



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

For the three and nine months ended September 30, 2017



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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 prepared as of November 8, 2017. It should be read in conjunction with our unaudited condensed consolidated interim financial statements and our accompanying notes as at and for the three and nine months ended September 30, 2017, our audited consolidated annual financial statements and accompanying notes for the year ended December 31, 2016 and the related annual MD&A.

Our unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2017 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 "Q3 2017" are to our fiscal quarter ended September 30, 2017 and to "Q3 2016" are to our fiscal quarter ended September 30, 2016. All references in this MD&A to "YTD 2017" are to our nine-month period ended September 30, 2017 and to "YTD 2016" are to our nine-month period ended September 30, 2016.

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

Non-IFRS Financial Measures

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

Forward-Looking Information

Certain statements contained in this MD&A including, in particular, in the sections below entitled "*Summary of Factors Affecting our Performance*", "*Liquidity and Capital Resources*", "*Outlook*" and "*Risk Factors*", contain forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial

position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives of our Company. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “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 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.

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

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

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

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

Overview

Founded in 1922, Jamieson is Canada’s leading branded manufacturer, distributor and marketer of high quality natural health products. We offer consumers a comprehensive and innovative line of branded vitamins, minerals and supplements (“VMS”) products and certain over-the-counter remedies through our Jamieson and LVHS (as defined herein) brands as well as sports nutrition products through our Progressive, Precision and Iron Vegan brands, all of which we refer 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 has allowed us to significantly grow the business internationally, with products being sold in 40 countries worldwide.

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

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

Initial Public Offering

On July 7, 2017, we successfully completed the Initial Offering. Our common shares are listed for trading on the Toronto Stock Exchange under the stock symbol “JWEL”.

Immediately prior to the closing of the Initial Offering, we executed the following transactions the “Reorganization”) (i) declared accrued and unpaid dividends on the then outstanding Class A to V (as defined herein) and Class W (as defined herein) preferred shares in an aggregate amount of \$9.6 million, which dividends (net of Part XIII tax withholdings (the “Dividend Tax Withholding”)) were satisfied through the issuance of promissory notes (the “Dividend Notes”); (ii) returned capital on the then outstanding Class A to V preferred shares in the aggregate amount of \$65.1 million, which return of capital was satisfied through the issuance of promissory notes (the “ROC Notes”); (iii) redeemed all of the then outstanding Class W preferred shares in exchange for a note payable of \$94.6 million (“Class W Promissory Note”); and (iv) agreed to remit the Dividend Tax Withholding and Finco Tax Payable (refer to “*Liquidity and Capital Resources – Related Party Transactions – Due to Jamieson Finco LP*”) in the aggregate amount of \$5.8 million.

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

The Initial Offering consisted of the offering to the public of 19,050,000 common shares consisting of a treasury issuance by the Company of 15,554,755 common shares and a secondary offering of 3,495,245 common shares by certain selling shareholders, including Jamieson Intermediate Holdings S.à r.l. (“CCMP”), an entity which is controlled by certain funds to which investment advisory services are provided by CCMP Capital Advisors, LP. The Initial Offering price of \$15.75 per common share resulted in net proceeds to the Company of \$232.1 million, and \$52.2 million to the selling shareholders after underwriting commissions of \$15.8 million. In addition, CCMP granted to the underwriters an over-allotment option (the “Over-Allotment Option”) to purchase up to an additional 2,857,500 common shares from CCMP (or an affiliate) at an exercise price of \$15.75. The Over-Allotment Option was fully exercised after the Initial Offering and closed on July 14, 2017 and raised additional net proceeds of \$42.6 million after underwriting commission of \$2.4 million.

On July 7, 2017, the Company used a portion of the proceeds from the Initial Offering to: (i) make a loan to Jamieson Laboratories Ltd. (“JLL”), \$50.0 million of which was used by JLL on the same day to repay a portion of its Term Loan Facility (refer to “*Liquidity and Capital Resources – Credit Facilities*”); and (ii) repay the Dividend

Notes, the ROC Notes, the Class W Promissory Note, the Dividend Tax Withholding and the Finco Tax Payable, such that these obligations are no longer outstanding.

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

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

Secondary Offering

On October 18, 2017, a secondary offering (the “Secondary Offering”) by certain shareholders of the Company of common shares, including the sale by the CCMP Shareholders of all the common shares held by them, was completed.

The Secondary Offering of 14,778,751 common shares, including 1,758,751 common shares which were sold by the CCMP Shareholders to the underwriters upon the exercise in full of the over-allotment, raised gross proceeds of \$Nil for the Company and \$273.4 million for the selling shareholders, at a price of \$18.50 per common share. Underwriting fees were paid by the selling shareholders, and other expenses related to the Secondary Offering of approximately \$0.7 million were incurred and are being paid by the Company.

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

Summary of Factors Affecting Our Performance

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

Our Brand

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

Product Innovation and Planning

We believe that product innovation is integral to our success and following our acquisition by CCMP in 2014, we increased our focus on innovation as a key pillar of our growth. We believe these changes have thus far accelerated our pace of innovation and allowed us to increase our speed to market with the introduction of new products, providing us with the ability to turn concept development into sales in as little as twelve weeks. Furthermore, in the past 20 years, we have developed over 2,000 individual formulations. 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 in which we compete.

