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

For the three months ended March 31, 2023

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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 May 3, 2023. It should be read in conjunction with our unaudited condensed consolidated interim financial statements and our accompanying notes as at and for the three months ended March 31, 2023, our audited consolidated annual financial statements and accompanying notes for the year ended December 31, 2022 and the related annual MD&A.

Our unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2023 have been prepared in accordance with IAS 34, "Interim Financial Reporting" under International Financial Reporting Standards ("IFRS"). These unaudited condensed consolidated interim 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 "Q1 2023" are to our fiscal quarter ended March 31, 2023 and all references to "Q1 2022" are to our fiscal quarter ended March 31, 2022.

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 and Other Financial Measures

This MD&A makes reference to certain financial measures, including non-IFRS financial measures that are historical, non-IFRS measures that are forward-looking, non-GAAP ratios and supplementary financial measures. Management uses these 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 the following non-IFRS financial measures: "EBITDA", "Adjusted EBITDA", "Adjusted net earnings", "normalized SG&A", "normalized earnings from operations", "cash from operating activities before working capital considerations" and "net debt", the following non-IFRS ratios: "Adjusted EBITDA margin", "Adjusted diluted earnings per share", "normalized operating margin", and the following supplementary financial measures: "gross profit margin", "operating margin" and "USD denominated revenue", 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 and supplementary financial measures in order to prepare annual operating budgets and to determine components of management compensation. See "*How we Assess the Performance of our Business*" for an explanation of the composition of each such measure, as applicable, and see "*Selected Consolidated Financial Information*" for a quantitative reconciliation of each non-IFRS financial measure to its most directly comparable financial measure disclosed in our financial statements to which the measure relates.

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, intentions, beliefs, 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 that 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 as required under applicable securities laws in Canada.

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, and 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 those discussed under the “*Risk Factors*” section of 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”) as well as sports nutrition products through our Jamieson, youtheory, Progressive, Smart Solutions, Iron Vegan and Precision brands. All of our brands are collectively referred to as our “Jamieson Brands” segment. 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 greater than 50 countries and regions 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.

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*".

Impact of Ukraine Conflict

We do not conduct any business operations in Russia or Ukraine and to date have not had any measurable disruption to our supply of raw materials and our ability to service customers. We did note that heightened inflation and consumer sentiment have caused uncertainty in international markets over the past year, especially in neighbouring Eastern European countries where we conduct business.

In particular, we continue to actively monitor for potential or accelerating impacts from the conflict including whether consumer purchasing patterns continue to soften affecting international business performance. The continued risk surrounding the Ukraine conflict and any escalations may have an adverse impact on our business, financial condition, and results of operations.

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, Smart Solutions, Progressive, Precision, Iron Vegan and youtheory. 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 top retailers across the food, drug, mass ("FDM"), 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 approximately 300 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 2022, 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 short to medium-term contracts for raw materials at fixed prices to provide time to address price increases and mitigate margin erosion.

Distribution

Our warehousing and distribution functions are operated under a third-party logistics model through various facilities globally. We enter into agreements with the third-party logistics partner to provide warehousing and distribution services for Jamieson Branded and Strategic Partners finished goods inventories. Our ability to satisfy our customers' demands and achieve our cost objectives depends on our ability to maintain key logistic and transport arrangements. Our distribution and supply chain could be negatively affected by unforeseen disruptions due to fire, severe weather conditions, natural disasters, or other catastrophic events, public health events, labour disagreements, or other shipping problems. The loss of or disruption to these types of arrangements could interrupt product supply, which in turn could adversely affect the assortment and product availability at the store level of our customers. If not effectively managed or remedied, these events could negatively impact customer experience and adversely affect our operations or financial performance. By leveraging the expertise of the third-party logistics provider, we are able to operate more efficiently and diversify risk from our manufacturing facilities.

Consumer Trends

The Canadian consumer health industry is subject to shifts in consumer trends, preferences and spending. 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 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, inflation, 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, iconic brand status, strong innovation capabilities and 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 may 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 U.S.-Canadian currency exchange rates where the products sold contain materials and inputs purchased with U.S. dollars. We manage our net exposure to fluctuating U.S.-Canadian currency exchange rates 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 completed the acquisition of the operating assets from our distribution partner in China, allowing us to directly operate its sales, marketing and distribution activities in China. The acquisition was completed on April 28, 2023 for total consideration of approximately $26 million. The acquisition is a significant step forward in our brand expansion plans in China, allowing us to take a more direct and holistic approach to delivering brand experiences for Chinese consumers in this key international market. The distribution partner will work with our team on the ground in China until July 1, 2023 to ensure a smooth transition and continued momentum of the Jamieson brand while executing on our growth aspirations.

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; and (iii) in support of our profitability targets, improvements in gross profit, earnings from operations and operating 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

We are subject to the laws and regulations applicable to any business engaged in formulation, production and distribution of consumer health products in the jurisdictions in which we operate. 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 and applicable site licenses, certifications and import licenses for all of our manufacturing and distribution centres. Our products sold internationally 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, some of which are not recognized under IFRS as identified below. See "*Non-IFRS and Other Financial Measures*" for more information on each non-IFRS financial measure, non-IFRS ratio and supplementary measure. See "*Selected Consolidated Financial Information*" for a quantitative reconciliation of each non-IFRS financial measure to its most directly comparable financial measure disclosed in our financial statements to which the measure relates.

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, based on applicable shipping terms. 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 give 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 ("SG&A") 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.

