



Unaudited Condensed Consolidated Interim Financial Statements  
**For the three and nine months ended September 30, 2022 and 2021**

## Table of Contents

Unaudited consolidated interim statements of financial position .....	1
Unaudited consolidated interim statements of operations and comprehensive income .....	2
Unaudited consolidated interim statements of changes in shareholders' equity .....	3
Unaudited consolidated interim statements of cash flows.....	4
Notes to the unaudited condensed consolidated interim financial statements .....	5-15

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

	<u>Notes</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash		7,316	6,775
Accounts receivable	4	143,389	104,186
Inventories	5	169,685	119,006
Derivatives	10	7,805	2,149
Prepaid expenses and other current assets		4,376	5,029
		<b>332,571</b>	<b>237,145</b>
<b>Non-current assets</b>			
Property, plant and equipment		113,538	96,977
Goodwill	3	275,064	122,975
Intangible assets	3	370,808	192,676
Deferred income tax		4,082	2,702
<b>Total assets</b>		<b>1,096,063</b>	<b>652,475</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		132,352	74,533
Income taxes payable		804	2,896
Derivatives	10	1,728	3,317
Current portion of other long-term liabilities	3	11,147	2,876
		<b>146,031</b>	<b>83,622</b>
<b>Long-term liabilities</b>			
Long-term debt	6	411,385	149,125
Post-retirement benefits		3,798	3,544
Deferred income tax		58,182	53,291
Other long-term liabilities	3	60,641	20,872
<b>Total liabilities</b>		<b>680,037</b>	<b>310,454</b>
<b>Shareholders' equity</b>			
Share capital	7	306,704	268,214
Contributed surplus		15,843	14,786
Retained earnings		70,496	58,998
Accumulated other comprehensive income		22,983	23
<b>Total shareholders' equity</b>		<b>416,026</b>	<b>342,021</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,096,063</b>	<b>652,475</b>

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

Approved on behalf of the Board:

*Steve Spooner*  
**Director**

*Tim Penner*  
**Director**

**Jamieson Wellness Inc.****Unaudited Consolidated Interim Statements of Operations and Comprehensive Income**

In thousands of Canadian dollars, except share and per share amounts

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Revenue	11, 12	138,929	112,368	354,594	321,194
Cost of sales		90,440	71,555	227,445	208,169
Gross profit		48,489	40,813	127,149	113,025
Selling, general and administrative expenses		30,855	19,228	77,471	61,218
Share-based compensation	8	1,315	992	3,593	4,651
Earnings from operations		16,319	20,593	46,085	47,156
Foreign exchange gain		(759)	(577)	(709)	(444)
Interest expense and other financing costs	9	4,144	1,505	6,660	4,291
Earnings before income taxes		12,934	19,665	40,134	43,309
Provision for income taxes		2,052	5,381	9,417	11,417
<b>Net earnings</b>		<b>10,882</b>	<b>14,284</b>	<b>30,717</b>	<b>31,892</b>
Unrealized gain on amounts that may be reclassified to net earnings on cash flow hedges	10	998	3,748	7,245	4,673
Income tax		(265)	(993)	(1,920)	(1,238)
Net of tax		733	2,755	5,325	3,435
Unrealized gain on amounts that may be reclassified to net earnings on translation of foreign operations		17,632	(10)	17,635	(66)
<b>Total other comprehensive income</b>		<b>18,365</b>	<b>2,745</b>	<b>22,960</b>	<b>3,369</b>
<b>Comprehensive income</b>		<b>29,247</b>	<b>17,029</b>	<b>53,677</b>	<b>35,261</b>
Earnings per share attributable to common shareholders:	14				
Basic, earnings per share		0.26	0.35	0.75	0.80
Diluted, earnings per share		0.26	0.34	0.73	0.77
Weighted average number of shares:	14				
Basic		41,386,719	40,256,983	40,766,991	40,076,485
Diluted		42,449,242	41,698,267	41,813,337	41,500,445

(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

	<u>Notes</u>	<u>Share capital</u>	<u>Contributed surplus</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive income</u>	<u>Total shareholders' equity</u>
<b>As at December 31, 2021</b>		<b>268,214</b>	<b>14,786</b>	<b>58,998</b>	<b>23</b>	<b>342,021</b>
Net earnings for the period		-	-	30,717	-	30,717
Exercise of stock options and ESPP	7	6,142	(2,382)	-	-	3,760
Issuance of shares to acquire businesses	3,7	32,348	-	-	-	32,348
Common share dividend (\$0.45 per share)		-	-	(19,219)	-	(19,219)
Other comprehensive income		-	-	-	22,960	22,960
Share-based compensation	8	-	3,439	-	-	3,439
<b>As at September 30, 2022</b>		<b>306,704</b>	<b>15,843</b>	<b>70,496</b>	<b>22,983</b>	<b>416,026</b>