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.

Customer Relationships

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

Sourcing and Production

We have developed a strong, global supply chain based on long-standing relationships. The majority of our suppliers have had a relationship with us for over ten years. We purchase our ingredients from nearly 200 high quality raw material ingredient and packaging suppliers worldwide and potential suppliers are subject to a rigorous evaluation process by our quality assurance department. We are dependent on a stable and consistent supply of materials and inputs, including ingredients and packaging products. Although materials and inputs are generally available from multiple sources, certain materials and inputs are sourced from a restricted number of suppliers. In 2016, our top ten suppliers accounted for approximately 50% of our purchases. As is customary in the consumer health industry, we do not have long-term written contracts with most suppliers and often enter into one year contracts for raw materials at fixed prices to provide additional time to address price increases and mitigate margin erosion.

Consumer Trends

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

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

Competition

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

factors in each market, such as competitiveness, pricing dynamics, growth potential, regulatory environment and the propensity to be attracted to foreign brands.

Foreign Exchange

We currently benefit from a natural currency hedge by purchasing certain materials and inputs in U.S. dollars and selling our products internationally in U.S. dollars. With respect to sales in Canada, we are exposed to fluctuating US-Canadian currency exchange rate where the products sold contain materials and inputs purchased with U.S. dollars. We manage net exposure to fluctuating US-Canadian currency exchange rate with foreign exchange hedging contracts. We do not have foreign exchange hedging contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange hedging contracts in respect of other foreign currencies.

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

Business Acquisitions

We leverage our relationships and network of industry participants and advisors to actively source and identify acquisition opportunities. We continue to pursue strategic acquisitions that enable us to further broaden and diversify product offerings, and leverage current manufacturing and distribution facilities for new products. Any acquisitions may involve large transactions or realignment of existing investments, and present financial, managerial and operational challenges, which, if not successfully overcome, may reduce our profitability. We believe we have demonstrated our ability to successfully identify, integrate and grow businesses that we acquire. Since 2014, management has successfully made three acquisitions in line with our strategy.

Implementation of Growth Strategies

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

Regulation

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

There is currently no uniform regulation applicable to natural health products worldwide and there has been an increasing movement in certain foreign markets to increase the regulation of natural health products. The adoption

of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in compliance costs or lead us to discontinue product sales and may have an adverse effect on the marketing of our products, resulting in loss of sales. We believe that Canadian regulations are amongst the most stringent worldwide and, as we currently operate in compliance with these high standards, increased regulation in foreign jurisdictions makes us uniquely positioned to grow sales in such jurisdictions.

How We Assess the Performance of our Business

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

Revenue

The majority of our revenue is derived from the sale of Jamieson Brands products to distributors, retail and wholesale customers, as well as providing contract manufacturing services and the sale of product through our Strategic Partners segment.

We recognize revenue from product sales at the fair value of the consideration received or receivable, net of estimated returns and an estimate of sales incentives provided to customers excluding taxes or duty. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, we have satisfied our performance obligations under the arrangement, and have no ongoing involvement with the sold product. Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured, regardless of when the payment is received. The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include rebate and promotional programs provided to our customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. In subsequent periods, we monitor the performance of customers against agreed upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required. A provision for returns and sales is recognized at the time the product is sold and recognized as a reduction to revenue.

Gross Profit

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

Gross Profit Margin

“Gross profit margin” is defined as gross profit divided by revenue.

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.

SG&A

Our SG&A expenses are predominantly comprised of wages, benefits, travel, marketing, accounting fees, legal fees and other expenses related to the corporate infrastructure required to support our business. We expect our SG&A expenses to increase as we incur additional legal, accounting, insurance and other expenses associated with being a public company.

EBITDA

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

Adjusted EBITDA

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

Adjusted EBITDA Margin

“Adjusted EBITDA margin” is defined as Adjusted EBITDA divided by revenue.

Adjusted Net Income

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

Selected Consolidated Financial Information

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

(\$ in 000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Revenue	80,145	55,263	216,301	182,636
Cost of sales	53,722	37,783	142,349	125,528
Gross profit	26,423	17,480	73,952	57,108
Selling, general and administrative expenses	12,713	8,875	39,337	33,830
Share-based compensation	2,429	1,235	4,613	3,701
Earnings from operations	11,281	7,370	30,002	19,577
Operating margin	14.1%	13.3%	13.9%	10.7%
Foreign exchange (gain) loss	(203)	(59)	215	(38)
Termination benefits and related costs	-	152	2,499	1,186
Public offering costs	2,636	-	9,520	-
Acquisition costs	140	-	2,443	-
Other expenses	2,506	-	6,430	30
Preferred share accretion	-	(7,506)	28,796	6,311
Interest expense and other financing costs	2,365	5,735	2,593	17,240
Income (loss) before income taxes	3,837	9,048	(22,494)	(5,152)
Provision for income taxes	2,748	735	5,026	1,292
Net income (loss)	1,089	8,313	(27,520)	(6,444)
Adjusted net income	7,793	2,512	17,833	5,809
EBITDA	8,346	8,988	15,206	24,037
Adjusted EBITDA	16,134	11,292	42,629	32,067
Net income (loss)	1,089	8,313	(27,520)	(6,444)
Preferred share dividend	(9,605)	-	(9,605)	-
Basic, net income (loss) attributable to common shareholders:	(8,516)	8,313	(37,125)	(6,444)
Preferred share accretion	-	(7,506)	-	-
Diluted, net income (loss) attributable to common shareholders:	(8,516)	807	(37,125)	(6,444)
Weighted average number of shares				
Basic	35,322,657	520,253	12,247,370	520,253
Diluted	35,322,657	22,917,648	12,247,370	520,253
Earnings per share attributable to common shareholders:				
Basic, earnings (loss) per share	(0.24)	15.98	(3.03)	(12.39)
Diluted, earnings (loss) per share	(0.24)	0.04	(3.03)	(12.39)