As required for the interim consolidated financial statements, we have disaggregated revenue recognized from contracts with customers. Please refer to Note 12 in our unaudited condensed consolidated interim financial statements for the disclosure on disaggregated revenue.

USD Denominated Revenue

"USD denominated revenue" is defined as revenue in U.S. dollars, which excludes the impact of exchange rate fluctuations. USD denominated revenue is a supplementary financial measure.

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 consumer health industry. Management believes that gross profit is a useful measure in assessing the Company's underlying operating performance before SG&A expenses and share-based compensation.

Gross Profit Margin

"Gross profit margin" is defined as gross profit divided by revenue. Gross profit margin is a supplementary financial measure.

SG&A

Our SG&A expenses are predominantly comprised of wages, benefits, travel, marketing, consulting fees, 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, termination benefits and other expenses associated with being a public company.

Normalized SG&A

"Normalized SG&A" is defined as SG&A adjusted for non-operating expenses. Normalized SG&A is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is SG&A. We believe normalized SG&A is a useful measure as it excludes the effects of expenses that are not reflective of our operating performance.

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. Operating margin is a supplementary financial measure.

Normalized Earnings from Operations and Normalized Operating Margin

"Normalized earnings from operations" is defined as earnings from operations adjusted for non-operating expenses. Normalized earnings from operations is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is earnings from operations. We believe normalized earnings from operations is a useful measure in assessing our operating results by excluding the effects of expenses that are not reflective of our operating performance. "Normalized operating margin" is defined as normalized earnings from operations divided by revenue. Normalized operating margin is a non-IFRS ratio.

EBITDA

"EBITDA" is defined as net earnings before: (i) provision for (recovery of) income taxes; (ii) interest expense (income); (iii) depreciation of property, plant, and equipment; and (iv) amortization of intangible assets. EBITDA is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is net earnings. We believe that EBITDA is a useful measure to assess the performance and cash flow of our Company.

Adjusted EBITDA

"Adjusted EBITDA" is defined as EBITDA before: (i) share-based compensation; (ii) foreign exchange gain/loss; (iii) acquisition related costs; (iv) IT system implementation costs; and (v) other non-operating costs. Adjusted EBITDA is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is net earnings. 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.

Adjusted EBITDA Margin

"Adjusted EBITDA margin" is defined as Adjusted EBITDA divided by revenue. Adjusted EBITDA Margin is a non-IFRS ratio. We believe Adjusted EBITDA margin is a useful measure to assess the performance and cash flow of our Company.

Adjusted Net Earnings

"Adjusted net earnings" is defined as consolidated net earnings adjusted for the impact of: (i) share-based compensation; (ii) foreign exchange gain/loss; (iii) acquisition related costs; (iv) IT system implementation costs; and (v) other non-operating costs. Adjusted net earnings is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is net earnings. We believe Adjusted net earnings 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.

Adjusted Diluted Earnings per Share

"Adjusted diluted earnings per share" is defined as Adjusted net earnings divided by the total weighted average number of outstanding diluted shares at the end of the most recently completed quarter for the relevant period. Adjusted diluted earnings per share is a non-IFRS ratio. We believe Adjusted diluted earnings per share is a useful measure to assess the performance of our Company.

Net Debt

"Net debt" is defined as long-term debt less cash. Net debt is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is long-term debt. We believe net debt is a useful measure in managing our capital structure and financing requirements.

Cash from Operating Activities Before Working Capital Considerations

"Cash from operating activities before working capital considerations" is defined as cash from operating activities plus net change in non-cash working capital. Cash from operating activities before working capital considerations is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is cash flows from operating activities. We believe cash from operating activities before working capital considerations is a useful measure in assessing cash flow from operations and liquidity.

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 unaudited condensed consolidated interim financial statements and related notes. A quantitative reconciliation of net earnings to EBITDA, Adjusted EBITDA, and Adjusted net earnings can be found below.

	Three months ended March 31			
($ in 000's, except as otherwise noted)	**2023**	**2022**	**$ Change**	**% Change**
Revenue	**136,725**	**103,675**	**33,050**	**31.9%**
Cost of sales	88,209	65,728	22,481	34.2%
Gross profit	**48,516**	**37,947**	**10,569**	**27.9%**
Gross profit margin [(1)]	**35.5%**	**36.6%**	-	**(1.1%)**
Selling, general and administrative expenses	32,392	21,620	10,772	49.8%
Share-based compensation	1,496	1,142	354	31.0%
Earnings from operations	**14,628**	**15,185**	**(557)**	**(3.7%)**
Operating margin [(1)]	**10.7%**	**14.6%**	-	**(3.9%)**
Foreign exchange loss	163	463	(300)	(64.8%)
Interest expense and other financing costs	6,302	1,278	5,024	393.1%
Earnings before income taxes	8,163	13,444	(5,281)	(39.3%)
Provision for income taxes	1,098	3,703	(2,605)	(70.3%)
Net earnings	**7,065**	**9,741**	**(2,676)**	**(27.5%)**
Adjusted net earnings [(2)]	**8,808**	**10,744**	**(1,936)**	**(18.0%)**
EBITDA [(2)]	**19,306**	**18,438**	**868**	**4.7%**
Adjusted EBITDA [(2)]	**24,508**	**20,945**	**3,563**	**17.0%**
Adjusted EBITDA margin [(3)]	**17.9%**	**20.2%**	-	**(2.3%)**
Weighted average number of shares				
Basic	41,775,989	40,442,265		
Diluted	42,791,481	41,731,184		
Earnings per share attributable to common shareholders:				
Basic, earnings per share	0.17	0.24		
Diluted, earnings per share	0.17	0.23		
Adjusted diluted, earnings per share [(3)]	0.21	0.26		

(1) This is a supplementary financial measure and is used throughout this MD&A. See "*Non-IFRS and Other Financial Measures*" for more information on each supplementary financial measure. See "*How we Assess the Performance of our Business*" for an explanation of the composition of such measure.