		<u>Share capital</u>	<u>Contributed surplus</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive loss</u>	<u>Total shareholders' equity</u>
As at December 31, 2020		255,795	12,986	29,023	(5,402)	292,402
Net earnings for the period		-	-	31,892	-	31,892
Issuance of treasury shares	7	11,148	(3,260)	-	-	7,888
Common share dividend (\$0.40 per share)		-	-	(16,041)	-	(16,041)
Other comprehensive income		-	-	-	3,369	3,369
Share-based compensation	8	-	4,485	-	-	4,485
As at September 30, 2021		266,943	14,211	44,874	(2,033)	323,995

(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 September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
<b>Operating activities</b>					
Net earnings		10,882	14,284	30,717	31,892
Items not affecting cash					
Depreciation of property, plant, and equipment and right-of-use assets		3,194	2,543	8,574	7,377
Amortization of intangible assets		1,472	1,081	3,599	3,194
Deferred income taxes		(665)	166	1,591	81
Share-based compensation	8	1,177	992	3,439	4,485
Others		369	93	623	192
Net change in non-cash working capital		(37,042)	(9,078)	(38,753)	(37,125)
		<b>(20,613)</b>	<b>10,081</b>	<b>9,790</b>	<b>10,096</b>
<b>Investing activities</b>					
Acquisition of businesses	3	(241,960)	-	(241,960)	-
Additions to property, plant and equipment, net		(3,315)	(6,596)	(11,374)	(16,325)
Acquisition of intangible assets		(334)	(19)	(504)	(560)
		<b>(245,609)</b>	<b>(6,615)</b>	<b>(253,838)</b>	<b>(16,885)</b>
<b>Financing activities</b>					
Proceeds from credit facilities	6	289,185	20,160	314,479	68,721
Repayment to credit facilities	6	(18,095)	(16,041)	(52,220)	(43,402)
Payment of lease liabilities		(882)	(830)	(2,211)	(2,393)
Exercise of stock options and ESPP	7	2,058	3,808	3,760	7,888
Dividends to common shareholders		(7,085)	(6,049)	(19,219)	(16,041)
		<b>265,181</b>	<b>1,048</b>	<b>244,589</b>	<b>14,773</b>
<b>Increase (decrease) in cash</b>		<b>(1,041)</b>	<b>4,514</b>	<b>541</b>	<b>7,984</b>
<b>Cash - Beginning of the period</b>		<b>8,357</b>	<b>4,636</b>	<b>6,775</b>	<b>1,166</b>
<b>Cash - End of the period</b>		<b>7,316</b>	<b>9,150</b>	<b>7,316</b>	<b>9,150</b>
<b>Supplemental disclosure</b>					
Amount of income taxes paid		3,260	4,000	9,921	17,000
Amount of interest paid		4,126	1,412	6,426	3,473

(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 nine months ended September 30, 2022 and 2021

#### 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 nine months ended September 30, 2022 (the “Interim Financial Statements”) were authorized for issue by the Board of Directors of the Company on November 2, 2022. 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	September 30, 2022 %	December 31, 2021 %	Principal Place of Operations
Jamieson Laboratories Ltd.	100	100	Canada
International Nutrient Technologies Limited	100	100	Canada
Body Plus Nutritional Products Inc.	100	100	Canada
Jamieson Health Products (Shanghai) Co., Ltd.	100	100	China
Jamieson Health Products Australia Pty Ltd.	100	100	Australia
Jamieson Health Products UK Ltd.	100	100	United Kingdom
Jamieson Health Products USA Ltd.	100	100	United States of America
Jamieson Health Products Netherlands B.V.	100	100	Netherlands
Nutrawise Health & Beauty LLC	100	-	United States of America
Nutrawise UK Ltd.	100	-	United Kingdom
Nutrawise Japan GK	100	-	Japan

#### 2. Summary of significant 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, 2021 (the “Annual Financial Statements”). The Interim Financial Statements have been prepared using the same accounting policies as disclosed in the Annual Financial Statements. 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 US dollars is rounded to the nearest thousand where applicable.