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

<i>(\$ in 000's)</i>	<u>As at September 30,</u> <u>2017</u>	<u>As at December 31,</u> <u>2016</u>
Selected Consolidated Financial Position Data:		
Total assets	521,257	405,179
Total non-current liabilities	218,912	305,023

Results of Operations — three months ended September 30, 2017 and 2016

The following table provides a summary of our results for the three months ended September 30, 2017 and September 30, 2016.

<i>(\$ in 000's)</i>	Three months ended		\$ Change	% Change
	September 30			
	<u>2017</u>	<u>2016</u>		
Revenue	80,145	55,263	24,882	45.0%
Cost of sales	53,722	37,783	15,939	42.2%
Gross profit	26,423	17,480	8,943	51.2%
Selling, general and administrative expenses	12,713	8,875	3,838	43.2%
Share-based compensation	2,429	1,235	1,194	96.7%
Earnings from operations	11,281	7,370	3,911	53.1%
Operating margin	14.1%	13.3%	-	0.8%
Foreign exchange (gain)	(203)	(59)	(144)	(244.1%)
Termination benefits and related costs	-	152	(152)	(100.0%)
Public offering costs	2,636	-	2,636	-
Acquisition costs	140	-	140	-
Other expenses	2,506	-	2,506	-
Preferred share accretion	-	(7,506)	7,506	100.0%
Interest expense and other financing costs	2,365	5,735	(3,370)	(58.8%)
Income (loss) before income taxes	3,837	9,048	(5,211)	(57.6%)
Provision for income taxes	2,748	735	2,013	273.9%
Net income (loss)	1,089	8,313	(7,224)	(86.9%)
Adjusted net income	7,793	2,512	5,281	210.2%
EBITDA	8,346	8,988	(642)	(7.1%)
Adjusted EBITDA	16,134	11,292	4,842	42.9%

The following table provides a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for the three months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)	Three months ended		\$ Change	% Change
	September 30			
	2017	2016		
Net income (loss)	1,089	8,313	(7,224)	(86.9%)
<i>Add:</i>				
Provision for income taxes	2,748	735	2,013	273.9%
Interest expense and other financing costs	2,365	5,735	(3,370)	(58.8%)
Preferred share accretion	-	(7,506)	7,506	100.0%
Depreciation of property, plant, and equipment	1,283	903	380	42.1%
Amortization of intangible assets	861	808	53	6.6%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	8,346	8,988	(642)	(7.1%)
<i>Add EBITDA adjustments:</i>				
Share-based compensation ⁽¹⁾	2,429	1,235	1,194	96.7%
Amortization of fair value adjustments ⁽²⁾	282	-	282	-
Foreign exchange (gain)	(203)	(59)	(144)	(244.1%)
Termination benefits and related costs	-	152	(152)	(100.0%)
Acquisition costs	140	-	140	-
Purchase consideration accounted for as compensation expense ⁽³⁾	2,215	-	2,215	-
Public offering costs ⁽⁴⁾	2,636	-	2,636	-
Non-recurring consulting services ⁽⁵⁾	289	792	(503)	(63.5%)
Other ⁽⁶⁾	-	184	(184)	(100.0%)
Adjusted EBITDA	16,134	11,292	4,842	42.9%

- (1) Pursuant to our legacy option plan (the “Legacy Option Plan”) for directors, officers and employees which was amended and restated as of July 5, 2017 and option exchange agreements were entered into such that, among other things: (i) options issued under the Legacy Option Plan became exercisable for common shares (rather than Class A common shares) and (ii) adjustments were made to reflect the share split. In addition, included in Q3 2017 is a \$1.7 million expense pertaining to the accelerated vesting of certain options under the Legacy Option Plan in connection with the Initial Offering.
- (2) In conjunction with the acquisition of Body Plus Nutritional Products Inc. (“Body Plus”) and Sonoma Nutraceuticals Inc. (“Sonoma”) on January 31, 2017, the fair value adjustment of inventory as part of the initial purchase price allocation was amortized over the 6 month period post acquisition.
- (3) For the aforementioned acquisition of Body Plus and Sonoma, \$8.9 million deferred consideration payable on January 31, 2018 has been accounted for as compensation expense under the provisions of IFRS 3, Business Combinations. The payable is recognized straight-line over the life of the liability and recorded as “Other expenses” in our unaudited consolidated statement of operations and comprehensive income (loss).
- (4) As discussed in the above section “Initial Public Offering”, on July 7, 2017 we successfully completed the Initial Offering and our common shares are listed on the Toronto Stock Exchange under the stock symbol “JWEL”. Costs associated with the Initial Offering have been recorded as “Other expenses” in our unaudited consolidated statement of operations and comprehensive income (loss).
- (5) Non-recurring consulting services is comprised of process improvement projects and one-time studies commissioned to understand specific markets and consumer trends in helping us identify the most strategic markets for international expansion.