(2) This is a non-IFRS financial measure and is used throughout this MD&A. See "*Non-IFRS and Other Financial Measures*" for more information on each non-IFRS financial measure. See "*How we Assess the Performance of our Business*" for an explanation of the composition of such measure.

(3) This is a non-IFRS ratio and is used throughout this MD&A. See "*Non-IFRS and Other Financial Measures*" for more information on each non-IFRS ratio. See "*How we Assess the Performance of our Business*" for an explanation of the composition of such ratio.

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

($ in 000's)	As at March 31, 2023	As at December 31, 2022
Selected Consolidated Financial Position Data:		
Total assets	1,078,533	1,107,263
Total non-current liabilities	511,670	520,867

The following tables provide a quantitative reconciliation of net earnings to EBITDA, Adjusted EBITDA, and Adjusted net earnings, as well as SG&A to normalized SG&A, earnings from operations to normalized earnings from operations, each of which are non-IFRS financial measures (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure), for the three months ended March 31, 2023 and March 31, 2022.

	Three months ended March 31			
($ in 000's, except as otherwise noted)	2023	2022	$ Change	% Change
Net earnings	**7,065**	**9,741**	**(2,676)**	**(27.5%)**
Add:				
Provision for income taxes	1,098	3,703	(2,605)	(70.3%)
Interest expense and other financing costs	6,302	1,278	5,024	393.1%
Depreciation of property, plant, and equipment	3,467	2,658	809	30.4%
Amortization of intangible assets	1,374	1,058	316	29.9%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**19,306**	**18,438**	**868**	**4.7%**
Share-based compensation (1)	1,496	1,142	354	31.0%
Foreign exchange loss	163	463	(300)	(64.8%)
Acquisition related costs (2)	2,801	-	2,801	100.0%
IT system implementation (3)	670	739	(69)	(9.3%)
Other	72	163	(91)	(55.8%)
Adjusted EBITDA	**24,508**	**20,945**	**3,563**	**17.0%**
Provision for income taxes	(1,098)	(3,703)	2,605	70.3%
Interest expense and other financing costs	(6,302)	(1,278)	(5,024)	(393.1%)
Depreciation of property, plant, and equipment	(3,467)	(2,658)	(809)	(30.4%)
Amortization of intangible assets	(1,374)	(1,058)	(316)	(29.9%)
Share-based compensation (4)	(1,454)	(1,142)	(312)	(27.3%)
Tax deduction from vesting of certain share-based awards (5)	(1,022)	-	(1,022)	(100.0%)
Tax effect of normalization adjustments	(983)	(362)	(621)	(171.5%)
Adjusted net earnings	**8,808**	**10,744**	**(1,936)**	**(18.0%)**

	Three months ended March 31			
($ in 000's, except as otherwise noted)	2023	2022	$ Change	% Change
Selling, general and administrative expenses	**32,392**	**21,620**	**10,772**	**49.8%**
Acquisition related costs (2)	(2,801)	-	(2,801)	(100.0%)
IT system implementation (3)	(670)	(739)	69	9.3%
Other	(72)	(163)	91	55.8%
Normalized selling, general and administrative expenses (6)	**28,849**	**20,718**	**8,131**	**39.2%**
Earnings from operations	**14,628**	**15,185**	**(557)**	**(3.7%)**
Acquisition related cost (2)	2,801	-	2,801	100.0%
IT system implementation (3)	670	739	(69)	(9.3%)
Other	72	163	(91)	(55.8%)
Normalized earnings from operations (6)	**18,171**	**16,087**	**2,084**	**13.0%**
Normalized operating margin (7)	**13.3%**	**15.5%**	**-**	**(2.2%)**

(1) The Company's share-based compensation expense pertains to our long-term incentive plan (the "LTIP") (refer to "*Share-based compensation"*), with performance-based share units ("PSUs"), time-based restricted share units ("RSUs"), and deferred share units ("DSUs") expenses, along with associated payroll taxes.

(2) Current quarter expense mainly pertains to legal and consulting costs associated with the acquisition of our distributor in China, as well as integration costs relating to our acquisition of youtheory which closed on July 19, 2022.

(3) Current quarter expense mainly pertains to development costs for our Enterprise Resource Planning ("ERP") system implementation. Unlike other system improvement projects with costs capitalized, due to its cloud-based nature, these system implementation costs are expensed accordingly.

(4) Costs pertaining to our LTIP, excluding PSUs granted to certain employees relating to business combinations.

(5) The vesting of share-based compensation provides a tax benefit during the period in which the awards are settled.

(6) This is a non-IFRS financial measure and is used throughout this MD&A. See "Non-IFRS and Other Financial Measures" for more information on each non-IFRS financial measure. See "*How we Assess the Performance of our Business"* for an explanation of the composition of such measure.

(7) This is a non-IFRS ratio and is used throughout this MD&A. See "*Non-IFRS and Other Financial Measures*" for more information on each non-IFRS ratio. See "*How we Assess the Performance of our Business*" for an explanation of the composition of such ratio.

The following table provides selected financial information for the Jamieson Brands operating segment for the three months ended March 31, 2023 and March 31, 2022.

