have a right to payment at the time of delivery (which is the same time that we have satisfied our performance obligations under the arrangement), as such a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due.

A portion of our revenue is derived from contract manufacturing services provided to customers in our Strategic Partners segment under a tolling arrangement where the customer supplies us with a raw material or ingredient. Revenue is recognized net of the cost of the raw material or ingredient supplied by the customer.

Rights of return gives rise to variable consideration. The variable consideration is estimated at contract inception using the expected value method as this best predicts the amount of variable consideration to which we are entitled. The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when any uncertainty is subsequently resolved. For products that are expected to be returned, a refund liability is recognized as a reduction of revenue at the time the control of the products purchased is transferred to the customers.

We may provide discounts and sales promotional incentives to our customers, which give rise to variable consideration. The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when any uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. We apply the most likely amount method estimating discounts provided to customers using contracted rates and estimating sales promotional incentives provided to customers based on historical spending patterns. Jamieson may also provide other consideration to customers for customer-specific programs to promote the Company's products. Consequently, revenues are recognized net of these estimated program costs. All other estimated non-customer-specific promotional costs and consideration are expensed as selling, general and administrative expenses.

In subsequent periods, we monitor the performance of customers against agreed-upon obligations related to sales incentive programs and make any adjustments to both revenue and sales incentive accruals as required.

Previously under IAS 18, "Revenue" ("IAS 18"), we recognized 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 was recognized when the customer took ownership of the product, title was transferred, all the risks and rewards of ownership were transferred to the customer, recovery of the consideration was probable, we had satisfied our performance obligations under the arrangement, and had no ongoing involvement with the sold product. Revenue was recognized to the extent that it was probable that the economic benefits would flow to us and the revenue could be reliably measured, regardless of when the payment was received. A portion of our revenues derived from contract manufacturing services provided to customers in the Strategic Partners Business was under a tolling arrangement where the customer supplied us with a raw material or ingredient. Revenue was recognized net of the cost of the raw material or ingredient supplied by the customer.

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

As part of our adoption of IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15") (refer to *"Recently adopted accounting standards"*), other consideration to customers including payments for cooperative advertising, listing fees, customer loyalty programs, and other customer-specific programs totalling $13.3 million was reclassified from cost of sales to reduction to revenue, with no impact to net income, for the year ended December 31, 2018. Other consideration to customers totalling $3.6 million was reclassified for the quarter ended December 31, 2018.

As required for the audited consolidated annual financial statements, we have disaggregated revenue recognized from contracts with customers. Please refer to Note 23 in our audited consolidated annual financial statements for the disclosure on disaggregated revenue.

Gross Profit

"Gross profit" is defined as revenue less cost of sales. Cost of sales includes product-related costs, labour, other operating costs such as rent, repair and maintenance, and amortization. Our cost of sales may include different costs compared to other manufacturers and distributors in the Canadian consumer health industry. Management believes that gross profit is a useful measure in assessing the Company's underlying operating performance before sales, general, and administrative ("SG&A") expenses and share-based compensation.

Gross Profit Margin

"Gross profit margin" is defined as gross profit divided by revenue.

SG&A

Our SG&A expenses are predominantly comprised of wages, benefits, travel, marketing, accounting fees, legal fees, non-customer-specific promotional costs and other expenses related to the corporate infrastructure required to support our business. Our SG&A expenses also include regulatory, legal, accounting, insurance and other expenses associated with being a public company.

Earnings from Operations

"Earnings from operations" is defined as gross profit less SG&A expenses and share-based compensation.

Operating Margin

"Operating margin" is defined as earnings from operations divided by revenue.

EBITDA

"EBITDA" is defined as net income (loss) before: (i) provision for (recovery of) income taxes; (ii) interest (income) expense and other financing costs; (iii) preferred share accretion; (iv) depreciation of property, plant, and equipment; and (v) amortization of intangible assets.

Adjusted EBITDA

"Adjusted EBITDA" is defined as EBITDA before: (i) share-based compensation; (ii) amortization of fair value adjustments; (iii) foreign exchange (gain) loss; (iv) termination benefits and related costs; (v) acquisition costs; (vi) purchase consideration accounted for as compensation expense; (vii) public offering costs; (viii) international market expansion; (ix) non-recurring business integration; and (x) other non-operating, non-recurring and non-cash costs. We believe Adjusted EBITDA is a useful measure to assess the performance and cash flow of our Company as it provides more meaningful operating results by excluding the effects of interest, taxes, depreciation and amortization costs, expenses we believe are not reflective of our underlying business performance and other one-time, non-recurring or non-cash expenses.

Adjusted EBITDA Margin

"Adjusted EBITDA margin" is defined as Adjusted EBITDA divided by revenue.

Adjusted Net Income

"Adjusted Net Income" is defined as consolidated net income (loss) adjusted for the impact of: (i) share-based compensation; (ii) amortization of fair value adjustments; (iii) amortization of deferred financing fee; (iv) foreign exchange (gain) loss; (v) termination benefits and related costs; (vi) acquisition costs; (vii) purchase consideration accounted for as compensation expense; (viii) public offering costs; (ix) net interest forgiveness; (x) preferred share accretion; (xi) international market expansion; (xii) non-recurring business integration; and (xiii) other non-operating and non-recurring costs net of related tax effects. We believe Adjusted Net Income is a useful measure to assess the performance of our Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of our underlying business performance and other one-time or non-recurring expenses.

Adjusted Diluted Earnings per Share

"Adjusted Diluted Earnings per Share" is defined as dividing Adjusted Net Income by the total number of outstanding diluted shares at the end of the most recently completed quarter for the relevant period. We believe Adjusted Diluted Earnings per Share is a useful measure to assess the performance of our Company.

Selected Consolidated Financial Information

The following table provides selected historical financial information and other data of the Company which should be read in conjunction with our audited consolidated annual financial statements and related notes. A reconciliation of net income to EBITDA, Adjusted EBITDA, and Adjusted Net Income can be found in the below "*Results of Operations*" sections for the respective fiscal periods.

	Three months ended December 31		**For the year ended December 31**	
($ in 000's, except as otherwise noted)	**2018**	**2017**	**2018**	**2017**
Revenue	**99,145**	**84,318**	**319,776**	**300,619**
Cost of sales	63,906	53,421	204,358	195,770
Gross profit	35,239	30,897	115,418	104,849
Selling, general and administrative expenses	16,859	14,252	62,261	53,589
Share-based compensation	1,278	1,712	3,067	6,325
Earnings from operations	**17,102**	**14,933**	**50,090**	**44,935**
Operating margin	**17.2%**	**17.7%**	**15.7%**	**14.9%**
Foreign exchange loss	89	116	608	331
Termination benefits and related costs	129	1,633	2,933	4,132
Public offering costs	-	1,200	-	10,720
Acquisition costs	-	-	-	2,444
Other expenses	64	2,981	298	9,410
Preferred share accretion	-	-	-	28,796
Interest expense and other financing costs	2,390	2,140	9,000	4,733
Income (loss) before income taxes	14,430	6,863	37,251	(15,631)
Provision for income taxes	4,384	3,130	10,578	8,156
Net income (loss)	**10,046**	**3,733**	**26,673**	**(23,787)**
Adjusted net income	**12,217**	**9,749**	**33,733**	**27,582**
EBITDA	**19,220**	**11,194**	**55,297**	**26,400**
Adjusted EBITDA	**22,933**	**18,848**	**67,628**	**61,477**
Adjusted EBITDA margin	**23.1%**	**22.4%**	**21.1%**	**20.5%**
Net income (loss)	**10,046**	**3,733**	**26,673**	**(23,787)**
Preferred share dividend	-		-	(9,605)
Basic, net income (loss) attributable to common shareholders:	**10,046**	**3,733**	**26,673**	**(33,392)**
Preferred share accretion	-	-	-	-
Diluted, net income (loss) attributable to common shareholders:	**10,046**	**3,733**	**26,673**	**(33,392)**
Weighted average number of shares				
Basic	38,166,594	37,729,359	38,009,443	18,669,758
Diluted	39,707,979	39,639,122	39,531,078	18,669,758
Adjusted Diluted	39,707,979	39,639,122	39,707,979	39,639,122
Earnings per share attributable to common shareholders:				
Basic, earnings (loss) per share	0.26	0.10	0.70	(1.79)
Diluted, earnings (loss) per share	0.25	0.09	0.67	(1.79)
Adjusted Diluted, earnings per share	0.31	0.25	0.85	0.70

The following table provides selected consolidated financial position data for the periods indicated.

($ in 000's)	**As at December 31, 2018**	**As at December 31, 2017**
Selected Consolidated Financial Position Data:		
Total assets	549,021	512,555
Total non-current liabilities	205,739	210,012

Results of Operations — three months ended December 31, 2018 and 2017

The following table provides a summary of our results for the three months ended December 31, 2018 and December 31, 2017.