- (6) In Q3 2016, costs were mainly related to restructuring and indemnity settlements in connection with the acquisition of JLL on January 31, 2014.

The following table provides a reconciliation of net income (loss) to Adjusted Net Income for the three months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)	Three months ended		\$ Change	% Change
	September 30			
	2017	2016		
Net income (loss)	1,089	8,313	(7,224)	(86.9%)
<i>Adjustments to net income (loss):</i>				
Share-based compensation ⁽¹⁾	1,708	914	794	86.9%
Amortization of fair value adjustments	282	-	282	-
Foreign exchange (gain)	(203)	(59)	(144)	(244.1%)
Termination benefits and related costs	-	152	(152)	(100.0%)
Acquisition costs	140	-	140	-
Purchase consideration accounted for as compensation expense	2,215	-	2,215	-
Public offering costs	2,636	-	2,636	-
Preferred share accretion	-	(7,506)	7,506	100.0%
Non-recurring consulting services	289	792	(503)	(63.5%)
Other	-	184	(184)	(100.0%)
Related tax effects	(363)	(278)	(85)	(30.6%)
Adjusted net income	7,793	2,512	5,281	210.2%

- (1) In Q3 2016, this adjustment was in relation to JLL's acquisition of LVHS, whereby as part of the transaction, 1,067,891.57 Class B preferred shares, on a post share split basis, were placed into escrow for issuance to the former owner. These shares were converted to common shares and released from escrow as part of a series of transactions prior to the closing of the Initial Offering. In Q3 2017, the adjustment pertains to the accelerated vesting of certain options under the Legacy Option Plan in connection with the Initial Offering.

The following table provides revenue, gross profit, gross profit margin, earnings from operations, operating margin, Adjusted EBITDA and Adjusted EBITDA margin for our two operating segments for the three months ended September 30, 2017 and September 30, 2016.

Jamieson Brands

(\$ in 000's)	For the three months ended September 30,		\$ Change	% Change
	2017	2016		
Revenue	61,889	45,882	16,007	34.9%
Gross profit	23,263	16,743	6,520	38.9%
Gross profit margin	37.6%	36.5%	-	1.1%
Earnings from operations	9,628	7,735	1,893	24.5%
Operating margin	15.6%	16.9%	-	(1.3%)
Adjusted EBITDA	14,157	11,301	2,856	25.3%
Adjusted EBITDA margin	22.9%	24.6%	-	(1.7%)

The following table provides a reconciliation from earnings from operations to Adjusted EBITDA for the three months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)

For the three months ended September 30,	2017	2016	\$ Change	% Change
Earnings from operations	9,628	7,735	1,893	24.5%
Depreciation of property, plant, and equipment	959	547	412	75.3%
Amortization of intangible assets	861	808	53	6.6%
Share-based compensation	2,429	1,235	1,194	96.7%
Amortization of fair value adjustments	282	-	282	-
Non-recurring consulting services ⁽¹⁾	-	792	(792)	(100.0%)
Other ⁽²⁾	(2)	184	(186)	(101.1%)
Adjusted EBITDA	14,157	11,301	2,856	25.3%

- (1) In Q3 2016, non-recurring consulting services were included as part of SG&A expenses.
- (2) In Q3 2016, costs were mainly related to restructuring and indemnity settlements in connection with the acquisition of JLL on January 31, 2014.

Strategic Partners and Eliminations

(\$ in 000's)

For the three months ended September 30,	2017	2016	\$ Change	% Change
Gross Revenue	33,334	13,970	19,364	138.6%
Less: Intercompany eliminations	(15,078)	(4,589)	(10,489)	(228.6%)
Revenue	18,256	9,381	8,875	94.6%
Gross profit	3,160	737	2,423	328.8%
Gross profit margin	17.3%	7.9%	-	9.4%
Earnings from operations	1,653	(365)	2,018	552.9%
Operating margin	9.1%	(3.9%)	-	13.0%
Adjusted EBITDA	1,977	(9)	1,986	-
Adjusted EBITDA margin	10.8%	(0.1%)	-	10.9%

The following table provides a reconciliation from earnings from operations to Adjusted EBITDA for the three months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)

For the three months ended September 30,	2017	2016	\$ Change	% Change
Earnings from operations	1,653	(365)	2,018	552.9%
Depreciation of property, plant, and equipment	324	356	(32)	(9.0%)
Adjusted EBITDA	1,977	(9)	1,986	-

Revenue

Revenue increased 45.0%, or \$24.9 million, to \$80.1 million in Q3 2017 compared to \$55.3 million in Q3 2016. Of the increase, 23.3% was due to the inclusion of the operating results for Body Plus and Sonoma in Q3 2017 following the acquisition on January 31, 2017. Excluding revenue from acquisitions, revenue increased by 21.7% compared to the prior year including \$5.6 million in the Jamieson Brands segment and \$6.4 million in the Strategic Partners segment.