Jamieson Brands

($ in 000's, except as otherwise noted) For the three months ended March 31,	2023	2022	$ Change	% Change
Revenue	**108,110**	**83,188**	**24,922**	**30.0%**
Gross profit	**43,801**	**35,617**	**8,184**	**23.0%**
Gross profit margin	**40.5%**	**42.8%**	**-**	**(2.3%)**
Selling, general and administrative expenses	30,663	20,051	10,612	52.9%
Normalized selling, general and administrative expenses	27,120	19,197	7,923	41.3%
Share-based compensation	1,496	1,142	354	31.0%
Earnings from operations	11,642	14,424	(2,782)	(19.3%)
Operating margin	10.8%	17.3%	-	(6.5%)
Normalized earnings from operations	15,185	15,278	(93)	(0.6%)
Normalized operating margin	14.0%	18.4%	-	(4.4%)
Adjusted EBITDA	**20,651**	**19,540**	**1,111**	**5.7%**
Adjusted EBITDA margin	**19.1%**	**23.5%**	**-**	**(4.4%)**

The following table provides a quantitative reconciliation for the Jamieson Brands operating segment from earnings from operations to Adjusted EBITDA, which is a non-IFRS financial measure (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure), for the three months ended March 31, 2023 and March 31, 2022.

($ in 000's, except as otherwise noted) For the three months ended March 31,	2023	2022	$ Change	% Change
Earnings from operations	11,642	14,424	(2,782)	(19.3%)
Depreciation of property, plant, and equipment	2,668	2,061	607	29.5%
Amortization of intangible assets	1,374	1,058	316	29.9%
Share-based compensation	1,496	1,142	354	31.0%
Acquisition related cost	2,801	-	2,801	100.0%
IT system implementation	670	739	(69)	(9.3%)
Other	-	116	(116)	(100.0%)
Adjusted EBITDA	**20,651**	**19,540**	**1,111**	**5.7%**

The following table provides selected financial information for the Strategic Partners operating segment for the three months ended March 31, 2023 and March 31, 2022.

Strategic Partners

($ in 000's, except as otherwise noted) For the three months ended March 31,	2023	2022	$ Change	% Change
Revenue	**28,615**	**20,487**	**8,128**	**39.7%**
Gross profit	**4,715**	**2,330**	**2,385**	**102.4%**
Gross profit margin	**16.5%**	**11.4%**	**-**	**5.1%**
Selling, general and administrative expenses	1,729	1,569	160	10.2%
Normalized selling, general and administrative expenses	1,729	1,521	208	13.7%
Earnings from operations	2,986	761	2,225	292.4%
Operating margin	10.4%	3.7%	-	6.7%
Normalized earnings from operations	2,986	809	2,177	269.1%
Normalized operating margin	10.4%	3.9%	-	6.5%
Adjusted EBITDA	**3,857**	**1,405**	**2,452**	**174.5%**
Adjusted EBITDA margin	**13.5%**	**6.9%**	**-**	**6.6%**

The following table provides a quantitative reconciliation for the Strategic Partners operating segment from earnings from operations to Adjusted EBITDA, which is a non-IFRS financial measure (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure), for the three months ended March 31, 2023 and March 31, 2022.

($ in 000's, except as otherwise noted) For the three months ended March 31,	2023	2022	$ Change	% Change
Earnings from operations	2,986	761	2,225	292.4%
Depreciation of property, plant, and equipment	799	597	202	33.8%
Other	72	47	25	53.2%
Adjusted EBITDA	**3,857**	**1,405**	**2,452**	**174.5%**

Revenue

Revenue increased by 31.9%, or $33.1 million, to $136.7 million in Q1 2023. This was driven by 30.0% growth in Jamieson Brands revenue and 39.7% growth in Strategic Partners revenue compared with Q1 2022.

Revenue in the Jamieson Brands segment increased by $24.9 million, or 30.0%, to $108.1 million in Q1 2023. Organic revenue in Jamieson Brands increased $2.7 million or 3.3% this quarter. Canada revenues increased by 2.4% in Q1 2023, reflecting continued strong consumer consumption and the impact of seasonal cold and flu shipments realized in the fourth quarter of 2022, including the impact of our prior year price increase. Youtheory contributed $22.2 million driven by strong consumption, promotional timing, and growth in e-commerce in the U.S. Our planned improvements to a key product beginning in the second quarter also resulted in a draw down of inventory levels in certain U.S. retailers. China shipments grew 36.6% in Q1 2023 reflecting strong consumer demand in cross border e-commerce and our continued expansion in domestic retail channels as COVID-19 restrictions lifted. Revenues in China this quarter represent the final period of sales through a third party distributor model as we transition to direct sales to retailers in the second quarter. Jamieson International declined 15.5% reflecting slower declines in Eastern Europe as consumption patterns in the region have begun to stabilize, and the timing of promotional replenishments in the Caribbean and South East Asia regions in the prior year.

Revenue in the Strategic Partners segment increased by $8.1 million, or 39.7%, to $28.6 million in Q1 2023 driven by available production capacity and timing of orders scheduled in the prior year delivered in the first quarter.

Gross profit

Gross profit increased by $10.6 million to $48.5 million in Q1 2023 mainly driven by higher revenue, including the acquisition of youtheory. Gross profit margin decreased by 110 basis points to 35.5% in Q1 2023, as the Jamieson Brands segment was impacted by youtheory with a relatively lower gross profit margin profile, and a higher proportion of Strategic Partner sales.

Gross profit in the Jamieson Brands segment increased by $8.2 million to $43.8 million in Q1 2023 mainly driven by higher revenue, including the acquisition of youtheory. Gross profit margin decreased by 230 basis points to 40.5%, reflecting the lower gross profit margin profile of youtheory and seasonally low first quarter volumes realized in the first quarter in the acquired business as well as lower planned production and category mix in the base business.