	Three months ended December 31			
($ in 000's, except as otherwise noted)	**2018**	**2017**	**$ Change**	**% Change**
Revenue ($102,784 less other consideration payable to customers of $3,639)	**99,145**	**84,318**	**14,827**	**17.6%**
Cost of sales	63,906	53,421	10,485	19.6%
Gross profit	35,239	30,897	4,342	14.1%
Selling, general and administrative expenses	16,859	14,252	2,607	18.3%
Share-based compensation	1,278	1,712	(434)	(25.4%)
Earnings from operations	**17,102**	**14,933**	**2,169**	**14.5%**
Operating margin	**17.2%**	**17.7%**	-	**(0.5%)**
Foreign exchange loss	89	116	(27)	(23.3%)
Termination benefits and related costs	129	1,633	(1,504)	(92.1%)
Public offering costs	-	1,200	(1,200)	(100.0%)
Other expenses	64	2,981	(2,917)	(97.9%)
Interest expense and other financing costs	2,390	2,140	250	11.7%
Income before income taxes	14,430	6,863	7,567	110.3%
Provision for income taxes	4,384	3,130	1,254	40.1%
Net income	**10,046**	**3,733**	**6,313**	**169.1%**
Adjusted net income	**12,217**	**9,749**	**2,468**	**25.3%**
EBITDA	**19,220**	**11,194**	**8,026**	**71.7%**
Adjusted EBITDA	**22,933**	**18,848**	**4,085**	**21.7%**
Adjusted EBITDA margin	**23.1%**	**22.4%**	-	**0.7%**

The following table provides a reconciliation of net income (loss) to EBITDA, Adjusted EBITDA, and Adjusted Net Income for the three months ended December 31, 2018 and December 31, 2017.

	Three months ended December 31			
($ in 000's, except as otherwise noted)	**2018**	**2017**	**$ Change**	**% Change**
Net income	**10,046**	**3,733**	**6,313**	**169.1%**
Add:				
Provision for income taxes	4,384	3,130	1,254	40.1%
Interest expense and other financing costs	2,390	2,140	250	11.7%
Depreciation of property, plant, and equipment	1,532	1,336	196	14.7%
Amortization of intangible assets	868	855	13	1.5%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**19,220**	**11,194**	**8,026**	**71.7%**
Share-based compensation (1)	1,278	1,712	(434)	(25.4%)
Foreign exchange loss	89	116	(27)	(23.3%)
Termination benefits and related costs (2)	129	1,633	(1,504)	(92.1%)
Purchase consideration accounted for as compensation expense (3)	-	2,521	(2,521)	(100.0%)
Public offering costs	-	1,200	(1,200)	(100.0%)
International market expansion (4)	669	-	669	100.0%
Non-recurring business integration (5)	844	-	844	100.0%
Other (6)	704	472	232	49.2%
Adjusted EBITDA	**22,933**	**18,848**	**4,085**	**21.7%**
Provision for income taxes	(4,384)	(3,130)	(1,254)	(40.1%)
Interest expense and other financing costs	(2,390)	(2,140)	(250)	(11.7%)
Depreciation of property, plant, and equipment	(1,532)	(1,336)	(196)	(14.7%)
Amortization of intangible assets	(868)	(855)	(13)	(1.5%)
Share-based compensation (7)	(895)	(734)	(161)	(21.9%)
Tax effect of normalization adjustments	(647)	(904)	257	28.4%
Adjusted net income	**12,217**	**9,749**	**2,468**	**25.3%**

(1) In Q4 2018, the Company's share-based compensation expense pertains to the LTIP (refer to "*Share-based compensation*"). In Q4 2017, a $1.0 million expense was incurred pertaining to the accelerated vesting of certain options under the Legacy Option Plan in connection with the Secondary Offering.

(2) As management continually assesses and enhances current processes, reorganization activities are undertaken intermittently in order to gain flexibility and improve efficiency. The costs related to both years are mainly comprised of severance costs and salary continuance.

(3) In conjunction with the acquisition of Body Plus and Sonoma on January 31, 2017, deferred consideration payable has been accounted for as compensation expense under the provisions of IFRS 3, Business Combinations. A portion of the deferred consideration of $9.4 million was due to be paid on the one-year anniversary of the acquisition with the remaining balance paid in July 2018.

(4) We incurred one-time expenses pertaining to professional fees in establishing our presence in China including regulatory and logistical processes, distribution and supply agreements, along with costs incurred on a China market study.

(5) We incurred non-employee related expenses associated with the integration of our LVHS and Body Plus businesses including the consolidation of offices, warehouses, supply chain activities, consulting fees and transition counselling.

(6) In 2018, costs were mainly related to one-time expenses pertaining to the initial set-up of our e-commerce platform, leasehold improvements and other expenses in relation to our head office expansion at the end of October 2018, consulting fees for one-time projects and costs associated with the review and assessment of

acquisition opportunities. In 2017, we made investments in process improvement projects and other one-time studies commissioned to integrate the acquired Sonoma operations.

(7) In 2018, we normalize for performance-based share units ("PSUs") granted to certain employees on May 31, 2018 and time-based restricted share units ("RSUs") granted to certain employees on November 6, 2018 (refer to "*Share-based compensation*"). In 2017, we normalize for the accelerated vesting of certain options under the Legacy Option Plan as a result of the Secondary Offering.

The following table provides selected financial information for our two operating segments for the three months ended December 31, 2018 and December 31, 2017.

Jamieson Brands

($ in 000's, except as otherwise noted)

For the three months ended December 31,	**2018**	**2017**	**$ Change**	**% Change**
Revenue	69,715	65,545	4,170	6.4%
Gross profit	31,079	27,107	3,972	14.7%
Gross profit margin	44.6%	41.4%	-	3.2%
Selling, general and administrative expenses	15,324	12,663	2,661	21.0%
Share-based compensation	1,278	1,712	(434)	(25.4%)
Earnings from operations	14,477	12,732	1,745	13.7%
Operating margin	20.8%	19.4%	-	1.4%
Adjusted EBITDA	19,742	16,308	3,434	21.1%
Adjusted EBITDA margin	28.3%	24.9%	-	3.4%

The following table provides a reconciliation from earnings from operations to Adjusted EBITDA for the three months ended December 31, 2018 and December 31, 2017.

($ in 000's, except as otherwise noted)

For the three months ended December 31,	**2018**	**2017**	**$ Change**	**% Change**
Earnings from operations	14,477	12,732	1,745	13.7%
Depreciation of property, plant, and equipment	1,088	997	91	9.1%
Amortization of intangible assets	862	855	7	0.8%
Share-based compensation	1,278	1,712	(434)	(25.4%)
International market expansion	669	-	669	100.0%
Non-recurring business integration	734	-	734	100.0%
Other	634	12	622	5183.3%
Adjusted EBITDA	**19,742**	**16,308**	**3,434**	**21.1%**

Strategic Partners

($ in 000's, except as otherwise noted)

For the three months ended December 31,	**2018**	**2017**	**$ Change**	**% Change**
Revenue	29,430	18,773	10,657	56.8%
Gross profit	4,160	3,790	370	9.8%
Gross profit margin	14.1%	20.2%	-	(6.1%)
Selling, general and administrative expenses	1,535	1,589	(54)	(3.4%)
Earnings from operations	2,625	2,201	424	19.3%
Operating margin	8.9%	11.7%	-	(2.8%)
Adjusted EBITDA	3,191	2,540	651	25.6%
Adjusted EBITDA margin	10.8%	13.5%	-	(2.7%)

The following table provides a reconciliation from earnings from operations to Adjusted EBITDA for the three months ended December 31, 2018 and December 31, 2017.

($ in 000's, except as otherwise noted)

For the three months ended December 31,	**2018**	**2017**	**$ Change**	**% Change**
Earnings from operations	2,625	2,201	424	19.3%
Depreciation of property, plant, and equipment	444	339	105	31.0%
Amortization of intangible assets	6	-	6	100.0%
Non-recurring business integration	110	-	110	100.0%
Other	6	-	6	100.0%
Adjusted EBITDA	**3,191**	**2,540**	**651**	**25.6%**

Revenue

Revenue increased 17.6%, or $14.8 million, to $99.1 million in Q4 2018. This was mainly driven by $7.8 million or 11.9% growth offset by the impact of revenue recognition change of $3.6 million in Jamieson Brands and an increase in Strategic Partners revenues of $10.7 million or 56.8% quarter-over-quarter. Under historical guidance (refer to *"How We Assess the Performance of our Business - Revenue"*), revenue increased 21.9%, or $18.5 million, to $102.8 million in Q4 2018.

Revenue in the Jamieson Brands segment increased 6.4%, or $4.2 million, to $69.7 million in Q4 2018. This was impacted by the revenue recognition accounting impact of $3.6 million, while Jamieson Brands growth was 11.9%, or $7.8 million, driven by higher domestic Jamieson sales of $7.3 million and international growth of $1.9 million, partially offset by lower volumes on Specialty Brands (formerly referred to as "Health Foods" including Body Plus and LVHS) of $1.4 million. Our domestic Jamieson sales increased by 15.9% driven by higher volume from continued strong consumer demand, our February price increase, innovations, and timing, as shipment growth has caught up in the back half of the year to more closely align with our year-over-year increase in consumer purchases. Our international sales increased by 26.4% versus prior quarter, led by growth in Asia, Europe and the Middle East. Specialty Brands volumes decreased by 11.1% and we have implemented improvement initiatives surrounding culture, customer and consumer. As the quarter progressed these initiatives began to take effect and revenue has improved on a month-over-month basis.

Revenue in the Strategic Partners segment increased 56.8%, or $10.7 million, to $29.4 million in Q4 2018. Revenue increase was mainly driven by new contracts and increased shipments due to strong demand for our customers' branded products. Revenue was also impacted by the delayed receipt of customer supplied fish oil and vitamin A in the third quarter of 2018 which led to a shift in timing of delivery into Q4 2018.

Gross profit

Gross profit increased by $4.3 million in Q4 2018 driven by revenue growth and a reclassification of trade related costs to SG&A in the current period. Gross profit margin decreased by 110 basis points to 35.5% in Q4 2018 and was impacted by a higher proportion of Strategic Partners revenue partially offset by the impact of lower reported revenues resulting from the revenue recognition change.

