



Unaudited Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2024 and 2023

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Jamieson Wellness Inc.
Unaudited Consolidated Interim Statements of Financial Position
In thousands of Canadian dollars as at

	<u>Notes</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Assets			
Current assets			
Cash		22,711	36,863
Accounts receivable	5	146,502	164,499
Inventories	6	190,602	182,456
Derivatives	13	1,150	3,707
Prepaid expenses and other current assets		6,501	5,335
Income taxes recoverable		5,775	-
		373,241	392,860
Non-current assets			
Property, plant and equipment		103,234	106,903
Goodwill	3	279,604	274,411
Intangible assets	3	370,035	366,521
Deferred income tax		3,683	2,879
Total assets		1,129,797	1,143,574
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		109,393	135,520
Income taxes payable		1,933	2,263
Derivatives	13	127	-
Current portion of other long-term liabilities	3	4,791	7,546
		116,244	145,329
Long-term liabilities			
Long-term debt	7	332,587	325,000
Post-retirement benefits		1,137	1,078
Deferred income tax		60,301	60,532
Redeemable preferred shares	4, 8	93,749	89,409
Other long-term liabilities	3	41,509	41,031
Total liabilities		645,527	662,379
Equity			
Share capital	9	313,799	312,593
Warrants	4, 10	14,705	14,705
Contributed surplus		22,366	19,089
Retained earnings		69,466	80,654
Accumulated other comprehensive income		21,341	11,892
Total shareholders' equity		441,677	438,933
Non-controlling interests	4	42,593	42,262
Total equity		484,270	481,195
Total liabilities and equity		1,129,797	1,143,574

(see the accompanying notes to the unaudited condensed consolidated interim financial statements)
Approved on behalf of the Board:

Tania Clarke
Director

Tim Penner
Director

Jamieson Wellness Inc.
Unaudited Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
In thousands of Canadian dollars, except share and per share amounts

	Notes	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Revenue	14, 15	184,806	167,577	312,844	304,302
Cost of sales		119,778	112,711	205,031	200,920
Gross profit		65,028	54,866	107,813	103,382
Selling, general and administrative expenses		43,867	34,832	83,425	67,224
Share-based compensation	11	1,744	1,425	3,493	2,921
Earnings from operations		19,417	18,609	20,895	33,237
Foreign exchange (gain) loss		(180)	1,482	(951)	1,645
Accretion on preferred shares	8	2,121	827	4,340	827
Interest expense and other financing costs	12	4,647	6,008	9,520	12,310
Earnings before income taxes		12,829	10,292	7,986	18,455
Provision for income taxes		4,516	3,088	3,392	4,186
Net earnings		8,313	7,204	4,594	14,269
Unrealized (loss) gain on amounts that may be reclassified to net earnings on cash flow hedges	13	(1,830)	566	(2,685)	(509)
Income tax		484	(149)	711	135
Net of tax		(1,346)	417	(1,974)	(374)
Unrealized gain (loss) on amounts that may be reclassified to net earnings on translation of foreign operations		3,359	(8,241)	11,700	(8,497)
Total other comprehensive income (loss)		2,013	(7,824)	9,726	(8,871)
Comprehensive income (loss)		10,326	(620)	14,320	5,398
Net earnings attributable to:					
Shareholders		8,653	8,186	4,540	15,251
Non-controlling interests		(340)	(982)	54	(982)
		8,313	7,204	4,594	14,269
Comprehensive income (loss) attributable to:					
Shareholders		12,108	1,095	13,989	7,113
Non-controlling interests		(1,782)	(1,715)	331	(1,715)
		10,326	(620)	14,320	5,398
Earnings per share attributable to common shareholders:	18				
Basic, earnings per share		0.20	0.17	0.11	0.34
Diluted, earnings per share		0.20	0.17	0.11	0.33
Weighted average number of shares:	18				
Basic		41,456,594	41,943,971	41,468,227	41,860,444
Diluted		42,472,623	42,890,029	42,304,411	42,745,685

(see the accompanying notes to the unaudited condensed consolidated interim financial statements)

Jamieson Wellness Inc.
Unaudited Consolidated Interim Statements of Changes in Shareholders' Equity
In thousands of Canadian dollars