Gross profit in the Strategic Partners segment increased by $2.4 million to $4.7 million and gross profit margin increased by 510 basis points to 16.5% in Q1 2023 mainly due to customer mix and volume driven operating efficiencies, while pricing offset higher supply chain and input costs.

Selling, general and administrative expenses

SG&A expenses increased by $10.8 million to $32.4 million in Q1 2023. Excluding the impact of specified costs and the addition of youtheory SG&A of $6.6 million, SG&A expenses increased by $1.5 million or 7.3% in Q1 2023 largely reflecting global expansion initiatives by adding resources, marketing and infrastructure to support our growth in the U.S. and China.

Specified costs of $3.5 million in Q1 2023 are mainly comprised of acquisition related costs and IT system development and implementation costs to advance our ERP system. Specified costs of $0.9 million in Q1 2022 were mainly comprised of safety measures implemented at our facilities, including rapid testing programs at each of our manufacturing facilities and wage premiums, along with IT system implementation costs.

Share-based compensation

Share-based compensation increased by $0.4 million to $1.5 million in Q1 2023 reflecting higher grants including senior management in the acquired business, and the timing of payroll taxes on the exercise of share-based awards.

Earnings from operations and operating margin

Earnings from operations decreased by $0.6 million as a result of higher investments in SG&A, offsetting the impact of higher revenues and gross profit. Operating margin decreased by 390 basis points to 10.7% in Q1 2023, reflecting the margin profile of youtheory, a higher proportion of Strategic Partner volumes and higher investments in SG&A to support China and the U.S. Normalized earnings from operations increased by $2.1 million, or 13.0% in Q1 2023 and normalized operating margin was 13.3% compared with 15.5% in Q1 2022.

Earnings from operations in the Jamieson Brands segment decreased by $2.8 million and operating margin decreased by 650 basis points to 10.8% in Q1 2023. Normalized operating margin decreased by 440 basis points to

14.0% in Q1 2023 due to lower gross profit margins including the seasonal impact of the acquired youtheory business and higher SG&A expenses as a percentage of revenue.

Earnings from operations in the Strategic Partners segment increased by $2.2 million due to higher revenues and gross profit. Operating margin increased by 670 basis points to 10.4% in Q1 2023 due to customer mix and lower SG&A as a percentage of revenue.

Foreign exchange loss

Foreign exchange loss of $0.2 million in Q1 2023 resulted from changes in the USD/CAD exchange rate on our USD denominated accounts receivable and accounts payable at the end of the quarter. We experience fluctuations in the USD/CAD exchange rates between the date of transaction and when cash is realized.

Interest expense and other financing costs

Interest expense and other financing costs increased by $5.0 million to $6.3 million in Q1 2023 resulting from higher average borrowings to support the youtheory acquisition and higher prevailing interest rates.

Provision for income taxes

Provision for income taxes was $1.1 million in Q1 2023 compared with $3.7 million in Q1 2022. Our Q1 2023 normalized effective tax rate of 26.0% and Q1 2022 effective tax rate of 27.5% includes the impact of non-deductible share-based compensation expenses. Normalized effective tax rate is defined as calculated tax rate excluding the tax deduction from the vesting of certain share-based awards, the current period's provision include $1.0 million of such deduction.

Depreciation

Depreciation expense increased by $0.8 million to $3.5 million in Q1 2023 resulting from prior period investments to increase capacity and higher depreciation from the acquisition impact of youtheory.

Amortization

Amortization expense increased by $0.3 million to $1.4 million in Q1 2023 due to the amortization of acquired intangibles for youtheory.

EBITDA and Adjusted EBITDA

EBITDA increased by $0.9 million to $19.3 million in Q1 2023 primarily due to higher revenue and gross profit, partially offset by investments in SG&A.

Adjusted EBITDA increased by $3.6 million to $24.5 million reflecting higher volumes, gross profit and investments in SG&A. Adjusted EBITDA margin decreased by 230 basis points to 17.9% for the quarter reflecting lower gross profit margins in Jamieson Brands driven by the inclusion of youtheory, partially offset by favourable gross profit margins in Strategic Partners.

Adjusted EBITDA in the Jamieson Brands segment increased by $1.1 million to $20.7 million driven by higher volumes, gross profit and investments in SG&A. Adjusted EBITDA margin decreased by 440 basis points to 19.1% due to lower gross profit margins including the seasonal impact of the acquired youtheory business and higher SG&A expenses as a percentage of revenue.

Adjusted EBITDA in the Strategic Partners segment increased by $2.5 million, to $3.9 million largely driven by higher revenue and gross profit. Adjusted EBITDA margin increased by 660 basis points to 13.5% driven by customer mix and lower SG&A costs as a percentage of revenues.

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.