Gross profit in the Jamieson Brands segment increased by $4.0 million in Q4 2018 driven by higher volumes, production efficiencies and a reclassification of trade related costs to SG&A in the current period. Gross profit margin increased by 320 basis points to 44.6% in Q4 2018 primarily due to operating efficiencies on incremental volumes and the impact of lower reported revenues resulting from the revenue recognition change.

Gross profit in the Strategic Partners segment increased by $0.4 million to $4.2 million in Q4 2018. The increase was primarily driven by higher volumes partially offset by an expected reduction of margin resulting from customer mix. Gross profit margin decreased by 610 basis points to 14.1% in Q4 2018 primarily due to customer mix discussed above.

Selling, general and administrative expenses

SG&A expenses increased by 18.3%, or $2.6 million, to $16.9 million in Q4 2018. In the Jamieson Brands segment, $2.0 million in non-recurring costs related to business integration, international market expansion, e-commerce initiation, and other non-recurring costs, $0.4 million impact of an accounting presentation reclassification in the current period, and higher variable compensation of $0.5 million were partially offset by lower Specialty Brands selling commissions of $0.2 million. In the Strategic Partners segment, SG&A expenses decreased by $0.1 million due to lower variable compensation.

Share-based compensation

Share-based compensation decreased by $0.4 million to $1.3 million in Q4 2018 primarily due to the accelerated vesting of certain options granted to our directors, officers and employees under the Legacy Option Plan in the prior year, partially offset by additional grants of options under the LTIP in the current year.

Earnings from operations and operating margin

Earnings from operations increased by $2.2 million in Q4 2018 mainly driven by increase in gross profit within the Jamieson Brands segment. Operating margin decreased slightly by 50 basis points to 17.2% due to the impact of non-recurring SG&A partially offset by lower reported revenues resulting from the revenue recognition change and the impact of share-based compensation related to the accelerated vesting in the prior year.

Earnings from operations in the Jamieson Brands segment increased by $1.7 million mainly driven by higher gross profit. Operating margin increased 140 basis points to 20.8% in Q4 2018 due to gross profit margin improvements discussed above, lower reported revenues resulting from the revenue recognition change, and the impact of share-based compensation related to the accelerated vesting in the prior year, partially offset by the impact of non-recurring SG&A.

Earnings from operations in the Strategic Partners segment increased by $0.4 million in Q4 2018 and operating margin decreased by 280 basis points to 8.9% in Q4 2018 as a result of the planned reduction in gross profit margin discussed above.

Foreign exchange loss

Foreign exchange loss of $0.1 million is consistent with the same period in the prior year.

Termination benefits and related costs

Termination benefits and related costs decreased by $1.5 million to $0.1 million in Q4 2018. In 2017, costs were primarily restructuring costs incurred in connection with our Initial Offering. The costs for both years are mainly comprised of severance costs and salary continuance.

Public offering costs

Public offering costs of $1.2 million in Q4 2017 was related to our Initial Offering (refer to "*Initial Public Offering*") and our Secondary Offering (refer to "*Secondary Offering*").

Other expenses

Other expenses decreased by $2.9 million to $0.1 million in Q4 2018. In Q4 2017, other expenses were mainly related to deferred consideration in relation to the acquisition of Body Plus and Sonoma for $2.5 million, other non-recurring consulting services of $0.4 million, and other advisory fees of $0.1 million.

Interest expense and other financing costs

Interest expense and other financing costs increased by $0.3 million to $2.4 million in Q4 2018 based on higher levels of borrowing and slightly higher rates in the current quarter.

Provision for income taxes

Provision for income taxes increased by $1.3 million to $4.4 million in Q4 2018. Our Q4 2018 effective tax rate of 30.4% was impacted by non-deductible share-based compensation. Our Q4 2017 effective tax rate of 45.6% was significantly impacted by accelerated share-based compensation and purchase consideration accounted for as compensation expense.

Depreciation

Depreciation expense increased by $0.2 million to $1.5 million in Q4 2018 due to increases in our capital investments.

Amortization

Amortization expense remained relatively consistent with the same period in the prior year. A minor increase was due to our investment in international product registrations and website development costs.

EBITDA and Adjusted EBITDA

EBITDA increased by $8.0 million to $19.2 million in Q4 2018 primarily due to the factors discussed above.

Adjusted EBITDA increased by $4.1 million to $22.9 million and Adjusted EBITDA margin increased by 70 basis points to 23.1% for the quarter mainly due to gross profit margin improvements in the Jamieson Brands segment and the impact of lower reported revenues resulting from the revenue recognition change, partially offset by the volume of Strategic Partners activity in the quarter.

Adjusted EBITDA in the Jamieson Brands segment increased by $3.4 million to $19.7 million and Adjusted EBITDA margin increased by 340 basis points to 28.3% for the quarter. This was mainly driven by gross profit margin improvements discussed above and the impact of lower reported revenues resulting from the revenue recognition change.

Adjusted EBITDA in the Strategic Partners segment increased by $0.7 million, to $3.2 million and Adjusted EBITDA margin decreased to 10.8% in Q4 2018 mainly due to lower gross profit margins discussed above.

Results of Operations —for the year ended December 31, 2018 and 2017

The following table provides a summary of our results for the year ended December 31, 2018 and December 31, 2017.

	For the year ended December 31			
($ in 000's, except as otherwise noted)	**2018**	**2017**	**$ Change**	**% Change**
Revenue ($333,076 less other consideration payable to customers of $13,300)	**319,776**	**300,619**	**19,157**	**6.4%**
Cost of sales	204,358	195,770	8,588	4.4%
Gross profit	115,418	104,849	10,569	10.1%
Selling, general and administrative expenses	62,261	53,589	8,672	16.2%
Share-based compensation	3,067	6,325	(3,258)	(51.5%)
Earnings from operations	**50,090**	**44,935**	**5,155**	**11.5%**
Operating margin	**15.7%**	**14.9%**	**-**	**0.8%**
Foreign exchange loss	608	331	277	83.7%
Termination benefits and related costs	2,933	4,132	(1,199)	(29.0%)
Public offering costs	-	10,720	(10,720)	(100.0%)
Acquisition costs	-	2,444	(2,444)	(100.0%)
Other expenses	298	9,410	(9,112)	(96.8%)
Preferred share accretion	-	28,796	(28,796)	(100.0%)
Interest expense and other financing costs	9,000	4,733	4,267	90.2%
Income (loss) before income taxes	37,251	(15,631)	52,882	338.3%
Provision for income taxes	10,578	8,156	2,422	29.7%
Net income (loss)	**26,673**	**(23,787)**	**50,460**	**212.1%**
Adjusted net income	**33,733**	**27,582**	**6,151**	**22.3%**
EBITDA	**55,297**	**26,400**	**28,897**	**109.5%**
Adjusted EBITDA	**67,628**	**61,477**	**6,151**	**10.0%**
Adjusted EBITDA margin	**21.1%**	**20.5%**	**-**	**0.6%**

The following table provides a reconciliation of net income (loss) to EBITDA, Adjusted EBITDA, and Adjusted Net Income for the year ended December 31, 2018 and December 31, 2017.

	For the year ended December 31			
($ in 000's, except as otherwise noted)	**2018**	**2017**	**$ Change**	**% Change**
Net income (loss)	**26,673**	**(23,787)**	**50,460**	**212.1%**
Add:				
Provision for income taxes	10,578	8,156	2,422	29.7%
Interest expense and other financing costs	9,000	4,733	4,267	90.2%
Preferred share accretion	-	28,796	(28,796)	(100.0%)
Depreciation of property, plant, and equipment	5,551	5,106	445	8.7%
Amortization of intangible assets	3,495	3,396	99	2.9%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**55,297**	**26,400**	**28,897**	**109.5%**
Share-based compensation (1)	3,067	6,325	(3,258)	(51.5%)
Amortization of fair value adjustments (2)	-	1,694	(1,694)	(100.0%)
Foreign exchange loss	608	331	277	83.7%
Termination benefits and related costs (3)	2,933	4,132	(1,199)	(29.0%)
Acquisition costs	-	2,444	(2,444)	(100.0%)
Purchase consideration accounted for as compensation expense (4)	(1,066)	8,427	(9,493)	(112.6%)
Public offering costs	-	10,720	(10,720)	(100.0%)
International market expansion (5)	929	-	929	100.0%
Non-recurring business integration (6)	4,142	-	4,142	100.0%
Other (7)	1,718	1,004	714	71.1%
Adjusted EBITDA	**67,628**	**61,477**	**6,151**	**10.0%**
Provision for income taxes	(10,578)	(8,156)	(2,422)	(29.7%)
Interest expense and other financing costs	(9,000)	(4,733)	(4,267)	(90.2%)
Depreciation of property, plant, and equipment	(5,551)	(5,106)	(445)	(8.7%)
Amortization of intangible assets	(3,495)	(3,396)	(99)	(2.9%)
Share-based compensation (8)	(2,532)	(2,154)	(378)	(17.5%)
Amortization of deferred financing fee (9)	-	3,078	(3,078)	(100.0%)
Net interest forgiveness	-	(11,001)	11,001	100.0%
Tax effect of normalization adjustments	(2,739)	(2,427)	(312)	(12.9%)
Adjusted net income	**33,733**	**27,582**	**6,151**	**22.3%**

(1) In 2018, the Company's share-based compensation expense pertains to the LTIP (refer to "*Share-based compensation*"). In 2017, share-based compensation expense includes the Legacy Option Plan and the vesting of certain options issued to the former owner in relation to JLL's acquisition of LVHS on June 12, 2014. Expenses of $1.7 million and $1.0 million were also incurred in 2017 with respect to the accelerated vesting of certain options under the Legacy Option Plan in connection with the Initial Offering and Secondary Offering, respectively.