# Jamieson Wellness Inc.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

### Three and nine months ended September 30, 2022 and 2021

#### 3. Business Combinations

On July 19, 2022, Jamieson USA acquired Nutrawise Health & Beauty Corporation (“Nutrawise” or “youththeory”), and Nutrawise became the wholly owned subsidiary of Jamieson USA. In connection with the transaction, Nutrawise Health & Beauty Corporation converted from a California corporation to a California limited liability company (LLC). Consideration for the acquisition totalled \$313,124 before post-closing cash adjustments, plus acquisition costs of \$8,051 which were recognized within selling, general and administrative expenses in the unaudited consolidated interim statements of operations and comprehensive income. The purchase price was funded with cash of \$241,960 (refer to Note 6), share consideration of \$32,348 and acquisition-related contingent consideration of \$38,816 for a total of \$313,124. Pursuant to the purchase agreement, the former owners are entitled to additional payments up to USD \$190,000 subject to meeting specific earnings before interest expense, income taxes, depreciation and amortization (EBITDA) targets up to 2025. In accordance with IFRS 3 “Business Combinations”, \$38,816 has been accounted for as contingent consideration and is recognized as part of the purchase price equation. This contingent consideration was classified as \$6,470 in the current portion of other long-term liabilities and \$32,346 in other long-term liabilities on the unaudited consolidated interim 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 unaudited consolidated interim statement of operations and comprehensive income. The fair value for the contingent consideration is an estimate requiring judgment and key assumptions, including EBITDA forecasts until 2025, volatility and discount rates.

Nutrawise is an innovator, manufacturer, and marketer of premium supplements under the youththeory brand in the United States and other international markets. The Company expects that this strategic milestone will create a platform for the Company to expand in the U.S., which hosts the world’s largest vitamin, mineral and supplements market, and leverage the broad Jamieson portfolio under the youththeory brand.

The following table provides the preliminary purchase price allocation of the net assets acquired at their fair value amounts, with working capital and deferred taxes subject to change.

	<b>Nutrawise</b>
	<b>\$</b>
Accounts receivable	6,083
Inventories	20,333
Prepaid expenses and other current assets	1,663
Accounts payable and accrued liabilities	(33,263)
Property, plant and equipment, net	8,143
Goodwill	143,536
Intangible assets	171,054
Other long term liabilities	(4,425)
<b>Total net assets acquired</b>	<b>313,124</b>

The intangible assets acquired include customer relationships and trademarks in the amounts of \$31,045 and \$140,000, respectively. The customer relationships are amortized over 20-25 years and expensed through the unaudited consolidated interim statement of operations and comprehensive income on a straight-line basis over the estimated useful life. The Company expects its trademarks to generate economic benefit in perpetuity, and accordingly, has assigned the trademarks as an indefinite life intangible asset.

The preliminary goodwill represents the future economic benefit arising from other assets acquired in the acquisition that are not individually identifiable and separately recognized. The preliminary goodwill arising

**Jamieson Wellness Inc.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three and nine months ended September 30, 2022 and 2021**

from the acquisition of \$143,536 is attributable to expected future income and cash-flow projections and synergies the Company expects to achieve in combining the acquisition into its operations while leveraging its platform in the United States. Preliminary goodwill is expected to be deductible for tax purposes.

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

Included in the Company's unaudited consolidated interim statements of operations and comprehensive income for the three and nine months ended September 30, 2022 is \$17,525 in revenue attributable to youtheory.

**4. Accounts receivable**

As at	<b>September 30, 2022</b>	December 31, 2021
	<u>\$</u>	<u>\$</u>
Trade	<b>139,214</b>	103,623
Other miscellaneous receivables	<b>4,278</b>	666
Allowance for expected credit losses	<b>(103)</b>	(103)
	<u><b>143,389</b></u>	<u>104,186</u>

The Company determines the allowance based on lifetime expected credit losses at each reporting date.

**5. Inventories**

As at	<b>September 30, 2022</b>	December 31, 2021
	<u>\$</u>	<u>\$</u>
Raw material and packaging	<b>74,163</b>	46,750
Bulk product and work in process	<b>25,097</b>	21,897
Packaged finished goods	<b>73,631</b>	53,204
Inventory provision	<b>(3,206)</b>	(2,845)
	<u><b>169,685</b></u>	<u>119,006</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.

**6. Long-term debt**

On September 27, 2019, Jamieson Laboratories Ltd. ("JLL") 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 \$275,000 (including a \$10,000 swingline facility) with the option to increase the revolving facility by \$200,000 (collectively, the "Credit Facilities"). As of July 19, 2022, the Company's newly acquired subsidiary, Nutrawise Health & Beauty LLC, was added as a Borrower under the Credit Facilities which increased from \$275,000 to \$500,000 under revolving Credit Facilities, plus an expanded accordion feature of up to \$250,000 with an extended maturity to July 19, 2027.