	2023	2022				2021		
($ in 000's, except per share amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue by segment								
Jamieson Brands	**108,110**	155,996	112,248	87,715	83,188	99,784	85,175	82,391
Strategic Partners	**28,615**	36,779	26,681	24,275	20,487	30,054	27,193	28,165
Total revenue	**136,725**	192,775	138,929	111,990	103,675	129,838	112,368	110,556
Earnings from operations	**14,628**	37,104	16,319	14,581	15,185	28,874	20,593	16,043
Net earnings	**7,065**	22,091	10,882	10,094	9,741	20,190	14,284	11,472
Adjusted net earnings	**8,808**	26,759	14,221	13,415	10,744	20,489	14,051	12,041
EBITDA	**19,306**	41,201	21,744	18,785	18,438	32,225	24,794	19,424
Adjusted EBITDA	**24,508**	48,871	29,505	24,439	20,945	33,771	25,456	22,327
Basic, earnings per share	**0.17**	0.53	0.26	0.25	0.24	0.50	0.35	0.29
Diluted, earnings per share	**0.17**	0.52	0.26	0.24	0.23	0.48	0.34	0.28
Adjusted diluted, earnings per share	**0.21**	0.62	0.34	0.32	0.26	0.49	0.34	0.29

Revenue

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

- accelerated demand for immunity and general health products as a result of the COVID-19 pandemic;
- periodic price increases to recapture cost escalation;
- the impact of innovation 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;
- severity of cold and flu season;
- business combinations; 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 Jamieson Brands products;
- launch of new programs with existing or new customers, which include initial pipeline shipments;
- the strategic exiting of programs with customers to drive operating efficiencies;
- availability of customer supplied materials;
- innovation and geographic demand for high quality certified manufacturers;
- 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 marketing programs;
- improvements in production efficiencies and higher economies of scale;
- temporary increases to production costs driven by physical distancing initiatives, rapid antigen testing and other safety measures established within our facilities to protect our employees as a result of the COVID-19 pandemic;

- supply continuity costs including air freight and third-party manufacturing and packaging costs to meet higher demand during the COVID-19 pandemic;
- increases to supply chain costs due to the impact of COVID-19 pandemic and other global geopolitical factors;
- raw material costs in native currency;
- timing of marketing spend and variable compensation;
- accelerated recognition of share-based compensation expense in relation to our CEO transition;
- IT systems implementation costs;
- costs incurred in business acquisition; and
- foreign currency fluctuations.

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 our Credit Facilities (refer to "*Credit Facilities*"), 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 our Credit Facilities 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 our Credit Facilities 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, 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

As at March 31, 2023, the Company had $124.8 million in cash and available revolving and swingline facilities and net debt of $375.2 million.

($ in 000's)	**As at March 31, 2023**	**As at December 31, 2022**
Long-term debt	**391,470**	**400,000**
Cash	(16,293)	(26,240)
Net debt (1)	**375,177**	**373,760**

(1) This is a non-IFRS financial measure. See "*Non-IFRS and Other Financial Measures*" for more information on each non-IFRS financial measure. See "*How we Assess the Performance of our Business*" for an explanation of the composition of such measure.

On September 27, 2019, Jamieson Laboratories Ltd. ("JLL"), a wholly owned subsidiary of Jamieson, amended and restated its credit agreement to add Jamieson Health Products USA Ltd. (collectively with JLL the "Borrowers") as a co-borrower and to provide a secured revolving facility of $275.0 million (including a $10.0 million swingline facility) with the option to increase the revolving facility by $200.0 million (collectively, the "Credit Facilities"). As of July 19, 2022, our newly acquired subsidiary, Nutrawise Health & Beauty LLC, was added as a Borrower under the Credit Facilities which increased from $275.0 million to $500.0 million under its revolving credit facilities, plus an expanded accordion feature of up to $250.0 million with an extended maturity to July 19, 2027.

The Credit Facilities are collateralized by security agreements and first charges over the assets including property, plant and equipment and intellectual property of the Borrowers and certain other subsidiaries of JLL, subject to permitted liens. Under the terms of the Credit Facilities, the Borrowers are 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 4.50:1.00.

We are in compliance with all covenants as at the date of this MD&A.

For the three months ended March 31, 2023, JLL made drawings of $13.2 million , and debt repayments of $21.8 million, applied against the Credit Facilities. For the three months ended March 31, 2023, the weighted average interest rate on the Credit Facilities was 6.1% (2022 – 3.0%) and is composed of variable rates. A portion of the Credit Facilities outstanding is fixed through the interest rate swap.

Analysis of Cash Flows — three months ended March 31, 2023 and 2022

	Three months ended March 31			
($ in 000's, except as otherwise noted)	**2023**	**2022**	**$ Change**	**% Change**
Cash, beginning of period	**26,240**	**6,775**	**19,465**	**287.3%**
Cash flows from (used in):				
Operating activities	7,933	17,088	(9,155)	(53.6%)
Investing activities	(2,308)	(3,656)	1,348	36.9%
Financing activities	(15,572)	(14,775)	(797)	(5.4%)
Cash, end of period	**16,293**	**5,432**	**10,861**	**199.9%**
Cash flows from operating activities	**7,933**	**17,088**	**(9,155)**	**(53.6%)**
Net Change in non-cash working capital	5,136	(1,782)	6,918	388.2%
Cash from operating activities before working capital considerations	**13,069**	**15,306**	**(2,237)**	**(14.6%)**

<u>Cash Flows Generated from Operating Activities</u>

In Q1 2023, cash flows generated from operating activities totalled $7.9 million compared with $17.1 million in Q1 2022. Cash from operating activities before working capital considerations of $13.1 million was $2.2 million lower due to lower earnings in the quarter including acquisition related costs. Cash generated from working capital decreased by $6.9 million mainly driven by the timing of changes in payable in the prior year as we accelerated inventory purchases ahead of Q1 2022.

<u>Cash Flows Used in Investing Activities</u>

Cash flows used in investing activities in Q1 2023 totalled $2.3 million compared with $3.7 million in Q1 2022. Purchases of property, plant and equipment was $1.3 million lower reflecting the timing of our capacity expansion plans in Q1 2022.