(2) In conjunction with the acquisition of Body Plus and Sonoma on January 31, 2017, the fair value adjustment of inventory as part of the initial purchase price allocation was amortized.

(3) Costs in 2018 were primarily related to the integration of our LVHS business with Body Plus, which includes the closure of our two west coast distribution facilities and the consolidation of supply chain activities. In 2017, costs primarily consisted of restructuring costs incurred in preparation for our Initial Offering. The costs for both years are mainly comprised of severance costs and salary continuance.

(4) In conjunction with the acquisition of Body Plus and Sonoma on January 31, 2017, deferred consideration payable has been accounted for as compensation expense under the provisions of IFRS 3, Business Combinations. A portion of the deferred consideration of $9.4 million was due to be paid on the one-year anniversary of the acquisition with the remaining balance paid in July 2018. In 2018, the Company

recognized a gain due to a $2.0 million reduction of the Holdback Amount (refer to "*Acquisitions*") offset by deferred consideration expense in the period.

(5) We incurred one-time expenses in relation to the incorporation of Jamieson Health Products (Shanghai) Co., Ltd., and incurred professional fees in establishing this presence including regulatory and logistical processes, distribution and supply agreements, along with costs incurred on a China market study.

(6) We incurred non-employee related expenses associated with the integration of our LVHS and Body Plus businesses including the consolidation of offices, warehouses, supply chain activities, inventory write-offs, consulting fees and transition counselling.

(7) In 2018, costs were mainly related to additional professional fee billings on our reorganization in relation to the Initial Offering, the initial set-up of our e-commerce platform, leasehold improvements and other expenses in relation to our head office expansion, and costs associated with the review and assessment of acquisition opportunities. In 2017, costs were mainly related to investments in process improvement projects and other one-time studies commissioned for the acquired Sonoma operations and cost incurred pertaining to our labour agreement.

(8) In 2018, we normalize for PSUs granted to certain employees on May 31, 2018 and RSUs granted to certain employees on November 6, 2018 (refer to "*Share-based compensation*"). In 2017, we normalize for vesting of certain shares issued to the former owner in relation to JLL's acquisition of LVHS on June 12, 2014 and the accelerated vesting of certain options under the Legacy Option Plan in connection with the Initial Offering and Secondary Offering for $1.7 million and $1.0 million respectively.

(9) Write-off of remaining deferred financing fees associated with the extinguishment of our term loan agreement with CPPIB Credit Investments Inc. and our revolving credit facility with Wells Fargo Capital Finance Corporation on January 31, 2017.

The following table provides selected financial information for our two operating segments for the year ended December 31, 2018 and December 31, 2017.

Jamieson Brands

($ in 000's, except as otherwise noted) For the year ended December 31,	**2018**	**2017**	**$ Change**	**% Change**
Revenue	243,772	237,001	6,771	2.9%
Gross profit	104,115	91,559	12,556	13.7%
Gross profit margin	42.7%	38.6%	-	4.1%
Selling, general and administrative expenses	55,877	47,639	8,238	17.3%
Share-based compensation	3,067	6,325	(3,258)	(51.5%)
Earnings from operations	45,171	37,595	7,576	20.2%
Operating margin	18.5%	15.9%	-	2.6%
Adjusted EBITDA	60,173	52,834	7,339	13.9%
Adjusted EBITDA margin	24.7%	22.3%	-	2.4%

The following table provides a reconciliation from earnings from operations to Adjusted EBITDA for the year ended December 31, 2018 and December 31, 2017.

($ in 000's, except as otherwise noted)

For the year ended December 31,	**2018**	**2017**	**$ Change**	**% Change**
Earnings from operations	45,171	37,595	7,576	20.2%
Depreciation of property, plant, and equipment	4,007	3,803	204	5.4%
Amortization of intangible assets	3,475	3,396	79	2.3%
Share-based compensation	3,067	6,325	(3,258)	(51.5%)
Amortization of fair value adjustments	-	1,694	(1,694)	(100.0%)
International market expansion	929	-	929	100.0%
Non-recurring business integration	2,104	-	2,104	100.0%
Other	1,420	21	1,399	6661.9%
Adjusted EBITDA	**60,173**	**52,834**	**7,339**	**13.9%**

Strategic Partners

($ in 000's, except as otherwise noted)

For the year ended December 31,	**2018**	**2017**	**$ Change**	**% Change**
Revenue	76,004	63,618	12,386	19.5%
Gross profit	11,303	13,290	(1,987)	(15.0%)
Gross profit margin	14.9%	20.9%	-	(6.0%)
Selling, general and administrative expenses	6,384	5,950	434	7.3%
Earnings from operations	4,919	7,340	(2,421)	(33.0%)
Operating margin	6.5%	11.5%	-	(5.0%)
Adjusted EBITDA	7,455	8,643	(1,188)	(13.7%)
Adjusted EBITDA margin	9.8%	13.6%	-	(3.8%)

The following table provides a reconciliation from earnings from operations to Adjusted EBITDA for the year ended December 31, 2018 and December 31, 2017.

($ in 000's, except as otherwise noted)

For the year ended December 31,	**2018**	**2017**	**$ Change**	**% Change**
Earnings from operations	4,919	7,340	(2,421)	(33.0%)
Depreciation of property, plant, and equipment	1,544	1,303	241	18.5%
Amortization of intangible assets	20	-	20	100.0%
Non-recurring business integration	928	-	928	100.0%
Other	44	-	44	100.0%
Adjusted EBITDA	**7,455**	**8,643**	**(1,188)**	**(13.7%)**

Revenue

Revenue increased 6.4%, or $19.2 million, to $319.8 million in YTD 2018. This was mainly driven by $20.1 million or 8.5% growth offset by the impact of revenue recognition change of $13.3 million in Jamieson Brands and an increase in Strategic Partners revenues of $12.4 million or 19.5% year-over-year. Under historical guidance (refer to *"How We Assess the Performance of our Business - Revenue"*), revenue increased 10.8%, or $32.5 million, to $333.1 million in YTD 2018.

Revenue in the Jamieson Brands segment increased 2.9%, or $6.8 million, to $243.8 million in YTD 2018. This was impacted by the revenue recognition accounting impact of $13.3 million, while Jamieson Brands growth was 8.5%, or $20.1 million, driven by higher domestic Jamieson sales of $14.0 million, international growth of $6.4 million, and the acquisition impact of Body Plus of $2.9 million, offset by lower Specialty Brands sales of $3.2 million. Our domestic Jamieson sales increased by 8.5% driven by continued strong consumer demand, innovations and our February price increase while our Specialty Brands declined 0.8% compared to the prior year as sales were impacted by the integration of our sales team and delayed innovation until Q4 2018. Our international sales increased by 30.1% year over year, as we penetrate into new areas within Europe and the Middle East while expanding in both new and existing markets within Asia.

Revenue in the Strategic Partners segment increased 19.5%, or $12.4 million, to $76.0 million in YTD 2018. The increase was mainly driven by new strategic partner business of $11.3 million and revenue from our Sonoma acquisition of $1.1 million.

Gross profit

Gross profit increased by $10.6 million in YTD 2018 driven by revenue growth and a reclassification of trade related costs to SG&A in the current year. Gross profit margin increased by 120 basis points to 36.1% in YTD 2018 as margin expansion in the Jamieson Brands segment and the impact of lower reported revenues resulting from the revenue recognition change were partially offset by higher mix of Strategic Partner revenues.

Gross profit in the Jamieson Brands segment increased by $12.6 million in YTD 2018 driven by higher volumes, plant efficiencies, a reclassification of trade related costs to SG&A in the current year, and the impact of amortization of fair value inventory adjustments related to the Body Plus acquisition in 2017 of $1.7 million. Rising raw material prices impacting cost of sales were offset by higher selling prices. Gross profit margin increased by 410 basis points due to realized plant efficiencies, the impact of amortization of fair value inventory adjustments recorded in the prior year, and the impact of lower reported revenues resulting from the revenue recognition change partially offset by overhead investments in supply chain and operations in the current year to drive long-term volume growth and operational efficiencies.

Gross profit in the Strategic Partners segment decreased by $2.0 million to $11.3 million in YTD 2018. Higher volumes were impacted by an expected reduction of margin as we benefited from favourable pricing and margins related to certain volumes in the prior year, an increase to inventory reserves of $0.3 million, and business integration which resulted in inventory write-offs of $0.7 million. Gross profit margin decreased by 600 basis points to 14.9% in YTD 2018 primarily due to customer mix discussed above.

Selling, general and administrative expenses

SG&A expenses increased by 16.2%, or $8.7 million, to $62.3 million in YTD 2018. In the Jamieson Brands segment, SG&A expenses increased by $8.2 million due to $4.4 million in non-recurring costs related to business integration, international market expansion, e-commerce initiation, and other non-recurring costs, $1.3 million impact of an accounting presentation reclassification in the current year, the acquisition impact of Body Plus adding $1.0 million in costs, $1.3 million in public company costs, and higher marketing expenses of $1.4 million partially offset by $0.9 million related to lower compensation related costs and $0.2 million in lower commissions. Total public company costs incurred in 2018 were $2.5 million. In the Strategic Partners segment, SG&A expenses increased by $0.4 million in YTD 2018 mainly due to the acquisition impact of Sonoma of $0.2 million and non-recurring costs associated with business integration of $0.3 million.

Share-based compensation

Share-based compensation decreased by $3.3 million to $3.1 million in YTD 2018 primarily due to the amortization of shares related to the acquisition of LVHS and the accelerated vesting of options as a result of the Initial Offering and the Secondary Offering in the prior year, partially offset by additional grants of options under the LTIP in the current year.