**Jamieson Wellness Inc.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three and nine months ended September 30, 2022 and 2021**

**8. 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 nine month period ended September 30, 2022 and year ended December 31, 2021 is presented below:

	September 30, 2022				December 31, 2021			
	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	2,576,838	198,036	62	15,563	2,546,553	256,894	9,000	-
Granted	416,679	52,229	768	12,517	461,566	39,909	62	17,016
Exercised	(144,447)	(90,756)	-	(4,440)	(412,571)	(95,706)	(9,000)	-
Forfeited	(7,598)	-	-	-	(18,710)	(3,061)	-	(1,453)
Outstanding awards, end of period	2,841,472	159,509	830	23,640	2,576,838	198,036	62	15,563
Awards exercisable, end of period	1,942,298	-	-	-	1,520,112	-	-	-

The Company's share-based compensation expense for the three and nine months ended September 30, 2022 is \$1,315 and \$3,593, respectively (2021 - \$992 and \$4,651), of which \$1,177 and \$3,439 (2021 - \$992 and \$4,485) is classified as contributed surplus in the Company's consolidated financial statements and \$138 and \$154, respectively (2021 - \$nil and \$166) is related to employment taxes paid on exercise of options. In the first quarter of 2021, the Company accelerated \$1,498 of share-based compensation expense in relation to the Company's CEO transition.

**9. Interest expense and other financing costs**

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on debt and borrowings	3,883	1,270	5,939	3,596
Interest on lease liabilities	261	235	721	695
	4,144	1,505	6,660	4,291

**10. Financial instruments and risk management activities**

Financial instruments

*Fair value measurement*

All derivative instruments have been classified as Level 2 in the fair value hierarchy.

**Jamieson Wellness Inc.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three and nine months ended September 30, 2022 and 2021**

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

	September 30, 2022				December 31, 2021			
	Notional	Notional	Fair Value		Notional	Notional	Fair Value	
	Amount	Amount	Asset	Liability	Amount	Amount	Asset	Liability
	\$CAD	\$USD	\$	\$	\$CAD	\$USD	\$	\$
Foreign currency forward contract designated as hedging instruments (forecast purchases)	-	15,000	1,141	-	-	60,000	-	(3,317)
Foreign currency forward contract designated as hedging instruments (forecast sales)	-	(16,000)	-	(1,728)	-	(45,000)	264	-
Interest rate swaps designated as hedging instruments	120,000	-	6,664	-	130,000	-	1,885	-
	120,000	(1,000)	7,805	(1,728)	130,000	15,000	2,149	(3,317)

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 \$120,000 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 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 value of long-term debt as at September 30, 2022 and December 31, 2021 approximates their fair value. The fair value of the Company's long-term debt was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair value of long-term debt is considered a Level 2 fair value measurement.

Contingent consideration has been classified as Level 3 in the fair value hierarchy.

For the three and nine month period ended September 30, 2022 there were no transfers between levels.

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.

**Jamieson Wellness Inc.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three and nine months ended September 30, 2022 and 2021**

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.

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposure. As of September 30, 2022, \$19,569 (December 31, 2021 - \$79,317) of anticipated foreign currency denominated purchases have been hedged and \$20,358 (December 31, 2021 - \$57,275) of anticipated foreign currency denominated sales have been hedged with underlying foreign exchange forward contracts settling at various dates in the 3 months proceeding the unaudited consolidated interim statement of financial position date.

*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.

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:

	<b>Increase/ decrease in basis points</b>	<b>Effect on Earnings before tax</b>
	+/-	\$
<b>Three months ended September 30, 2022</b>	<b>100</b>	<b>710</b>
<b>Nine months ended September 30, 2022</b>	<b>100</b>	<b>823</b>
Three months ended September 30, 2021	100	134
Nine months ended September 30, 2021	100	342

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.

**Jamieson Wellness Inc.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three and nine months ended September 30, 2022 and 2021**

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 September 30, 2022, the Company had \$95,931 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	<b>September 30, 2022</b>	December 31, 2021
	<u>\$</u>	<u>\$</u>
Amounts payable in more than 12 months	<b>478,862</b>	181,531
Amounts payable in less than 12 months	<b>144,516</b>	78,334
	<b><u>623,378</u></b>	<u>259,865</u>

Impact of COVID-19

There is a continuing risk that COVID-19 may impact the results of operations or financial conditions. A new variant or strain may cause an outbreak within the Company's operating facilities, resulting in absenteeism or a plant closure for an extended duration. Suppliers may experience business disruptions that could impact the supply of raw materials or components required for production. Limitations on transportation or border closures may result in shipment delays from the Company's suppliers or to its customers.