	Notes	Share capital	Warrants	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	Total equity
As at December 31, 2023		312,593	14,705	19,089	80,654	11,892	438,933	42,262	481,195
Net earnings for the period		-	-	-	4,540	-	4,540	54	4,594
Issuance of treasury shares	9	1,206	-	(189)	-	-	1,017	-	1,017
Common share dividend (\$0.38 per share)		-	-	-	(15,728)	-	(15,728)	-	(15,728)
Other comprehensive loss		-	-	-	-	(1,974)	(1,974)	-	(1,974)
Unrealized foreign currency gain on translation of foreign operations		-	-	-	-	11,423	11,423	277	11,700
Share-based compensation	11	-	-	3,466	-	-	3,466	-	3,466
As at June 30, 2024		313,799	14,705	22,366	69,466	21,341	441,677	42,593	484,270
		Share capital	Warrants	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	Total equity
As at December 31, 2022		307,200	-	17,115	85,483	21,793	431,591	-	431,591
Net earnings for the period		-	-	-	15,251	-	15,251	(982)	14,269
Issuance of treasury shares	9	5,907	-	(2,389)	-	-	3,518	-	3,518
Issuance of warrants	4, 10	-	14,705	-	-	-	14,705	-	14,705
Minority interest in subsidiary	4	-	-	-	-	-	-	44,414	44,414
Common share dividend (\$0.34 per share)		-	-	-	(14,239)	-	(14,239)	-	(14,239)
Other comprehensive loss		-	-	-	-	(374)	(374)	-	(374)
Unrealized foreign currency loss on translation of foreign operations		-	-	-	-	(7,764)	(7,764)	(733)	(8,497)
Share-based compensation	11	-	-	2,799	-	-	2,799	-	2,799
As at June 30, 2023		313,107	14,705	17,525	86,495	13,655	445,487	42,699	488,186

(see the accompanying notes to the unaudited condensed consolidated interim financial statements)

Jamieson Wellness Inc.
Unaudited Consolidated Interim Statements of Cash Flows
In thousands of Canadian dollars

Cash provided by (used in)	Notes	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Operating activities					
Net earnings		8,313	7,204	4,594	14,269
Items not affecting cash					
Depreciation of property, plant, and equipment and right-of-use assets		3,236	3,659	6,752	7,126
Amortization of intangible assets		1,525	1,491	2,909	2,865
Deferred income taxes		262	(678)	(324)	(880)
Accretion on redeemable preferred shares	4, 8	2,121	827	4,340	827
Share-based compensation	11	1,733	1,399	3,466	2,799
Others		(98)	(1,247)	2	(1,282)
Net change in non-cash working capital	16	(10,208)	(956)	(22,146)	(6,092)
		6,884	11,699	(407)	19,632
Investing activities					
Acquisition of businesses	3	-	(25,823)	-	(25,823)
Additions to property, plant and equipment, net		(1,996)	(2,466)	(3,390)	(4,672)
Acquisition of intangible assets		(112)	(277)	(156)	(379)
		(2,108)	(28,566)	(3,546)	(30,874)
Financing activities					
Proceeds from credit facilities	7	19,728	93,242	45,481	106,472
Repayment to credit facilities	7	(27,426)	(139,566)	(37,894)	(161,326)
Payment of lease liabilities		(1,454)	(1,214)	(2,853)	(2,280)
Issuance of redeemable preferred shares	4, 8	-	85,113	-	85,113
Issuance of warrants	4, 10	-	14,705	-	14,705
Proceeds from minority interest in subsidiary	4	-	44,414	-	44,414
Exercise of stock options and ESPP	9	707	2,387	1,017	3,518
Dividends to common shareholders		(7,881)	(7,132)	(15,728)	(14,239)
Repurchase of common shares		-	-	(949)	-
		(16,326)	91,949	(10,926)	76,377
Effect of foreign currency translation on cash		111	-	727	-
Increase (decrease) in cash		(11,439)	75,082	(14,152)	65,135
Cash - Beginning of the period		34,150	16,293	36,863	26,240
Cash - End of the period		22,711	91,375	22,711	91,375
Supplemental disclosure					
Amount of income taxes paid		3,984	1,477	9,803	9,132
Amount of interest paid		4,576	8,353	9,605	14,605

(see the accompanying notes to the unaudited condensed consolidated interim financial statements)

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2024 and 2023

1. Company overview

1.1 Description of the business and consolidated financial statements

Jamieson Wellness Inc. (“Jamieson” or the “Company”) is a Canadian public company with common shares (“Common Shares”) listed on the Toronto Stock Exchange under the stock symbol “JWEL”.