Earnings from operations and operating margin

Earnings from operations increased by $5.2 million in YTD 2018 mainly driven by an increase in gross profit within the Jamieson Brands segment. Operating margin increased by 80 basis points to 15.7% due to lower reported revenues resulting from the revenue recognition change, the impact of share-based compensation related to the accelerated vesting in the prior year, and the impact of fair value adjustments in the prior year, partially offset by the impact of non-recurring SG&A.

Earnings from operations in the Jamieson Brands segment increased by $7.6 million mainly driven by higher gross profit. Operating margin increased 260 basis points to 18.5% in YTD 2018 due to gross profit margin improvements discussed above, lower reported revenues resulting from the revenue recognition change, the impact of share-based compensation related to the accelerated vesting in the prior year, and the impact of fair value adjustments in the prior year, partially offset by the impact of non-recurring SG&A.

Earnings from operations in the Strategic Partners segment decreased by $2.4 million to $4.9 million and operating margin decreased by 500 basis points to 6.5% in YTD 2018 as a result of the planned reduction in gross profit margin discussed above.

Foreign exchange loss

Foreign exchange loss increased by $0.3 million in YTD 2018. The change was due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Termination benefits and related costs

Termination benefits and related costs decreased by $1.2 million to $2.9 million in YTD 2018. In 2018, the Company incurred costs associated with integrating our LVHS and Body Plus businesses. In YTD 2017, costs were primarily restructuring costs incurred in connection with our Initial Offering. The costs for both years are mainly comprised of severance costs and salary continuance.

Public offering costs

Public offering costs of $10.7 million in YTD 2017 were related to our Initial Offering (refer to "*Initial Public Offering*") and our Secondary Offering (refer to "*Secondary Offering*").

Acquisition costs

Acquisition costs of $2.4 million in YTD 2017 were related to the January 31, 2017 acquisition of Body Plus and Sonoma.

Other expenses

Other expenses in YTD 2018 are comprised of non-recurring, non-employee related business integration and other consulting costs of $1.4 million, offset by the reduction of consideration on the acquisition of Body Plus and Sonoma of $1.1 million. Other expenses of $9.4 million in YTD 2017 were mainly related to deferred consideration in relation to the acquisition of Body Plus and Sonoma for $8.4 million, other non-recurring consulting services of $0.7 million, costs relating to our labour agreement for $0.2 million and other advisory fees of $0.1 million.

Preferred share accretion

Preferred share accretion was $nil in YTD 2018 compared to $28.8 million of expense in YTD 2017. The charge in the prior year was tied to the change in the underlying fair value of the Company based on a multiple of Adjusted EBITDA. There will be no further preferred share accretion as all preferred shares have been converted into Common Shares of the Company as part of the Reorganization (refer to "*Initial Public Offering*").

Interest expense and other financing costs

Interest expense and other financing costs were $9.0 million in YTD 2018 compared to $4.7 million in YTD 2017. The amount reported in 2017 included the discharge of the note payable to Finco which resulted in net interest forgiveness of $11.0 million partially offset by $2.0 million interest on the note in the period. In YTD 2018, amortization of deferred financing fees was $3.0 million lower as the prior year included a write-off associated with the extinguishment of debt on January 31, 2017. Interest was also $1.7 million lower than the prior year based on lower interest rates and lower levels of borrowing.

Provision for income taxes

Provision for income taxes increased by $2.4 million to $10.6 million in YTD 2018. Our YTD 2018 effective tax rate of 28.4% was impacted by a $1.1 million accounting gain for deferred purchase consideration associated with the acquisition of Body Plus and Sonoma and non-deductible share-based compensation. Our YTD 2017 effective tax rate of 52.2% was driven by a number of factors in the prior year including share-based compensation, deferred purchase consideration accounted for as compensation expense and preferred share accretion which were not deductible for tax purposes.

Depreciation

Depreciation expense increased by $0.4 million to $5.6 million in YTD 2018 due to increases in our investments in property, plant and equipment.

Amortization

Amortization expense remained relatively consistent with the same period in the prior year. A minor increase was due to amortization of intangibles pertaining to customer relationships acquired as part of the acquisition of Body Plus and Sonoma, our investment in domestic and international product registrations, and our investment in website development costs.

EBITDA and Adjusted EBITDA

EBITDA increased by $28.9 million to $55.3 million in YTD 2018 primarily due to the factors discussed above.

Adjusted EBITDA increased by $6.2 million to $67.6 million and Adjusted EBITDA margin increased by 60 basis points to 21.1% for the year mainly due to gross profit margin improvements in the Jamieson Brands segment and the impact of lower reported revenues resulting from the revenue recognition change, partially offset by Strategic Partners margin affected by customer mix and higher public company costs.

Adjusted EBITDA in the Jamieson Brands segment increased by $7.3 million to $60.2 million and Adjusted EBITDA margin increased by 240 basis points to 24.7% for the year. This was mainly driven by gross profit margin improvements and the impact of lower reported revenues resulting from the revenue recognition change, partially offset by higher planned SG&A increases related to marketing and public company costs.

Adjusted EBITDA in the Strategic Partners segment decreased by $1.2 million, to $7.5 million and Adjusted EBITDA margin decreased by 380 basis points to 9.8% in YTD 2018 mainly due to lower gross profit margins discussed above.

Summary of Consolidated Quarterly Results

The following is a summary of selected consolidated financial information for each of the eight most recently completed quarters prepared in accordance with IFRS. As of January 1, 2018, the Company has adopted IFRS 15 using the modified retrospective method (refer to *"Recently adopted accounting standards"*). The adoption of IFRS 15 resulted in a reclassification in the presentation of certain consideration paid to customers, which was made to the annual consolidated financial statements for the year ended December 31, 2018. Management has revised all prior quarters in 2018 for this reclassification in the below summary. Due to the adoption of IFRS 15 and other factors listed below, the results of operations for any quarter are not necessarily indicative of the result of operations for the fiscal year.

	2018				2017			
($ in 000's, except per share amounts)	**Q4**	Q3 *	Q2 *	Q1 *	Q4	Q3	Q2	Q1
Revenue by segment								
Jamieson Brands	**69,715**	61,787	55,701	56,569	65,545	61,889	56,647	52,920
Strategic Partners	**29,430**	17,872	18,492	10,210	18,773	18,256	14,608	11,981
Total revenue	**99,145**	79,659	74,193	66,779	84,318	80,145	71,255	64,901
Earnings from operations	**17,102**	12,690	10,172	10,126	14,933	11,281	10,699	8,022
Net income (loss)	**10,046**	7,213	4,788	4,626	3,733	1,089	(6,958)	(21,651)
Adjusted net income	**12,217**	8,853	6,903	5,760	9,749	7,793	7,870	2,170
EBITDA	**19,220**	14,771	10,967	10,339	11,194	8,346	3,255	3,605
Adjusted EBITDA	**22,933**	17,856	14,153	12,686	18,848	16,134	15,071	11,424
Basic, earnings (loss) per share	**0.26**	0.19	0.13	0.12	0.10	(0.24)	(13.37)	(41.62)
Diluted, earnings (loss) per share	**0.25**	0.18	0.12	0.12	0.09	(0.24)	(13.37)	(41.62)
Adjusted Diluted, earnings per share	**0.31**	0.22	0.17	0.15	0.25	0.20	0.20	0.05

** Revised based on IFRS 15 revenue reclassification*

Results for the year ended December 31, 2018 are presented under the new guidance, while prior year results have not been adjusted and continue to be reported in accordance with historical accounting guidance. If the IFRS 15 revenue recognition impact was applied retrospectively to 2017, total revenue for the year would have been $286.1 million compared to total revenue in 2018 of $319.8 million, representing year-over-year growth of 11.8%.

Revenue

Jamieson Brands segment revenue for the last eight quarters were impacted by factors including the following:

- the impact of innovation, both in adjacent categories and within our core VMS portfolio;
- shipment fluctuations in our international markets;
- the volume and timing of promotion and media;
- the volume of inventory and timing of shipments to distributors and retailers;
- seasonality; and
- foreign currency fluctuations.

Strategic Partners segment revenue for the last eight quarters were impacted by factors including the following:

- available capacity when considering demand for Branded Products;
- innovation and geographic demand for high quality certified manufacturers;
- the impact of a change from a turnkey arrangement to tolling for certain products;
- periodic price increases to recapture cost escalation; and
- foreign currency fluctuations.

Earnings from operations

Earnings from operations for the last eight quarters were also impacted by factors including the following:

- revenue factors impacting price and volume noted above;
- return on incremental promotion and media spend;
- improvements in production efficiencies and higher economies of scale;
- raw material costs in native currency; and
- foreign currency fluctuations.

Selected Annual Information

The following selected annual information is shown for the three most recently completed financial years:

	For the year ended December 31		
($ in 000's, except share and per share amounts)	**2018**	**2017**	**2016**
Revenue	**319,776**	**300,619**	**248,331**
Earnings from operations	**50,090**	**44,935**	**31,041**
Net income (loss)	**26,673**	**(23,787)**	**(25,166)**
Adjusted net income	**33,733**	**27,582**	**10,910**
EBITDA	**55,297**	**26,400**	**39,446**
Adjusted EBITDA	**67,628**	**61,477**	**46,794**
Basic, earnings (loss) per share	0.70	(1.79)	(48.37)
Diluted, earnings (loss) per share	0.67	(1.79)	(48.37)
Adjusted Diluted, earnings (loss) per share	0.85	0.70	0.28
Selected Consolidated Financial Position Data:			
Total assets	549,021	512,555	405,179
Total non-current liabilities	205,739	210,012	305,023

Over the three-year period, revenue increased year-over-year driven by growth in the Jamieson Brands segment through innovations and international expansion, growth in the Strategic Partners segment through increased business with existing and new customers, and additional revenue through acquisitions (refer to "*Acquisitions*"). Total assets have increased over the three-year period reflecting acquisitions and strategic investments in property, plant, and equipment designed to improve efficiency or expand capacity.