Revenue in the Jamieson Brands segment increased 34.9%, or \$16.0 million, to \$61.9 million in Q3 2017 from \$45.9 million in Q3 2016 due to the impact of \$10.4 million or a 22.7% increase from the acquisition of Body

Plus and a year over year increase of 12.2% in our domestic and international brands. Our domestic branded business increased by \$5.1 million driven from greater shipments as a result of higher consumer demand and an increase of sales from innovation of \$0.5 million. Revenue from innovations was \$2.0 million in Q3 2017 compared to \$1.5 million in Q3 2016, driven by the success of our new herbal and cough and cold remedies. Within our Jamieson legacy brands, we have launched 38 products in YTD 2017 compared to 30 products in YTD 2016. In general, sales from innovation are related to the type, timing and the usage cycle associated with the products released in the year. Our international branded business increased by \$0.5 million despite unfavorable USD/CAD exchange rates, whereby average exchange rate for the quarter was 1.25 in Q3 2017 compared to 1.30 in Q3 2016. On a consistent currency basis, international sales increased by \$0.7 million due to increased sales to parts of Asia and the Caribbean.

Revenue in the Strategic Partners segment increased 94.6%, or \$8.9 million, to \$18.3 million in Q3 2017 from \$9.4 million in Q3 2016. Of the increase, \$2.5 million was attributable to the Sonoma acquisition and \$6.4 million of the increase was attributable to an increase in the legacy Strategic Partners business which was driven by timing of orders, our success in securing additional volume from existing customers and strong consumer demand for customer branded products.

Gross profit

Gross profit increased by 51.2%, or \$8.9 million, to \$26.4 million in Q3 2017 compared to \$17.5 million in Q3 2016. The increase was primarily due to an increase in revenue from the Jamieson Brands segment combined with an increase in activity in the Strategic Partners segment. Gross profit margin increased 140 basis points to 33.0% in Q3 2017 from 31.6% in Q3 2016 due to the impact of higher margin Body Plus and Sonoma activities.

Gross profit in the Jamieson Brands segment increased \$6.6 million, to \$23.3 million in Q3 2017 from \$16.7 million in Q3 2016. Gross profit pertaining to the operating results for Body Plus in Q3 2017 accounted for \$3.9 million of the increase while the remaining increase was driven by higher volume, raw material purchasing savings and improved plant efficiencies. Gross profit margin increased by 110 basis points to 37.6% in Q3 2017 due to raw material purchasing savings and improved plant efficiencies partially offset by timing of promotional activities.

Gross profit in the Strategic Partners segment increased \$2.5 million, to \$3.2 million in Q3 2017 from \$0.7 million in Q3 2016. Gross profit pertaining to the operating results for Sonoma in Q3 2017 accounted for \$1.1 million of the increase while the remaining increase was driven by higher volume, favourable product mix, raw material purchasing savings and improved plant utilization. Gross profit margin increased by 940 basis points to 17.3% in Q3 2017 due to the impact of adding higher margin Sonoma activity, favourable product mix, raw material purchasing savings, and improved plant efficiencies.

Selling, general and administrative expenses

SG&A expenses increased by 43.2%, or \$3.8 million, to \$12.7 million in Q3 2017 compared to \$8.9 million in Q3 2016. In the Jamieson Brands segment, SG&A expenses increased by \$3.4 million in Q3 2017 primarily due to the acquisition of Body Plus adding \$1.9 million in costs, \$2.1 million primarily due to higher variable compensation costs, and \$0.4 million of public company costs, offset by timing of marketing programs of \$1.0 million. In the Strategic Partners segment, SG&A expenses increased by \$0.4 million in Q3 2017 primarily due to the acquisition of Sonoma while spending remained consistent in the legacy Strategic Partners business.

Share-based compensation

Share-based compensation increased by 96.7%, or \$1.2 million, to \$2.4 million in Q3 2017 compared to \$1.2 million in Q3 2016. This was mainly due to accelerated vesting of certain options granted to our directors, officers and employees under the Legacy Option Plan and additional grants of options under the LTIP.

Earnings from operations and operating margin

Earnings from operations increased 53.1%, or \$3.9 million, to \$11.3 million in Q3 2017 compared to \$7.4 million in Q3 2016. Of the increase, 36.5% was due to the inclusion of operating results for Body Plus and Sonoma in Q3 2017 of \$2.0 million and \$0.7 million, respectively. The remaining increase was due to higher volumes in both the legacy Jamieson Brands and legacy Strategic Partners segments, partially offset by higher SG&A expenses and share-based compensation. Operating margin increased 80 basis points to 14.1% in Q3 2017 compared to 13.3% in Q3 2016 driven by gross profit margin improvements, partially offset by higher share-based compensation and an increase in Strategic Partner revenue as a percent of total revenue.