The situation is dynamic and the duration and impact on the Company's business remain uncertain. The Company continues to review its safety protocols to reflect new government or public health recommendations. The Company has not benefited from nor applied for any government financial aid or relief relating to the COVID-19 pandemic.

Impact of Ukraine Conflict

The Company does not conduct any business operations in Russia or Ukraine and to date has not had any measurable disruption to the Company's supply of raw materials and its ability to service customers. The Company did note that heightened inflation and consumer sentiment have caused uncertainty in international markets, especially in neighbouring Eastern European countries where the Company conducts business.

In particular, the Company continues 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 the Company's business, its financial condition, and results of operations.

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

**Jamieson Wellness Inc.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three and nine months ended September 30, 2022 and 2021**

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 and equity, the Company uses leases as additional sources of financing.

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

The Company is subject to capital requirements under the credit facility agreement, as described in Note 6.

**11. 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.

	<b>For the three month period ended September 30, 2022</b>		
	<b>Jamieson Brands</b>	<b>Strategic Partners</b>	<b>Total</b>
	\$	\$	\$
Revenue	<b>112,248</b>	<b>26,681</b>	<b>138,929</b>
Earnings from operations	<b>14,555</b>	<b>1,764</b>	<b>16,319</b>
Foreign exchange gain			<b>(759)</b>
Interest expense and other financing costs			<b>4,144</b>
Provision for income taxes			<b>2,052</b>
Net earnings			<b>10,882</b>

  

	<b>For the three month period ended September 30, 2021</b>		
	<b>Jamieson Brands</b>	<b>Strategic Partners</b>	<b>Total</b>
	\$	\$	\$
Revenue	<b>85,175</b>	<b>27,193</b>	<b>112,368</b>
Earnings from operations	<b>19,053</b>	<b>1,540</b>	<b>20,593</b>
Foreign exchange gain			<b>(577)</b>
Interest expense and other financing costs			<b>1,505</b>
Provision for income taxes			<b>5,381</b>
Net earnings			<b>14,284</b>

**Jamieson Wellness Inc.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three and nine months ended September 30, 2022 and 2021**

	<u>For the nine month period ended September 30, 2022</u>		
	<b>Jamieson Brands</b>	<b>Strategic Partners</b>	<b>Total</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue	<b>283,151</b>	<b>71,443</b>	<b>354,594</b>
Earnings from operations	<b>42,270</b>	<b>3,815</b>	<b>46,085</b>
Foreign exchange gain			<b>(709)</b>
Interest expense and other financing costs			<b>6,660</b>
Provision for income taxes			<b>9,417</b>
Net earnings			<b>30,717</b>

	<u>For the nine month period ended September 30, 2021</u>		
	<b>Jamieson Brands</b>	<b>Strategic Partners</b>	<b>Total</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue	243,461	77,733	321,194
Earnings from operations	42,412	4,744	47,156
Foreign exchange gain			(444)
Interest expense and other financing costs			4,291
Provision for income taxes			11,417
Net earnings			31,892

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

**12. 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:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<b>2022</b>	2021	<b>2022</b>	<b>2021</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Domestic sales	<b>79,502</b>	71,151	<b>220,464</b>	201,117
International sales	<b>32,746</b>	14,024	<b>62,687</b>	42,344
Total revenue from contracts with customers	<b>112,248</b>	85,175	<b>283,151</b>	243,461

International sales are primarily denominated in U.S. dollars and subject to fluctuations in foreign exchange (see Note 10 – Financial instruments and risk management activities) on the conversion to Canadian dollars.

**13. 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.

**14. 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.

**Jamieson Wellness Inc.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three and nine months ended September 30, 2022 and 2021**

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 and DSUs.

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

	2022			2021		
	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 September 30,						
<i>Basic</i>						
Continuing operations	10,882	41,386,719	0.26	14,284	40,256,983	0.35
<i>Diluted</i>						
Continuing operations	10,882	42,449,242	0.26	14,284	41,698,267	0.34
Nine months ended September 30,						
<i>Basic</i>						
Continuing operations	30,717	40,766,991	0.75	31,892	40,076,485	0.80
<i>Diluted</i>						
Continuing operations	30,717	41,813,337	0.73	31,892	41,500,445	0.77

**15. Subsequent events**

On November 2, 2022, the Board of Directors of the Company approved the signing of a binding term sheet with its current China distributor regarding the acquisition of certain assets and the transition services post the expiry of the current distribution agreement on December 31, 2022.