Dividends declared for the year ended December 31, 2018:

Cash dividends per common share: 0.34

Dividends declared for the year ended December 31, 2017:

Cash dividends per common share: 0.16

Cash dividends per each former class of preferred share:

Class A	0.419	Class G	0.921	Class M	0.853	Class S	0.371
Class B	1.022	Class H	0.920	Class N	0.754	Class T	0.243
Class C	0.929	Class I	0.916	Class O	0.749	Class U	0.254
Class D	0.928	Class J	0.912	Class P	0.746	Class V	0.229
Class E	0.923	Class K	-	Class Q	0.740	Class W	0.001
Class F	0.922	Class L	0.905	Class R	-		

In 2017, immediately prior to the closing of the Initial Offering (refer to "*Initial Public Offering*") the Company 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 $9.6 million. The Company also declared cash dividends for the second and third quarter of 2017 for $0.08 per Common Share and $0.08 per Common Share, respectively. No dividends were paid in 2016.

Liquidity and Capital Resources

Overview

Our principal uses of funds are for operating expenses, capital expenditures, finance costs, and debt service. Management believes that cash generated from operations, together with amounts available under the Credit Facilities (refer to "*Credit Facilities*" section below), will be sufficient to meet the Company's future operating expenses, capital expenditures, and future debt service costs.

Our primary liquidity and capital requirements are for capital expenditures, working capital and general corporate needs. We have cash and availability under the Revolving Credit Facility (refer to "*Credit Facilities*" section below) that we expect to utilize, along with cash flow from operations, to provide capital to support the growth of our business (primarily through working capital and capital expenditures), repay short-term obligations and for general corporate purposes. We believe that cash from operations, together with our cash balance and the Revolving Credit Facility will be sufficient to meet ongoing capital expenditures, working capital requirements and other cash needs.

Our ability to fund future debt service costs, operating expenses, and capital expenditures will depend on our future operating performance which will be affected by general economic, financial and other factors including factors beyond our control (refer to "*Risk Factors*"). From time to time, our management reviews acquisition opportunities and if suitable opportunities arise, may make selected acquisitions to implement our business strategy. Historically, the funding for any such acquisitions has come from cash flow from operating activities and additional debt.

Credit Facilities

On January 31, 2017, JLL entered into a credit agreement (the "Credit Agreement") with a syndicate of lenders. The Credit Agreement provided a secured term credit facility of $195.0 million (with the option to increase the facility up to $255.0 million) and a secured revolving credit facility of $75.0 million (including a $10.0 million 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 $4.3 million and $1.5 million were incurred as part of the issuance of the term credit facility and revolving credit facility, respectively.

As at December 31, 2018, the aggregate amount outstanding under the Credit Facilities was approximately $168.9 million ($41.0 million under the Revolving Credit Facility and $127.9 million under the Term Loan Facility) and the weighted average interest rate on this facility was 4.3%.

For the three and twelve months ended December 31, 2018, JLL made drawings of $nil and $nil, respectively, and debt repayments of $2.4 million and $9.8 million, respectively, applied against the term credit facility. For the three and twelve months ended December 31, 2018, JLL made drawings of $14.3 million and $37.9 million, respectively, and debt repayments of $17.3 million and $26.9 million, respectively, applied against the revolving credit facility.

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 this MD&A.

Analysis of Cash Flows — three months ended December 31, 2018 and 2017

($ in 000's, except as otherwise noted)	**Three months ended December 31** **2018**	**2017**	**$ Change**	**% Change**
Cash, beginning of period	**2,815**	**1,196**	**1,619**	**135.4%**
Cash flows from (used in):				
Operating activities	22,233	17,194	5,039	29.3%
Investing activities	(4,611)	(2,056)	(2,555)	(124.3%)
Financing activities	(7,992)	(11,501)	3,509	30.5%
Cash, end of period	**12,445**	**4,833**	**7,612**	**157.5%**

Cash Flows Generated from Operating Activities

In Q4 2018, cash flows generated from operating activities totalled $22.2 million compared to $17.2 million in the prior year. The increase is due to cash generated in operating activities before working capital considerations of $4.7 million and an increase in cash generated in working capital of $0.3 million. The increase of cash generated from working capital is primarily driven from the drawdown of inventory from Strategic Partner volumes and timing of vendor payments. Net change in operating activities before working capital considerations was higher primarily due to increased earnings in the current year.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in Q4 2018 totalled $4.6 million compared to $2.1 million in the prior year. This is mainly due to increased expenditures on property, plant, and equipment of $2.3 million including the expansion of our production capacities and costs associated with our office expansion.

Cash Flows Used in Financing Activities

Cash flows used in financing activities in Q4 2018 totalled $8.0 million compared to $11.5 million for the same period in the prior year. In Q4 2018, the Company paid $3.4 million of dividends to Common Shareholders, made net repayments of $5.5 million to our Credit Facilities and received funds of $0.9 million on the exercise of share options and the employee share purchase plan (“ESPP”). In Q4 2017, the Company paid $3.0 million of dividends to Common Shareholders, made net repayments of $8.7 million to our Credit Facilities and received funds of $0.2 million on the exercise of share options and the ESPP.

Analysis of Cash Flows — for the year ended December 31, 2018 and 2017

($ in 000's, except as otherwise noted)	**For the year ended December 31** **2018**	**2017**	**$ Change**	**% Change**
Cash, beginning of period	**4,833**	**15,881**	**(11,048)**	**(69.6%)**
Cash flows from (used in):				
Operating activities	27,805	17,845	9,960	55.8%
Investing activities	(11,537)	(87,486)	75,949	86.8%
Financing activities	(8,656)	58,593	(67,249)	(114.8%)
Cash, end of period	**12,445**	**4,833**	**7,612**	**157.5%**

Cash Flows Generated from Operating Activities

For YTD 2018, cash flows generated from operating activities totalled $27.8 million, compared to $17.8 million for the same period in the prior year. The increase is mainly due to a reduction of cash used in working capital of $2.7 million, cash generated in operating activities before working capital considerations of $14.6 million, partially offset by $7.3 million of deferred compensation associated with our acquisition of Body Plus and Sonoma. The change in working capital was favourably impacted by timing of vendor payments and a reduction of accounts receivable due to timing of collection from major customers. Net change in operating activities before working capital considerations was higher primarily due to increased earnings in the current year and public offering costs incurred in the prior year.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in YTD 2018 totalled $11.5 million compared to $87.5 million for the same period in the prior year. This is mainly due to the acquisition of Body Plus and Sonoma for $82.5 million in the prior year. Expenditures for property, plant, and equipment increased by $6.2 million in YTD 2018 mainly due to expansion of our production capacities and costs associated with our office expansion net of asset disposals. Slight increase in intangibles of $0.3 million pertains to domestic and international product registrations and website development costs.

Cash Flows Used in / Generated from Financing Activities

Cash flows used in financing activities in YTD 2018 totalled $8.7 million compared to cash flows generated of $58.6 million in the prior year. In YTD 2018, we received net proceeds of $1.3 million from our Credit Facilities and $3.0 million in the exercise of share options and the ESPP, offset by the issuance of $12.9 million of dividends to Common Shareholders. In YTD 2017, the Initial Offering generated net proceeds net of transaction costs to the Company of $230.2 million, we received net proceeds of $11.8 million from our Credit Facilities, and we received $1.3 million from the issuance of redeemable preferred shares and $0.2 million from the exercise of share options and the ESPP. This was offset by a return of capital on the then outstanding class A to V preferred shares of $65.1 million, a repayment of our note payable to Finco of $94.6 million, Finco Tax Payable of $3.7 million, financing costs of $5.8 million, dividends on the then outstanding class A to V and class W preferred shares of $9.6 million and $6.0 million of dividends to Common Shareholders.

Acquisitions

On January 31, 2017, JLL acquired 100% of the outstanding shares of Body Plus and Sonoma, and Body Plus and Sonoma became wholly-owned subsidiaries of JLL.

Consideration for the acquisition totalled $82.5 million (net of cash acquired), plus acquisition costs of $3.2 million which were recognized in the consolidated statements of operations and comprehensive income (loss) of the Company for the year ended December 31, 2017, except for approximately $0.8 million of the acquisition costs which the Company recognized during the year ended December 31, 2016. The purchase price was funded with cash. An additional $1.9 million was 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. Further, pursuant to the purchase agreement, the former owner is entitled to a $7.5 million payment (the "Holdback Amount") from JLL 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 Combination", the deferred compensation of $9.4 million comprised of the Holdback Amount and the retention bonus have been accounted for as deferred compensation.

On January 31, 2018, the Company paid the former owner a reduced Holdback Amount of $5.5 million (representing a $2.0 million reduction) in exchange for the Company releasing the remaining balance held in escrow to the former owner 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. In addition, the Company paid $1.8 million of the Retention Bonus for total payments of deferred compensation of $7.3 million to settle the liability. No further payments are expected.

For the three and twelve month period ended December 31, 2018, we have recognized a net gain of $nil and $1.1 million, respectively, of deferred consideration (2017 - an expense of $2.5 million and $8.4 million) in the other expenses line in the consolidated statements of operations and comprehensive income (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. In addition to expanding into a growing adjacent category within the consumer health industry, these acquisitions increased our presence in the health food store and other specialty retail channels, while expanding our R&D and manufacturing capabilities.