<u>Cash Flows Used in Financing Activities</u>

Cash flows used in financing activities in Q1 2023 totalled $15.6 million compared with $14.8 million in Q1 2022. In Q1 2023, we made net repayments of $8.5 million on our Credit Facilities, distributed $7.1 million of dividends to common shareholders, and made payments of lease liabilities of $1.1 million, partially offset by proceeds of $1.1 million for the exercise of stock options and our employee share purchase plan ("ESPP"). In Q1 2022, we made net repayments of $9.1 million on our Credit Facilities, distributed $6.1 million of dividends to common shareholders, and made payments of lease liabilities of $0.8 million, partially offset by proceeds of $1.2 million from the exercise of stock options and our ESPP.

Contractual Obligations

There was no other material change in our remaining contractual obligations and commitments from the annual MD&A as at and for the year ended December 31, 2022.

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.

As at March 31, 2023, we have a $3.4 million holdback on the purchase price and contingent consideration fair valued at $37.2 million payable to the former owners of youtheory.

Share-based compensation

The LTIP is an equity-based compensation plan providing for the issuance of securities under which grants will be made. Under the LTIP, the board of directors of the Company, at its discretion, may grant share options, restricted shares, RSUs, PSUs, DSUs, and stock appreciation rights. The awards are settled in common shares of the Company ("Common Shares") with a cash settlement alternative available to the Company. We also maintain the ESPP for all eligible employees for the purchase of Common Shares.

Our share-based compensation expense, for the three months ended March 31, 2023 is $1.5 million (2022 - $1.1 million).

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 and our international sales. 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. As of March 31, 2023, $27.1 million of anticipated foreign currency denominated purchases and $13.6 million of anticipated foreign currency denominated sales have been hedged with underlying foreign exchange forward contracts settling at various dates in the 3 months following the end of the current quarter.

We also use interest rate swaps to manage our long-term interest rate exposure with respect to interest on our Credit Facilities which is based on fluctuating CDOR. We have entered into an interest rate swap with an effective date of October 1, 2020 to September 27, 2024 with a notional principal of $140.0 million and an annual amortization of $10.0 million on the first business day of each year. The notional principal of the interest rate swap is $110.0 million as at the end of this reporting period. The interest rate swap is a derivative measured at fair value and meets hedge accounting requirements.

Outstanding Share Capital

	Common Shares #	Common Shares $
As at December 31, 2022	**41,694,203**	**307,200**
Exercise of share-based awards	190,523	2,635
Employee stock purchase plan	4,269	139
As at March 31, 2023	**41,888,995**	**309,974**

	Common Shares #	Common Shares $
As at December 31, 2021	40,406,940	268,214
Exercise of share-based awards	42,134	1,269
Employee stock purchase plan	3,619	121
As at March 31, 2022	40,452,693	269,604

As at March 31, 2023, the authorized share capital of the Company consisted of:

a) Unlimited number of Common Shares. 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; and
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, revenue 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, 2022. Items subject to significant estimate uncertainty and critical judgments which have the most impact on the amounts recognized in the unaudited condensed consolidated interim financial statements are included both below and in the annual audited financial statement notes.

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

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 pattern 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 earnings, and comprehensive income will be affected 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 earnings, and comprehensive income will be affected in future periods.

Receivables and allowance for expected credit losses

We are exposed to credit risk with respect to amounts receivable from customers. Our allowance is determined by historical experiences, and considers factors including, the aging of the balances, the customer’s credit worthiness, updates based on the current economic conditions, expectation of bankruptcies, and the political and economic volatility in the markets/location of our customers.

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 judgment is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying cash-generating units (“CGUs”) 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 assumptions. Fair value less costs to sell is determined using market multiples. Value in use is determined using future cash inflows and outflows, discount rates, growth rates and asset lives. These estimates and assumptions could affect 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.

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 judgment 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 estimating the cost of tangible assets and future expected cash flows arising from intangible assets identified. Financial instruments acquired are determined based on the amortized costs at the acquisition date that approximate their carrying values.

To the extent that these estimates differ from those realized, the measured asset or liability, net earnings, and/or comprehensive income will be affected in future periods. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 8, 13, 16, 17 and 20 in the accompanying notes of our audited consolidated annual financial statements for the year ended December 31, 2022.

Taxes

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

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

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.

Significant Accounting Policies

Our unaudited condensed consolidated interim financial statements were prepared using the same accounting policies as described in Note 2 in the accompanying notes of our audited consolidated annual financial statements for the year ended December 31, 2022.

Internal Control over Financial Reporting

The Certifying Officers, along with other members of management, have 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 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, 2022 and have concluded that the Company's ICFR was effective as at December 31, 2022.

There have been no changes in the Company’s ICFR during the three-month period ended March 31, 2023 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

Consistent with our guidance provided in our Fiscal 2022 MD&A, we expect our fiscal 2023 revenue to range between $670.0 to $700.0 million (+22.0% to +28.0%). We anticipate Adjusted EBITDA to range from $140.0 to $146.0 million (+13.0% to +18.0%) and Adjusted diluted earnings per share to range from $1.62 to $1.72 (+5.0% to +11.0%). Our guidance continues to reflect an accelerated investment in marketing, resources and infrastructure to support long-term growth opportunities in the United States and in China along with higher prevailing interest rates.