The unaudited condensed consolidated interim financial statements of Jamieson and its subsidiaries for the three and six months ended June 30, 2024 (the “Interim Financial Statements”) were authorized for issue by the Board of Directors of the Company on August 7, 2024. Jamieson is a company continued under the *Business Corporations Act* (Ontario) and resident in Canada. Jamieson’s registered office is located at 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, ON, M5K 1E6.

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

1.2 Subsidiaries

The table below provides a summary of the Company’s subsidiaries. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of common shares, which are held directly or indirectly by the Company.

As at Entity	June 30, 2024 %	December 31, 2023 %	Principal Place of Operations
Jamieson Laboratories Ltd.	100.0	100.0	Canada
International Nutrient Technologies Limited	100.0	100.0	Canada
Body Plus Nutritional Products Inc.	100.0	100.0	Canada
Jamieson Health Products Australia Pty Ltd.	100.0	100.0	Australia
Nutrawise UK Ltd.	100.0	100.0	United Kingdom
Jamieson Health Products UK Ltd.	100.0	100.0	United Kingdom
Jamieson Health Products USA Ltd.	100.0	100.0	United States of America
Nutrawise Health & Beauty LLC	100.0	100.0	United States of America
Jamieson Health Products Netherlands B.V.	100.0	100.0	Netherlands
Nutrawise Japan GK	100.0	100.0	Japan
Jamieson Health Products (Cayman Islands) Limited	66.7	66.7	Cayman Islands
Jamieson Health Products (Hong Kong) Limited	66.7	66.7	China
Jamieson Health Products (Shanghai) Co., Ltd.	66.7	66.7	China
Jamieson Health Products (Hong Kong) Trading Limited	66.7	66.7	China

2. Summary of accounting policies

2.1 Basis of preparation and statement of compliance

The Interim Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023 (the “Annual Financial Statements”). The Interim Financial Statements have been prepared using the same accounting policies as disclosed in the Annual Financial Statements.

Several amendments apply for the first time in 2024, but do not have an impact on the Interim Financial Statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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The Interim Financial Statements are presented in Canadian dollars and all values are rounded to the nearest thousand (\$000), except share and per share amounts and when otherwise indicated. Certain supplementary information in U.S. dollars is rounded to the nearest thousand where applicable.

2.2 Future changes to accounting standards

The IASB issued IFRS 18 “Presentation and Disclosure in the Financial Statements” (“IFRS 18”), which sets out requirements and guidance on presentation and disclosure in financial statements, including:

- presentation in income statement of income and expenses within five defined categories: operating, investing, financing, income taxes, and discontinued operations
- presentation in the income statements of new defined subtotals for operating profit and profit before financing and income taxes
- enhanced guidance on aggregation and disaggregation of information and whether to provide information in the financial statements or in the notes
- disclosure of specified expenses by nature
- disclosure of explanations of management-defined performance measures

IFRS 18 will replace IAS 1 “Presentation of Financial Statements” but carries forward many requirements from IAS 1 without any change. The standard is effective for the annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

3. Business combinations

3.1 Acquisition of former distribution partner in China

On April 28, 2023, the Company completed its acquisition of the operating assets from its former distribution partner in China for a total cash consideration of \$25,823, before post-closing cash adjustments. The acquisition allows the Company to directly operate its sales, marketing and distribution activities in China, and marks a step forward in the Company’s brand expansion plans in China.

The following table provides the purchase price allocation of the net assets acquired at their fair value amounts:

	Final fair value as at April 28, 2023
	<u>\$</u>
Inventories	13,697
Customer relationships	8,900
Goodwill	4,867
Deferred tax liability	<u>(1,641)</u>
Total net assets acquired	<u>25,823</u>

The intangible assets acquired include customer relationships, which are amortized over approximately 15 years and expensed through the unaudited consolidated interim statements of operations and comprehensive income (loss) on a straight-line basis over the estimated useful life.

The estimated goodwill represents the future economic benefit arising from other assets acquired in the acquisition that are not individually identifiable and separately recognized. The estimated goodwill arising from the acquisition of \$4,867 is attributable to expected future income and cash-flow projections and

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2024 and 2023

synergies the Company expects to achieve in leveraging its platform. Certain intangible assets and goodwill are not expected to be deductible for tax purposes.