Contractual Obligations

The following table summarizes our significant undiscounted maturities of our contractual obligations and commitments as at December 31, 2018.

($ in 000's)	**2019**	**2020-2023**	**Thereafter**	**Total**
Operating leases (1)	2,790	3,436	3,882	10,108
Trade and other payable	83,481	-	-	83,481
Revolving credit facility (2)	-	41,000	-	41,000
Term credit facility (2)	14,625	113,313	-	127,938
Total contractual obligations	**100,896**	**157,749**	**3,882**	**262,527**

(1) We have entered into several operating leases for vehicles, production equipment, computer and communications equipment, office equipment and office space. In 2018, the Company has entered into a sublease agreement, as a lessee, as part of our head office relocation with a commencement date of November 1, 2018 expiring March 29, 2022. Based on the terms and conditions set forth in the sublease agreement, the expected total rent payment is $3.1 million for the full duration of the sublease. As of December 31, 2018, our total minimum lease payments payable in future years are $10.1 million.

(2) On January 31, 2017, JLL entered into a Credit Agreement with a syndicate of lenders which is comprised of a revolving credit facility and a term loan facility each maturing on January 31, 2021.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Related Party Transactions

Balances and transactions between us and our subsidiaries, have been eliminated on consolidation.

Share-based compensation

We have an equity-based compensation plan providing for the issuance of securities under which grants will be made. Under the LTIP, the Board of Directors, at its discretion may grant share options, restricted shares, RSUs or PSUs, stock appreciation rights and deferred share units. The awards are settled in Common Shares but have a cash settlement alternative in certain circumstances. We also maintain the ESPP for all eligible employees for the purchase of Common Shares.

Our share-based compensation expense, for the three and twelve months ended December 31, 2018 is $1.3 million and $3.1 million, respectively (2017 - $1.7 million and $4.8 million). Please refer to Note 2 and Note 16 in the accompanying notes of our Company's audited consolidated annual financial statements for the year ended December 31, 2018 for details of these plans.

Financial Instruments

We primarily use foreign currency forward contracts to manage our exposure to fluctuations with respect to transactions in U.S. dollars pertaining to inventory purchases. These agreements mature at various dates and qualify for hedge accounting as cash flow hedges of future foreign currency transactions. 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 income (loss).

Outstanding 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, 2017	37,740,121	234,908
Exercise of stock options	448,943	4,102
Employee stock purchase plan	18,050	394
As at December 31, 2018	**38,207,114**	**239,404**

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

	Class A-V Preferred Shares		Class W Preferred Shares	
	#	$	#	$
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	-	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	-	-	-	-

As at December 31, 2018, the authorized share capital consisted of:

a) 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.
b) Unlimited number of Preference Shares, issuable in series.

Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continuously evaluated and are based on management’s best judgments and experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

Significant judgments made by management in applying our accounting policies and key sources of estimation of uncertainty were the same as those applied and described in Note 3 in the accompanying notes of our Company’s audited consolidated annual financial statements for the year ended December 31, 2018. Items subject to significant estimate uncertainty and critical judgements which have the most significant impact on the amounts recognized in the consolidated financial statements are included both below and in the annual audited financial statement notes.

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

We employ 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. We make estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires taking into account industry trends and company-specific factors. We review these decisions at least once each year or when circumstances change. We will change depreciation methods, depreciation rates or asset useful lives if they are different from previous estimates.

Long-lived assets valuation

We perform 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 cash-generating units ("**CGU**") for the purpose of impairment testing. We assess 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 assumption. 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 our 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 us 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.

Estimating variable consideration for returns, trade merchandise allowances and sales promotional incentive

We use historical customer return data to determine the expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return patterns will impact the expected return percentages we estimated.

We provide for estimated payments to customers based on various trade programs and sales promotional incentives. We estimate the most likely amount payable to each customer for each trade and incentive program separately using (i) the projected level of sales volume for the relevant period; (ii) customer rates for allowances, discounts, and rebates; (iii) historical spending patterns; and (iv) sales lead time. 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.

We update our expected return, trade merchandise allowances and sales promotional incentives on a quarterly basis and the refund liability and trade and promotional accruals are adjusted accordingly. To the extent that payments 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 extrapolated 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.

Measurement of fair values

A number of our 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 judgement is required in establishing fair values. Changes in assumptions about the inputs to these models could affect the reported fair value of our financial and non-financial assets and liabilities.

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

Taxes

The calculation of current and deferred income taxes requires us to make estimates and assumptions and to exercise judgement regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, 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 income (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 judgements may result in a change in our income, capital or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

Significant Accounting Policies

Our audited consolidated annual financial statements have been prepared in accordance with IFRS and our significant accounting policies are described in Note 2 in the accompanying notes of our audited consolidated annual financial statements for the year ended December 31, 2018.

Recently adopted accounting standards

The following accounting policies are applicable for the three and twelve month period ended December 31, 2018 and onwards. Please refer to the accounting policies we have outlined in our December 31, 2017 annual audited consolidated financial statements for details on the accounting policies applicable to comparative amounts.

IFRS 9, "Financial Instruments"

IFRS 9, "Financial Instruments" ("IFRS 9"), replaces the provisions of IAS 39, "Financial Instruments Recognition and Measurement" for annual periods beginning on or after January 1, 2018. IFRS 9 includes the recognition, classification and measurement of financial assets and financial liabilities; a forward looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 also amended IFRS 7, "Financial Instruments: Disclosures", which requires additional disclosures. With the exception of hedge accounting, which we applied prospectively, we have applied IFRS 9 retrospectively, with the initial application date of January 1, 2018. As permitted by the transitional provisions of IFRS 9, we elected not to restate comparative figures or note disclosures. Any adjustments to the carrying amounts of financial assets and liabilities at the transition date are to be recognized in the opening retained earnings of the current period. However, management have assessed that no adjustments to the carrying amounts of financial assets and liabilities were required upon adoption of IFRS 9.

The adoption of IFRS 9 has resulted in the following changes in our accounting policies for financial instruments.

Classification and measurement

All financial assets and liabilities are recognized initially at fair value plus, in the case of financial instruments not at fair value through profit or loss ("FVTPL"), transaction costs.

Debt financial instruments are subsequently measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost using the effective interest rate method. We determine the classification of our financial assets based on our business model for managing the financial assets and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. Our derivatives not designated as a hedging instrument in a qualifying hedge relationship are subsequently measured at FVTPL. Equity instruments within the scope of IFRS 9, if any, are subsequently measured at FVTPL or elected irrevocably to be classified at FVOCI at initial recognition.

Financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL. Financial liabilities are subsequently measured as FVTPL when the financial liability is: (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) it is designated as FVTPL if eligible. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

For financial liabilities that are designated as FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in our credit risk of that liability is recognized in other comprehensive income ("OCI") unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in the consolidated income statements. The remaining amount of change in the fair value of liability is recognized in the consolidated income statements. Changes in fair value of a financial liability attributable to our credit risk that is recognized in OCI are not subsequently reclassified to the consolidated income statements; instead, they are transferred to retained earnings, upon derecognition of the financial liability.

As at January 1, 2018, the measurement category of our financial instruments comparing IAS 39 to IFRS 9 are as follows, with no transitional adjustment required:

Financial Instrument	**IAS 39 Measurement**	**IFRS 9 Measurement**
Cash	FVTPL	Amortized cost
Accounts receivable	Amortized cost (loans and receivables)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost (other liabilities)	Amortized cost
Long-term debt	Amortized cost (other liabilities)	Amortized cost
Derivatives not designated as hedging instruments	FVTPL	FVTPL
Derivatives designated as hedging instruments	Fair value (hedge accounting)	Fair value (hedge accounting)

Impairment

IFRS 9 requires a forward looking Expected Credit Loss ("ECL") model as opposed to an incurred credit loss model under IAS 39. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive.

For accounts receivable, we apply the simplified approach and has determined the allowance based on lifetime ECLs at each reporting date. We have established a provision that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. There was no transitional adjustment as a result of adopting the new impairment requirements.

Hedge Accounting

We applied hedge accounting prospectively. At the date of the initial application, all of our existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, we have continued to designate the change in fair value of the entire foreign currency forward contracts in our cash flow hedge relationships used to hedge highly probable forecast inventory purchases. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset, we remove that amount from the cash flow hedge reserve and include it directly in the initial cost of the inventory. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately recognized in the consolidated income statements. The adoption of the hedge accounting requirements of IFRS 9 had no significant impact on our financial statements.

IFRS 15, "Revenue from Contracts with Customers"

IFRS 15, "Revenue from Contracts with Customers", establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

As of January 1, 2018, we have adopted IFRS 15 using the modified retrospective method and we elected to apply the standard retrospectively only to contracts that are not completed contracts at the date of initial application. The adoption of IFRS 15 did not have an impact on the timing of revenue recognition. However, the amount of revenue to be recognized was affected by certain promotional incentives provided to its customers. Previously, under IAS 18,, the value of certain promotional incentives provided to customers was recognized when a liability for the promotion had occurred. IFRS 15 requires that all potential variable consideration be considered and reflected in the transaction price at contract inception and reassessed as Jamieson performs.

The requirements on estimating variable consideration require that such amounts be considered at contract inception even if we have not yet provided or explicitly promised this consideration to the customer. As such, the impact of adopting IFRS 15 on the opening consolidated statement of financial position is as follows:

As at	**January 1, 2018**
	$
Accounts payable and accrued liabilities	6,697
Deferred income tax	(1,775)
Deficit	(4,922)

The adoption of IFRS 15 resulted in a reclassification in the presentation of certain consideration paid to customers. Specifically, certain payments for customer-specific programs did not meet the specific criteria within the new guidance of providing a "distinct" good or service, and therefore an amount of $13.3 million was reclassified from cost of sales to reductions to revenue, with no impact to net income, for the year ended December 31, 2018.