Fiscal Revenue in the Jamieson Brands segment is expected to increase between 24.0% to 30.0% to $545.5 to $572.5 million compared with fiscal 2022, driven by the following growth factors:

- Jamieson Canada revenue growth of 3.0% to 6.0%, reflecting continued consumer demand, marketing plans, innovation and the impact of our prior year pricing. We expect revenues in the second quarter of 2023 to increase by up to 3% compared with the second quarter of 2022, reflecting consumer demand outpacing shipments.
- Youtheory revenue of between $145.0 and $155.0 million (approximately 11.5% to 19.0% growth on a pro-forma basis) with growth driven by product innovation, expanded e-commerce initiatives and distribution gains. We expect revenue in the second quarter of 2023 to be between $40.0 and $44.0 million based on shipments to support spring promotional campaigns and initial shipments of various innovations in the quarter.
- Jamieson China revenue growth of between 65.0% to 75.0% reflecting a transition to an owned distribution model completed in the second quarter and the related step-up to distributor level pricing along with continued consumer demand in e-commerce and distribution gains in the domestic retail channels (growth of approximately 25.0% to 30.0% on a pro-forma basis). We expect revenues in the second quarter of 2023 to increase by 50% to 70% compared with the second quarter of 2022, reflecting the related step-up to distributor level pricing as well as continued strong demand in e-commerce and new domestic club distribution.
- Jamieson International revenue growth of between 5.0% to 20.0% driven by marketing, innovation and distribution into new markets as well as expansion across key regions as we increase our local capabilities and brand investments. We expect revenues in the second quarter of 2023 to range between $9.2 and $10.2 million on stabilized consumption in Eastern Europe and timing of customer inventory replenishment.

Revenue in the Strategic Partners segment revenue growth of between 15.0% to 20.0% compared with fiscal 2022, reflecting pricing to maintain our existing margin structure and program changes with existing customers. Second quarter 2023 revenues are expected to increase by 35.0% to 45.0% compared with the second quarter of 2022, reflecting the timing of available production and pricing.

The outlook for Adjusted EBITDA growth and Adjusted diluted earnings per share reflect the following assumptions:

- Consolidated gross profit margins are anticipated to be consistent with the prior year impacted by segment mix, the full year impact of the youtheory acquisition and the transition to an owned distribution model in China.
    - Jamieson Brands gross profit margins are anticipated to decline approximately 100 basis points impacted by the full year inclusion of youtheory and the transition to an owned distribution model in China. Excluding the full year impact of youtheory and transition to an owned distribution model in China, our Jamieson branded margin is anticipated to be consistent with fiscal 2022 as operating efficiencies offset geographic and product mix.
    - Strategic Partners gross profit margins are expected to improve by approximately 150 basis points due to customer and program mix.
    - In the second quarter we anticipate consolidated gross profit margins to decline by approximately 200 basis points due to the inclusion of the youtheory margin profile impacting our branded segment margins, and timing of higher Strategic Partners volumes impacting consolidated gross profit margins.

- Normalized SG&A including marketing expenses are expected to increase 35.0% to 40.0% based on the acquisition of youtheory and an accelerated investment in marketing, resources and infrastructure to support long-term growth opportunities in the United States and in China. In the second quarter of 2023, we expect normalized SG&A to increase 55.0% to 65.0% compared to the second quarter of 2022 reflecting the acquisition of youtheory, accelerated marketing investment and transition to an owned distribution model in China.
- Depreciation and amortization expense will be approximately $21.0 million reflecting the acceleration of our investment in capacity, tools and technology investments (assuming approximately $15.0 million of capital additions as we invest to drive efficiency and improvements in our manufacturing facilities and in our IT infrastructure);
- Share-based compensation costs of $5.0 to $5.5 million;
- Interest expense of $17.5 to $18.5 million based on our estimated borrowing and prevailing rates;
- Income tax rates of approximately 27.5% based on non-deductible stock-based compensation;
- A fully diluted share count of approximately 43.0 million shares; and
- Average annual exchange rate between the U.S. and Canadian dollar of U.S. $1.00 to 1.31.

We expect Adjusted EBITDA margins to decline by approximately 175 basis points reflecting the margin profile due to the factors discussed above. We expect Jamieson Branded Adjusted EBITDA margins to decline by approximately 300 basis points year-over-year based on the impact of youtheory including realized synergies, the timing of pricing and operating efficiencies offset by our investments in resources to drive long-term growth in the United States and in China as well as the factors previously noted impacting gross margins.

During fiscal 2023 we expect to incur certain non-capital costs related to the enhancement of our IT systems to improve operating efficiencies and augment our system infrastructure, integration costs associated with the acquisition of youtheory as well as costs associated with the acquisition of our China distribution partner. These costs will impact net earnings while our expected Adjusted net earnings and Adjusted diluted earnings per share for fiscal 2023 will reflect the adding back of these expenses on a tax-effected basis.

The description of our financial outlook in this MD&A 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. Our financial outlook has been calculated in accordance with our current accounting policies and non-IFRS and other financial measures as defined in this MD&A. The description of our outlook 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. Refer to "*Summary of Factors Affecting Our Performance*", *"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 41,911,528 Common Shares are issued and outstanding. As of the date hereof, the Company had 2,951,418 options, 200,025 PSUs, 57,836 RSUs, and 45,851 DSUs outstanding.

Additional Information

Additional information relating to our Company, including our most recent annual report 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, foreign currency derivatives and interest rate 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 U.S. dollars such as a portion of trade accounts payable, trade accounts receivable and cash. Our purchases of certain materials and inputs in U.S. dollars are partially offset by international sales in U.S. dollars. 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 accounts receivable and accounts payable are non-interest bearing. 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 entering into interest rate swaps, in which we agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

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 lease liabilities.

We manage our liquidity risk through continuous monitoring of our forecast and actual cash flows and 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.