3.2 Acquisition related adjustments

As at June 30, 2024, the contingent consideration with respect to the Nutrawise Health & Beauty Corporation (“Nutrawise” or “youththeory”) acquisition was valued at \$23,410. The contingent consideration was classified as other long-term liabilities in the Company’s unaudited consolidated interim statements of financial position. As at December 31, 2023, the contingent consideration with respect to the Nutrawise acquisition was valued at \$22,623. The contingent consideration was classified as \$2,778 in the current portion of other long-term liabilities and \$19,845 in other long-term liabilities in the Company’s consolidated statements of financial position.

The fair value of contingent consideration is estimated using a Monte-Carlo simulation model. The simulation is revaluated at the end of each reporting period and any changes in fair value are recognized in the consolidated statements of operations and comprehensive income (loss). The fair value for the contingent consideration is an estimate requiring judgment and subject to fluctuations in key assumptions, including EBITDA forecasts until 2025, weighted average cost of capital of 13.3%, risk-free-rate of 4.8%, volatility of 40.0%, and earn-out payment discount rate of 8.1%.

4. China Operations Strategic Partnership

On May 16, 2023, the Company completed its strategic partnership with DCP Capital (“DCP”) in respect of the Company’s operations in China. The transaction involved DCP’s contribution of \$47,096 (USD \$35,000) in capital in exchange for a 33% minority interest in Jamieson Health Products (Cayman Islands) Limited (“Jamieson-DCP Partnership”), which in turn holds Jamieson Health Products (Shanghai) Co., Ltd., Jamieson Health Products (Hong Kong) Trading Limited, and Jamieson Health Products (Hong Kong) Limited (together with Jamieson-DCP Partnership, “China Operations”), less transaction costs of \$2,682.

The Jamieson-DCP Partnership is subject to an exit mechanism for DCP and various termination clauses. Exit mechanisms may include a sale to Jamieson or third party, a public offering or a mutually agreed upon termination of the agreement. Between the fourth and fifth anniversary of the Jamieson-DCP Partnership agreement (which period is subject to delay in specified circumstances), the Company has the right, but not the obligation, to repurchase DCP’s 33% minority interest at a pre-determined multiple of net revenues of the China Operations (less net debt). If the Company does not execute its right to repurchase the 33% minority interest by the fifth anniversary of the Jamieson-DCP Partnership agreement, a USD \$10,000 charge is due to DCP. DCP also has the right to negotiate and execute an exit event including the potential sale of the entire Jamieson-DCP Partnership to a third party. The Company has a right of first refusal should DCP propose a sale of its shares in the Jamieson-DCP Partnership.

The Company’s right to purchase DCP’s 33% minority interest in the Jamieson-DCP Partnership at a pre-determined multiple of net revenues represents a call option whose value will be driven by the difference, if any, between the fair value of DCP’s interest in the China Operations compared to the pre-determined net revenue multiple calculation. The Company will assess the fair value of the call option at each reporting period and has determined the fair values to be \$nil at inception and as at June 30, 2024.

The Company has determined that the USD \$10,000 potential charge for not executing its right to repurchase the 33% minority interest is not a present obligation for the Company, therefore not recognized in the Interim Financial Statements.

Jamieson Wellness Inc.

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In conjunction with DCP's \$47,096 investment in the Company's China Operations on May 16, 2023, DCP also completed its subscription for certain preferred shares and warrants of the Company. Please refer to Note 8 for details of the preferred shares and Note 10 for details of the warrants.

5. Accounts receivable

As at	June 30, 2024	December 31, 2023
	\$	\$
Trade	144,019	163,917
Other miscellaneous receivables	2,699	701
Allowance for expected credit losses	(216)	(119)
	<u>146,502</u>	<u>164,499</u>

The Company maintains an allowance for expected credit losses that represents its estimate of uncollectible amounts based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment.

6. Inventories

As at	June 30, 2024	December 31, 2023
	\$	\$
Raw material and packaging	89,400	92,026
Bulk product and work in process	22,272	21,384
Packaged finished goods	84,971	73,781
Inventory provision	(6,041)	(4,735)
	<u>190,602</u>	<u>182,456</u>

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

7. Long-term debt

On July 19, 2022, Jamieson Laboratories Ltd. ("JLL") amended and restated its credit agreement to add Nutrawise Health & Beauty LLC as a Borrower and to provide a secured revolving facility of \$500,000, plus an expanded accordion feature of up to \$250,000 (collectively, the "Credit Facilities"), with an extended maturity to July 19, 2027.