Earnings from operations in the Jamieson Brands segment increased 24.5%, or \$1.9 million, to \$9.6 million in Q3 2017 compared to \$7.7 million in Q3 2016. Earnings from operations was driven by increased earnings as a result of the acquisition of Body Plus, higher volume in the legacy Jamieson Brands segment, partially offset by higher SG&A expenses due to the reversal of short-term compensation in SG&A expenses in the prior year and higher share-based compensation. Operating margin decreased 130 basis points to 15.6% in Q3 2017 from 16.9% in Q3 2016 due to the reversal of short-term compensation in SG&A expenses in the prior year and timing of promotional activities in the current year, offset by raw material purchasing savings, improved plant efficiencies and less marketing. Excluding the reversal of short-term compensation in the prior year, operating margin increased by 330 basis points.

Earnings from operations in the Strategic Partners segment was \$1.7 million in Q3 2017 compared to a loss of \$0.4 million in Q3 2016. Earnings from operations was driven by increased earnings as a result of the acquisition of Sonoma and higher volume in the legacy Strategic Partners segment partially offset by higher SG&A and share-based compensation. Operating margin increased 1,300 basis points to 9.1% in Q3 2017 compared to -3.9% in Q3 2016 due to higher margin Sonoma activity, favourable product mix, raw material purchasing savings, improved plant efficiencies and lower SG&A expenses as a percentage of revenue.

Foreign exchange (gain) loss

Foreign exchange gain increased by \$0.1 million, to \$0.2 million in Q3 2017 compared to a gain of \$0.1 million in Q3 2016 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Termination benefits and related costs

Termination benefits and related costs was \$nil in Q3 2017 compared to \$0.2 million in Q3 2016. We are involved, from time to time, in reorganization activities in order to gain flexibility and improve efficiency. The costs in the prior year were mainly comprised of severance costs and salary continuances.

Public offering costs

Public offering costs of \$2.6 million in Q3 2017 were related to the Initial Offering (refer to “*Initial Public Offering*”).

Acquisition costs

Acquisition costs of \$0.1 million in Q3 2017 were related to the acquisition of Body Plus and Sonoma.

Other expense

Other expense of \$2.5 million in Q3 2017 was mainly related to deferred consideration in relation to the acquisition of Body Plus and Sonoma for \$2.2 million and other non-recurring consulting services of \$0.3 million.

Preferred share accretion

Preferred share accretion was \$nil in Q3 2017 compared to a gain of \$7.5 million in Q3 2016. The gain in the prior year was tied to the change in the underlying fair value of our Company based on a multiple of Adjusted EBITDA.

Interest (income) expense and other financing costs

Interest (income) expense and other financing costs decreased by \$3.4 million, to \$2.4 million in Q3 2017 compared to \$5.7 million in Q3 2016. This was primarily due to the discharge of our note payable to Jamieson Finco LP (“Finco”) (refer to “*Liquidity and Capital Resources – Related Party Transactions – Due to Jamieson Finco LP*”) in Q2 2017 as part of the Company’s Reorganization prior to the Initial Offering which incurred \$2.0 million interest in the same period in the prior year, lower interest rates on outstanding debt under the new credit facility entered into as of January 31, 2017 for \$1.5 million, offset by a slight increase in amortization of deferred financing fees of \$0.1 million. As of September 30, 2017, the weighted average interest rate on the new credit facility was 4.3% compared to our term loan agreement with CPPIB Credit Investments Inc. (“CPPIB”) in the prior year for which as at September 30, 2016, the weighted average interest rate was 8.39%.

Provision for income taxes

Provision for income taxes increased by \$2.0 million to \$2.7 million in Q3 2017 compared to \$0.7 million in Q3 2016 with an effective income tax rate of 71.6% and 8.1% for the respective periods. Our effective income tax rate is significantly impacted by expenses such as share-based compensation, purchase consideration accounted for as compensation expense, and preferred share accretion which are not deductible for tax purposes.

Depreciation

Depreciation expense increased by 42.1%, or \$0.4 million, to \$1.3 million in Q3 2017 compared to \$0.9 million in Q3 2016. The increase was primarily due to \$0.1 million depreciation expense from Body Plus and Sonoma and additions to property, plant and equipment which were more heavily weighted towards the latter half of the year in 2016.

Amortization

Amortization expense remained relatively consistent with the same period in the prior year. A minor increase was due to amortization of intangibles pertaining to customer relationships acquired as part of the acquisition of Body Plus and Sonoma which are amortized straight line over 30 years.

EBITDA and Adjusted EBITDA

EBITDA decreased by \$0.6 million, to \$8.3 million in Q3 2017 compared to \$8.9 million in Q3 2016 primarily due to the factors discussed above.

Adjusted EBITDA increased by 42.9%, or \$4.8 million, to \$16.1 million in Q3 2017 compared to \$11.3 million in Q3 2016. The increase was due in part to the inclusion of operating results for Body Plus and Sonoma in Q3 2017 of \$2.3 million and \$0.7 million, respectively. The remaining increase is due to higher earnings from operations in both the legacy Jamieson Brands and legacy Strategic Partners segments, net of share-based compensation. Adjusted EBITDA margin decreased 30 basis points to 20.1% in Q3 2017 compared to 20.4% in Q3 2016 due to higher SG&A and higher Strategic Partner revenue as a percent of total revenue, partially offset by gross profit margin improvements in both the Jamieson Brands and Strategic Partners segments. Included in Jamieson Brands was a reversal of short-term compensation in SG&A expenses in the prior year. On a normalized basis, Adjusted EBITDA margin increased by 350 basis points.