Results for the year ended December 31, 2018 are presented under the new guidance, while prior year results have not been adjusted and continue to be reported in accordance with historical accounting guidance. The following table provides a comparison of the Company's results under the new guidance, versus if the historical guidance had continued to be applied in the consolidated statements of operations and comprehensive income (loss):

For the year ended December 31, 2018	As Reported	Under Historical Guidance	Effect of Change
	$	$	$
Revenue	319,776	333,076	(13,300)
Cost of Sales	204,358	217,658	(13,300)

The above impacts on the adoption of IFRS 15 related primarily to the Jamieson Brands segment. There is no material impact on the consolidated statements of cash flows.

Future accounting standards issued but not yet effective

New accounting pronouncements are issued periodically that affect our current and future operations. We intend to adopt these standards when they become effective.

IFRIC Interpretation 23, "Uncertainty over Income Tax Treatment"

IFRIC Interpretation 23 (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.

IAS 19, "Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)"

IAS 19, "Employee Benefits" ("IAS 19"), specifies how a company accounts for a defined benefit plan. When a plan event (i.e. a plan amendment, curtailment or settlement) occurs, IAS 19 requires a company to update its assumptions and remeasure its net defined benefit liability or asset.

The amendments clarify that after a plan event, a company would use these updated assumptions to measure current service cost and net interest for the remainder of the reporting period after the plan event. The amendments are effective for annual periods beginning on or after January 1, 2019, with early application permitted.

IAS 12, "Income tax consequences of payments on instruments classified as equity (Amendments to IAS 12)"

IAS 12, "Income Taxes" ("IAS 12") requires a company to recognize the tax consequences of dividends in profit or loss in some circumstances.

The amendments to IAS 12 clarify that a company accounts for all income tax consequences of dividends in the same way, regardless of how the tax arises, and are effective for annual periods beginning on or after January 1, 2019, with early application permitted.

We are currently evaluating the impact of these three new amendments on our audited consolidated annual financial statements.

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. 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.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Transition to IFRS 16

We have adopted the modified retrospective approach as of January 1, 2019 and measure the right-of-use asset at its carrying amount as if IFRS 16 had been applied since the commencement date. We will elect to apply the standard to contracts that were previously identified as leases under IAS 17 and IFRIC 4 and we have performed a completeness check to ensure all leases are included in the analysis. We will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

We have completed a preliminary evaluation of IFRS 16, including quantifying the impact of the transitional adjustment of this new standard on the opening consolidated statement of financial position, which is as follows:

As at	January 1, 2019
	$
Prepaid expenses and other current assets	(259)
Property, plant and equipment	7,434
Accounts payable and accrued liabilities	(300)
Other long-term liabilities	7,799
Deferred income tax	(85)
Deficit	(239)

On the consolidated statements of operations and comprehensive income (loss), depreciation of property, plant and equipment included in cost of sales and selling, general and administrative expenses and interest expense and other financing costs will increase and operating lease expenses included in cost of sales and selling, general and administrative expenses will decrease.

On the consolidated statements of cash flows, cash flows from operating activities will increase due to higher depreciation of property, plant and equipment. Cash flows from financing activities will decrease due to repayment of lease liabilities.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer (the "Certifying Officers"), along with other members of management, have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that (i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Certifying Officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's DC&P as at December 31, 2018 and have concluded that the Company's DC&P was effective as at December 31, 2018

Internal Control over Financial Reporting

The Certifying Officers, along with other members of management, have also designed, or caused to be designed under their supervision, internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes prepared in accordance with IFRS. The Certifying Officers have used the Internal Control – Integrated Framework (2013 COSO Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to design the Company's ICFR. The Certifying Officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's ICFR as at December 31, 2018 and have concluded that the Company's ICFR was effective as at December 31, 2018.

There have been no changes in the Company's ICFR during the three-month period ended December 31, 2018 which have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitations of an Internal Control System

We believe that any DC&P or ICFR, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met and that all control issues, including instances of fraud, if any, within the Company have been prevented or detected. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. The design of any system of control is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future conditions.

Outlook

In fiscal 2019, we expect revenue to grow between 5% and 9% and range between $336.0 and $348.0 million. Based on historic revenue accounting, excluding the new revenue recognition accounting impact, our revenue expectation would have been $350.0 million - $362.0 million. We anticipate Adjusted EBITDA to range between $73.0 million and $76.0 million and Adjusted Diluted Earnings per Share to range between $0.90 and $0.95.

Revenue in the Jamieson Brands segment is expected to increase between 5% and 9% driven by growth in the following categories:

- Expected growth within the Jamieson domestic brand of 3% to 5% taking into consideration long-term growth trends within our industry and the potential for distributor and retailer inventory movement
- We expect continued growth above our long-term guidance in international markets as the Company adds more resources and continues to expand into new geographies. Our 2019 estimate for our international growth is between 25% and 35%.
- An expected return to growth within our Specialty Brands group as we return to fundamentals and focus on our customers, consumers and innovation. We estimate growth in Specialty Brands to be between 1% and 5%.

Revenue in the Strategic Partners segment is expected to grow between 5% and 8% due to expanded programs with our existing customers and strong consumer demand for our customer branded products.

We expect to incur certain non-recurring expenses related to international expansion, e-commerce development and termination related costs. The expected Adjusted EBITDA range for fiscal 2019 referred to above reflects the normalization of these expenses and will impact net income. Our Adjusted Net Income and Adjusted Diluted Earnings per Share for fiscal 2019 will also reflect the adding back of these expenses on a tax-effected basis.

Our revenues growth and costs increases will not be linear throughout fiscal 2019. The following factors will impact the period in which we expect to grow in the coming year:

- Jamieson domestic revenue in the first quarter of 2018 included customer accelerated purchases of products ahead of our February 2018 price increase and as such, we expect Jamieson domestic revenue to be close to flat in the first quarter
- We expect Specialty Brands performance to improve through the year. We expect planned growth for our Specialty Brands will be realized in the last six months of the year once our innovation, customer and consumer programs show identifiable results.
- Our strategic partners are launching new programs in the first six months of 2019, which we expect will concentrate Strategic Partners segment revenue growth in the first two quarters

The foregoing financial outlook is based on the following assumptions for fiscal 2019, amongst others:

- the current exchange rate between the U.S. and Canadian dollar whereby U.S.$1.00 = $1.33;
- SG&A expenses will grow 11% to 15% to support growth in international markets and our e-commerce initiatives, increased head-office facility costs and higher marketing investment primarily for our Strategic Brands as well as normalization of variable compensation and Specialty Brands commissions compared to the prior year;
- depreciation will increase and includes the impact of accelerated capital additions to expand our capacity and the capitalization of operating leases with the implementation of IFRS 16;
- our stock-based compensation costs are expected to grow to $3.5 million as these costs normalize over our first four years as a public company;
- interest rates ranging between 4.5% to 5.5% and interest expense of $9.0 to $9.5 million based on our borrowing plus our deferred financing fees;
- income tax rates of approximately 28% based on stock compensation remaining non-deductible; and
- a fully diluted share count of approximately 40.0 million shares

Overall, we continue to believe we are on track to meet our 2021 growth targets as disclosed within our IPO Prospectus.

The description of our 2019 financial outlook in this MD&A and our progress toward achieving our 2021 growth targets is based on management's current views and strategies, our assumptions and expectations concerning our growth opportunities and our assessment of the opportunities for our business and the consumer health industry as a whole and the VMS and sports nutrition segments of the consumer health industry in particular, and has been calculated using accounting policies that are generally consistent with our current accounting policies. The description of our 2019 outlook and our progress toward achieving our 2021 growth targets is forward-looking information for purposes of applicable securities laws in Canada and readers are therefore cautioned that actual results may vary from those described above. See "*Forward-Looking Information*" and "*Risk Factors*" for a reference to the risks and uncertainties that impact our business and that could cause actual results to vary.

Current Share and Option Information

As of the date hereof, an aggregate of 38,316,195 Common Shares and no Preference Shares are issued and outstanding. As of the date hereof, the Company had 2,822,167 options, 95,706 PSUs and 27,000 RSUs outstanding.

Additional Information

Additional information relating to our Company, including our most recent quarterly reports and annual information form are available on SEDAR at www.sedar.com.

Risk Factors

We are exposed to a variety of financial risks in the normal course of operations including credit risk, market risk and liquidity risk, each of which is discussed below. Management oversees the management of these risks. Our 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 us. We are exposed to credit risk from our customers (primarily related to trade accounts receivable) in the normal course of business. We have adopted a policy of only dealing with creditworthy counterparties. To mitigate this risk, we carry out regular credit evaluations and purchase credit insurance for international customers, where appropriate, as a means of mitigating the risk of financial loss from defaults.

We are also exposed to counterparty credit risk inherent in our financing activities, trade receivable insurance and foreign currency derivatives. We have assessed these risks as minimal.

Market Risk

Market risk is comprised of foreign exchange risk, interest rate risk and commodity price 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. Our 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. We use foreign exchange forward contracts to manage foreign exchange transaction exposure.

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. Our 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. We manage our interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Commodity Price Risk

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

Liquidity Risk

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

We manage our liquidity risk through continuous monitoring of our forecast and actual cash flows and also through the management of our capital structure. We continually revise our available liquid resources as compared to the timing of the payment of liabilities to manage our liquidity risk.