The table below illustrates the drawings and repayments applied against the Credit Facilities.

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
<i>Credit Facilities</i>				
<i>Drawings</i>	19,728	93,242	45,481	106,472
<i>Repayments</i>	(27,426)	(139,566)	(37,894)	(161,326)
	<u>(7,698)</u>	<u>(46,324)</u>	<u>7,587</u>	<u>(54,854)</u>

For the six months ended June 30, 2024, the weighted average interest rate on the Credit Facilities was 5.5% (2023 – 6.1%) and is composed of variable rates. A portion of the Credit Facilities outstanding is fixed through the interest rate swap (refer to Note 13).

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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.

The Borrowers are in compliance with all covenants as at the date of the Interim Financial Statements.

8. Preferred shares

	Preferred shares
	\$
As at December 31, 2023	89,409
Accretion expense	4,340
As at June 30, 2024	93,749

In conjunction with DCP's \$47,096 investment in the Company's China Operations on May 16, 2023, DCP also completed its subscription for 2,527,121 Series A Preference Shares of the Company ("Preferred Shares") and 2,527,121 warrants ("Warrants") (refer to Note 10) to purchase common shares of the Company for proceeds of \$101,565 (US\$75,000). The Preferred Shares carry a nominal annual dividend of \$0.01 per share and are redeemable at \$101,565 by DCP between May 15, 2025 and May 15, 2028, representing the second and fifth anniversary from the completion of the agreement.

The Company estimated the fair value of the Preferred Shares by fair valuing the warrants first and assigned the residual value to the Preferred Shares. The Preferred Shares accrete at approximately 9.6% for two years to its redeemable value of \$101,565 as at May 15, 2025. The Preferred Shares accretion expense for the three and six months ended June 30, 2024 is \$2,121 and \$4,340, respectively.

9. Common shares

	Common Shares	
	#	\$
As at December 31, 2023	41,551,485	312,593
Exercise of share-based awards	69,127	931
Employee stock purchase plan	10,727	275
Repurchase of shares	(150,200)	-
As at June 30, 2024	41,481,139	313,799

	Common Shares	
	#	\$
As at December 31, 2022	41,694,203	307,200
Exercise of share-based awards	325,688	5,608
Employee stock purchase plan	9,696	299
As at June 30, 2023	42,029,587	313,107

As at June 30, 2024 and 2023, the authorized share capital 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.

Jamieson Wellness Inc.

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

Normal Course Issuer Bid

On November 3, 2023, the Toronto Stock Exchange (“TSX”) accepted the Company’s notice of intention to make a normal course issuer bid (“NCIB”). The NCIB permits Jamieson to repurchase for cancellation, at its discretion, up to 4,165,201 common shares of the Company (“Common Shares”) in accordance with the NCIB procedures of the TSX. Under the NCIB, Jamieson is entitled to repurchase up to 25,729 Common Shares through the TSX during each trading day (excluding any purchases made pursuant to the block purchase exception in accordance with TSX rules).

The NCIB commenced on November 7, 2023 and remains in effect until the earlier of November 6, 2024 and the date on which the Company has either acquired the maximum number of Common Shares permitted under the NCIB or otherwise decided not to make any further repurchases. Purchases under the NCIB are made by means of open market transactions through the facilities of the TSX and through alternative trading systems in Canada. The price paid by the Company for any such repurchased Common Shares is the market price at the time of acquisition or such other price as a securities regulatory authority may permit. All Common Shares repurchased under the NCIB will be cancelled.

In connection with the NCIB, the Company also entered into an automatic share purchase plan (“ASPP”) with a designated broker, to allow for purchases of its Common Shares during certain pre-determined black-out periods, subject to certain parameters. The ASPP constitutes an “automatic securities purchase plan” under applicable Canadian securities laws, has been approved by the TSX and was implemented effective December 14, 2023.

During the year ended December 31, 2023, Jamieson purchased for cancellation 120,400 Common Shares under its ASPP program which were accrued for in fiscal 2023 and settled in fiscal 2024. During the three and six months ended June 30, 2024, nil and 150,200 and Common Shares purchased by Jamieson in 2023 under its ASPP program were settled. In addition, Jamieson purchased and cancelled nil and 29,800 Common Shares during the three and six months ended June 30, 2024. These shares were accrued for as at December 31, 2023 under the ASPP for an aggregate consideration of \$949 at an average price per Common Share of approximately \$31.85.