Adjusted EBITDA in the Jamieson Brands segment increased 25.3%, or \$2.9 million, to \$14.2 million in Q3 2017 compared to \$11.3 million in Q3 2016. The increase was driven by the acquisition of Body Plus, higher volume

in the legacy Jamieson Brands segment partially offset by timing of promotional activities and higher SG&A due to the reversal of short-term compensation in SG&A in the prior year. Adjusted EBITDA margin decreased 170 basis points to 22.9% in Q3 2017 from 24.6% in Q3 2016 due to the reversal of short-term compensation in SG&A expenses in the prior year, offset by improved efficiencies and less marketing. Excluding the reversal of short-term compensation in the prior year, Adjusted EBITDA margin increased by 280 basis points.

Adjusted EBITDA in the Strategic Partners segment increased \$2.0 million, to \$2.0 million in Q3 2017 compared to a nominal amount in Q3 2016. The increase is driven by the acquisition of Sonoma and higher volume in the legacy Strategic Partners segment, partially offset by higher SG&A expenses and share-based compensation. Adjusted EBITDA margin increased 1,090 basis points to 10.8% in Q3 2017 compared to -0.1% in Q3 2016 due to higher margin Sonoma activity, favourable product mix, raw material purchasing savings, improved plant efficiencies and lower SG&A expenses as a percentage of revenue.

Results of Operations — nine months ended September 30, 2017 and 2016

The following table provides a summary of our results for the nine months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)	Nine months ended September 30		\$ Change	% Change
	2017	2016		
Revenue	216,301	182,636	33,665	18.4%
Cost of sales	142,349	125,528	16,821	13.4%
Gross profit	73,952	57,108	16,844	29.5%
Selling, general and administrative expenses	39,337	33,830	5,507	16.3%
Share-based compensation	4,613	3,701	912	24.6%
Earnings from operations	30,002	19,577	10,425	53.3%
Operating margin	13.9%	10.7%	-	3.2%
Foreign exchange loss (gain)	215	(38)	253	665.8%
Termination benefits and related costs	2,499	1,186	1,313	110.7%
Public offering costs	9,520	-	9,520	-
Acquisition costs	2,443	-	2,443	-
Other expenses	6,430	30	6,400	-
Preferred share accretion	28,796	6,311	22,485	356.3%
Interest expense and other financing costs	2,593	17,240	(14,647)	(85.0%)
Income (loss) before income taxes	(22,494)	(5,152)	(17,342)	(336.6%)
Provision for income taxes	5,026	1,292	3,734	289.0%
Net income (loss)	(27,520)	(6,444)	(21,076)	(327.1%)
Adjusted net income	17,833	5,809	12,024	207.0%
EBITDA	15,206	24,037	(8,831)	(36.7%)
Adjusted EBITDA	42,629	32,067	10,562	32.9%

The following table provides a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)	Nine months ended		\$ Change	% Change
	September 30			
	2017	2016		
Net income (loss)	(27,520)	(6,444)	(21,076)	(327.1%)
<i>Add:</i>				
Provision for income taxes	5,026	1,292	3,734	289.0%
Interest expense and other financing costs	2,593	17,240	(14,647)	(85.0%)
Preferred share accretion	28,796	6,311	22,485	356.3%
Depreciation of property, plant, and equipment	3,770	3,216	554	17.2%
Amortization of intangible assets	2,541	2,422	119	4.9%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	15,206	24,037	(8,831)	(36.7%)
<i>Add EBITDA adjustments:</i>				
Share-based compensation ⁽¹⁾	4,613	3,701	912	24.6%
Amortization of fair value adjustments ⁽²⁾	1,694	-	1,694	-
Foreign exchange loss (gain)	215	(38)	253	665.8%
Termination benefits and related costs	2,499	1,186	1,313	110.7%
Acquisition costs	2,443	-	2,443	-
Purchase consideration accounted for as compensation expense ⁽³⁾	5,906	-	5,906	-
Public offering costs ⁽⁴⁾	9,520	-	9,520	-
Non-recurring consulting services ⁽⁵⁾	289	2,409	(2,120)	(88.0%)
Other ⁽⁶⁾	244	772	(528)	(68.4%)
Adjusted EBITDA	42,629	32,067	10,562	32.9%