10. Warrants

The 2,527,121 Warrants are exercisable by DCP beginning May 15, 2025 and expire on May 15, 2028. The exercise price of the Warrants is \$40.19 per share representing a 10% premium to the 20-day volume weighted average common share price as of the signing of the subscription agreement on February 23, 2023.

At closing, the Warrants were fair valued at \$14,962, less transaction costs of \$257, and classified as equity in the unaudited consolidated interim statements of financial position.

The fair value of the Warrants was estimated using a Binomial tree model at the inception date. Key assumptions include the risk-free interest rate of 3.5%, volatility of 30.0%, and the expected dividend yield of 2.4%.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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11. Share-based compensation

Senior employees and directors' plan

The Company has an equity-based compensation plan providing for the issuance of securities under which grants will be made by the Company. Under the long-term incentive plan, the Board of Directors, at its discretion may grant share options, restricted shares, restricted share units in the form of time-based restricted share units ("RSUs"), performance-based share units ("PSUs"), deferred share units ("DSUs") and stock appreciation rights. The awards are settled in Common Shares with a cash settlement alternative available to the Company.

A summary of the status of the Company's outstanding share-based awards and changes during the six months ended June 30, 2024 and year ended December 31, 2023 is presented below:

	June 30, 2024				December 31, 2023			
	Options (number of shares)	PSUs (number of shares)	RSUs (number of shares)	DSUs (number of shares)	Options (number of shares)	PSUs (number of shares)	RSUs (number of shares)	DSUs (number of shares)
Outstanding awards, beginning of period	2,469,873	198,915	57,964	42,346	2,821,276	158,857	838	23,865
Granted	266,785	116,583	131,724	31,925	242,211	109,105	59,713	23,549
Exercised	(69,127)	(39,343)	-	-	(559,523)	(67,937)	(843)	(3,879)
Forfeited	(26,130)	(1,721)	(4,318)	-	(34,091)	(1,110)	(1,744)	(1,189)
Outstanding awards, end of period	2,641,401	274,434	185,370	74,271	2,469,873	198,915	57,964	42,346
Awards exercisable, end of period	2,082,897	-	-	43,903	1,758,290	-	-	21,339

The Company's share-based compensation expense for the three and six months ended June 30, 2024 is \$1,744 and \$3,493 respectively (2023 - \$1,425 and \$2,921), of which \$1,733 and \$3,466 (2023 - \$1,399 and \$2,799) is classified as contributed surplus in the Company's unaudited consolidated interim statements of financial position and \$11 and \$27 (2023 - \$26 and \$122) is related to employment taxes paid on exercise of options.

12. Interest expense and other financing costs

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interest on debt and borrowings	4,426	5,742	9,069	11,786
Interest on lease liabilities	221	266	451	524
	4,647	6,008	9,520	12,310

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13. Financial instruments and risk management activities

Financial instruments

Fair value measurement

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

	June 30, 2024					December 31, 2023				
	Notional Amount	Notional Amount	Notional Amount	Fair Value		Notional Amount	Notional Amount	Notional Amount	Fair Value	
				Asset	Liability				Asset	Liability
	\$CAD	\$USD	RMB	\$	\$	\$CAD	\$USD	RMB	\$	\$
Foreign currency forward contract designated as hedging instruments (forecast purchases)	-	22,000	-	-	-	-	-	-	-	-
Foreign currency forward contract designated as hedging instruments (forecast sales)	-	(9,000)	(220,000)	-	(127)	-	(7,000)	-	412	-
Interest rate swaps designated as hedging instruments	250,000	-	-	1,150	-	110,000	-	-	3,295	-
	250,000	13,000	(220,000)	1,150	(127)	110,000	(7,000)	-	3,707	-

On June 5, 2020, the Company entered into an interest rate swap with an effective date of October 1, 2020 to September 27, 2024 with a notional principal of \$140,000 and an annual amortization of \$10,000 on the first business day of each year. The notional principal of the interest rate swap is \$100,000 as at the end of this reporting period.

On January 19, 2024, the Company entered into an interest rate swap with an effective date of February 1, 2024 to December 30, 2025 with a notional principal of \$150,000 which will increase to \$250,000 on October 1, 2024 and reduce to \$225,000 on January 1, 2025. The notional principal of the interest rate swap is \$150,000 as at the end of this reporting period. The interest rate swap is a derivative measured at fair value and meets hedge accounting requirements. The fair values of the derivative financial instruments and interest rate swaps have been classified as Level 2 in the fair value hierarchy.

The carrying values of financial assets and liabilities measured at amortized cost (excluding long-term debt) approximate their fair values due to their short-term nature.

The carrying values of the Preferred Shares and long-term debt as at June 30, 2024 and December 31, 2023 approximate their fair value. The fair values of the Company's Preferred Shares and long-term debt were estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair values of the Preferred Shares and long-term debt have been classified as Level 2 in the fair value hierarchy.

The call option entered into as part of the China Operations (refer to Note 4) has been valued using a methodology that incorporates similar recent market transactions and market multiples of comparable peer companies.

The fair values of the contingent consideration related to the Nutrawise acquisition (refer to Note 3) and the call option entered into as part of the China Operations (refer to Note 4) have been classified as Level 3 in the fair value hierarchy.

For the three and six months ended June 30, 2024, there were no transfers between levels.

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Financial instrument risk management objectives and policies

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk from its customers (primarily related to trade accounts receivable) in the normal course of business. The Company has adopted a policy of only dealing with creditworthy counterparties.

To mitigate this risk, the Company carries out regular credit evaluations and purchases credit insurance for international customers, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

Market risk

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily from transactions in U.S. dollars such as a portion of trade accounts payable, trade accounts receivable and cash. Revenue from our China operations are primarily in Chinese Renminbi ("RMB").

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposure in U.S. dollars and RMB. As at June 30, 2024, \$29,968 (December 31, 2023 - \$nil) of anticipated foreign currency denominated purchases have been hedged and \$54,227 (December 31, 2023 - \$9,655) of anticipated foreign currency denominated sales have been hedged with underlying foreign exchange forward contracts.

Interest rate risk

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To further reduce the long-term interest rate exposure and gain predictability over future cash flows, the Company uses interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

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

	Increase/decrease in basis points	Effect on earnings before tax
	+/-	\$
Three months ended June 30, 2024	100	222
Six months ended June 30, 2024	100	454
Three months ended June 30, 2023	100	687
Six months ended June 30, 2023	100	1,423

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

Commodity price risk

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

Liquidity risk

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

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

As at June 30, 2024, the Company had \$190,124 in cash and available revolving and swingline facilities. The contractual undiscounted principal cash flows payable in respect of financial liabilities as at the date of these Interim Financial Statements, were as follows:

As at	June 30, 2024	December 31, 2023
	\$	\$
Amounts payable in more than 12 months	376,732	369,232
Amounts payable in less than 12 months	114,922	143,920
	491,654	513,152

Impact of global conflict

The continued risk surrounding the Eastern Europe and Middle East conflicts may have an adverse impact on the Company's business, financial condition, and results of operations. The Company does not conduct direct business operations in regions affected by these conflicts, however, the Company has a sales presence within the broader Eastern Europe and Middle East regions. At current, the Company has not had any measurable disruption to its supply of raw materials and ability to service its customers.

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Over the past year, international markets have experienced heightened inflation and fluctuations in consumer sentiments. These challenges have notably affected the Company's international business operations, particularly in neighbouring Eastern European and Middle Eastern regions where the Company conducts business. The Company continues to monitor the environment to respond rapidly to the evolving economic landscape and to ensure the continued stability of its business.

Capital

The Company's objective is to maintain a cost-effective capital structure that supports its long-term growth strategy, supports the business and maximizes shareholder value. The Company typically uses leverage in its capital structure to reduce the cost of capital. The Company's goal is to maintain its primary credit ratios and leverage at levels that are designed to provide continued access to investment-grade credit pricing and terms.

The Company measures its credit profile using a number of metrics, some of which are non-IFRS measures, primarily cash, less long-term debt and bank indebtedness ("net cash (debt)") to earnings before interest, income taxes, depreciation, amortization, restructuring and other related costs and interest coverage. Additionally, the Company maintains a cash flow reserve to service obligations as they come due.

In addition to Credit Facilities, Preferred Shares and equity, the Company uses leases as additional sources of financing.

There have been no material changes to the Company's risk management activities.

The Company is subject to capital requirements under the credit facility agreement, as described in Note 7.

14. Segment information

The Company has two reportable operating segments:

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

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

Inter-segment revenues and expenses are eliminated upon consolidation and relate mainly to sales from the Strategic Partners segment to the Jamieson Brands segment.

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	Three months ended June 30, 2024		
	Jamieson Brands	Strategic Partners	Total
	\$	\$	\$
Revenue	155,787	29,019	184,806
Earnings from operations	17,278	2,139	19,417
Foreign exchange gain			(180)
Accretion on preferred shares			2,121
Interest expense and other financing costs			4,647
Provision for income taxes			4,516
Net earnings			8,313

	Three months ended June 30, 2023		
	Jamieson Brands	Strategic Partners	Total
	\$	\$	\$
Revenue	132,916	34,661	167,577
Earnings from operations	15,015	3,594	18,609
Foreign exchange loss			1,482
Accretion on preferred shares			827
Interest expense and other financing costs			6,008
Provision for income taxes			3,088
Net earnings			7,204

	Six months ended June 30, 2024		
	Jamieson Brands	Strategic Partners	Total
	\$	\$	\$
Revenue	271,135	41,709	312,844
Earnings from operations	18,598	2,297	20,895
Foreign exchange gain			(951)
Accretion on preferred shares			4,340
Interest expense and other financing costs			9,520
Provision for income taxes			3,392
Net earnings			4,594

	Six months ended June 30, 2023		
	Jamieson Brands	Strategic Partners	Total
	\$	\$	\$
Revenue	241,026	63,276	304,302
Earnings from operations	26,657	6,580	33,237
Foreign exchange loss			1,645
Accretion on preferred shares			827
Interest expense and other financing costs			12,310
Provision for income taxes			4,186
Net earnings			14,269

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

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15. Revenue from contracts with customers

The following table sets forth the disaggregation of the Company's revenue from contracts with customers in the Jamieson Brands operating segment:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Domestic operations	80,008	72,671	140,874	144,026
U.S. operations	44,451	42,077	74,859	64,274
China operations	20,618	10,118	39,360	18,395
International operations	10,710	8,050	16,042	14,331
Total revenue from contracts with customers	155,787	132,916	271,135	241,026

Revenue from international operations and U.S. operations are primarily denominated in U.S. dollars. Revenue from China operations are primarily denominated in RMB. Both are subject to fluctuations in foreign exchange (refer to Note 13 - Financial instruments and risk management activities) on the conversion to Canadian dollars. China operations transitioned from a third-party distribution partner to an owned-distribution model in the second quarter of 2023.

16. Net change in non-cash working capital

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Change in:				
Accounts receivable	(14,322)	940	17,997	51,067
Inventories	5,751	(5,950)	(8,146)	(38,272)
Prepaid expenses and other current assets	(2,282)	380	(1,166)	(2,059)
Accounts payable and accrued liabilities	501	1,927	(24,726)	(12,183)
Taxes	144	1,747	(6,105)	(4,645)
Net change in non-cash working capital	(10,208)	(956)	(22,146)	(6,092)

17. Business seasonality

Interim period revenues and earnings historically reflect seasonality. As such, the operating results for any interim period are not necessarily indicative of full-year performance. The first quarter is typically the softest as retailers purchase for spring demand, while the fourth quarter has typically been the strongest primarily driven by the cold and flu season.

18. Earnings per share

Basic earnings per share amounts are calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period, adjusted for the effects of potentially dilutive share options, PSUs, RSUs, DSUs and warrants.

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The following table sets forth the calculation of basic and diluted earnings per share:

	2024			2023		
	Net earnings available to common shareholders	Weighted average number of shares	EPS \$	Net earnings available to common shareholders	Weighted average number of shares	EPS \$
Three months ended June 30,						
<i>Basic</i>						
Continuing operations	8,313	41,456,594	0.20	7,204	41,943,971	0.17
<i>Diluted</i>						
Continuing operations	8,313	42,472,623	0.20	7,204	42,890,029	0.17
Six months ended June 30,						
<i>Basic</i>						
Continuing operations	4,594	41,468,227	0.11	14,269	41,860,444	0.34
<i>Diluted</i>						
Continuing operations	4,594	42,304,411	0.11	14,269	42,745,685	0.33