- (1) Pursuant to our legacy option plan (the "Legacy Option Plan") for directors, officers and employees which was amended and restated as of July 5, 2017 and option exchange agreements were entered into such that, among other things: (i) options issued under the Legacy Option Plan became exercisable for common shares (rather than Class A common shares) and (ii) adjustments were made to reflect the Share Split. Following the closing of the Initial Offering, no further awards may be made under the Legacy Option Plan. In addition, 1,067,891.57 Class B preferred shares, on a post share split basis, were placed into escrow for issuance to the former owner as part of the LVHS acquisition. In addition, included in Q3 2017 is a \$1.7 million expense pertaining to the accelerated vesting of certain options under the Legacy Option Plan in connection with the Initial Offering.
- (2) In conjunction with the acquisition of Body Plus and Sonoma on January 31, 2017, the fair value adjustment of inventory as part of the initial purchase price allocation was amortized over the 6 month period post acquisition.
- (3) For the aforementioned acquisition of Body Plus and Sonoma, \$8.9 million deferred consideration payable on January 31, 2018 has been accounted for as compensation expense under the provisions of IFRS 3, Business Combinations. The payable is recognized straight-line over the life of the liability and recorded as "Other expenses" in our unaudited consolidated statement of operations and comprehensive income (loss).
- (4) As discussed in the above section, "Initial Public Offering", on July 7, 2017 we successfully completed the Initial Offering and our common shares are listed on the Toronto Stock Exchange under the stock symbol "JWEL". Costs associated with the Initial Offering have been recorded as "Other expenses" in our unaudited consolidated statement of operations and comprehensive income (loss).

- (5) Non-recurring consulting services is comprised of process improvement projects and one-time studies commissioned to understand specific markets and consumer trends in helping us identify the most strategic markets for international expansion.
- (6) In YTD 2017, costs were mainly related to our labour agreement and in YTD 2016, costs were mainly related to restructuring and indemnity settlements relating to the acquisition of JLL on January 31, 2014.

The following table provides a reconciliation of net income (loss) to Adjusted Net Income for the nine months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)	Nine months ended September 30		\$ Change	% Change
	2017	2016		
Net income (loss)	(27,520)	(6,444)	(21,076)	(327.1%)
<i>Adjustments to net income (loss):</i>				
Share-based compensation ⁽¹⁾	3,193	2,739	454	16.6%
Amortization of fair value adjustments	1,694	-	1,694	-
Amortization of deferred financing fee ⁽²⁾	3,078	-	3,078	-
Foreign exchange loss (gain)	215	(38)	253	665.8%
Termination benefits and related costs	2,499	1,186	1,313	110.7%
Acquisition costs	2,443	-	2,443	-
Purchase consideration accounted for as compensation expense	5,906	-	5,906	-
Public offering costs	9,520	-	9,520	-
Net interest forgiveness	(11,001)	-	(11,001)	-
Preferred share accretion	28,796	6,311	22,485	356.3%
Non-recurring consulting services	289	2,409	(2,120)	(88.0%)
Other	244	772	(528)	(68.4%)
Related tax effects	(1,523)	(1,126)	(397)	(35.3%)
Adjusted net income	17,833	5,809	12,024	207.0%

- (1) This adjustment is in relation to JLL's acquisition of LVHS on June 12, 2014, whereby as part of the transaction, 1,067,891.57 Class B preferred shares, on a post share split basis, were placed into escrow for issuance to the former owner. Included in YTD 2017 is a \$1.7 million adjustment pertaining to the accelerated vesting of management share option plan as a result of the Initial Offering.
- (2) Write-off of remaining deferred financing fees associated with the extinguishment of our revolving credit facility with Wells Fargo Capital Finance Corporation ("Wells Fargo") and our term loan with CPPIB on January 31, 2017.

The following table provides revenue, gross profit, gross profit margin, earnings from operations, operating margin, Adjusted EBITDA and Adjusted EBITDA margin for our two operating segments for the nine months ended September 30, 2017 and September 30, 2016.

Jamieson Brands

(\$ in 000's)

For the nine months ended September 30,	2017	2016	\$ Change	% Change
Revenue	171,456	137,308	34,148	24.9%
Gross profit	64,452	51,595	12,857	24.9%
Gross profit margin	37.6%	37.6%	-	-
Earnings from operations	24,863	17,514	7,349	42.0%
Operating margin	14.5%	12.8%	-	1.7%
Adjusted EBITDA	36,526	28,950	7,576	26.2%
Adjusted EBITDA margin	21.3%	21.1%	-	0.2%

The following table provides a reconciliation from earnings from operations to Adjusted EBITDA for the nine months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)

For the nine months ended September 30,	2017	2016	\$ Change	% Change
Earnings from operations	24,863	17,514	7,349	42.0%
Depreciation of property, plant, and equipment	2,806	2,162	644	29.8%
Amortization of intangible assets	2,541	2,422	119	4.9%
Share-based compensation	4,613	3,701	912	24.6%
Amortization of fair value adjustments	1,694	-	1,694	-
Non-recurring consulting services ⁽¹⁾	-	2,409	(2,409)	(100.0%)
Other ⁽²⁾	9	742	(733)	(98.8%)
Adjusted EBITDA	36,526	28,950	7,576	26.2%

(1) In YTD 2016, non-recurring consulting services were included as part of SG&A expenses.

(2) In YTD 2016, costs were mainly related to restructuring and indemnity settlements relating to the acquisition of JLL on January 31, 2014.

Strategic Partners and Eliminations

(\$ in 000's)

For the nine months ended September 30,	2017	2016	\$ Change	% Change
Gross Revenue	79,846	60,720	19,126	31.5%
Less: Intercompany eliminations	(35,001)	(15,392)	(19,609)	(127.4%)
Revenue	44,845	45,328	(483)	(1.1%)
Gross profit	9,500	5,513	3,987	72.3%
Gross profit margin	21.2%	12.2%	-	9.0%
Earnings from operations	5,139	2,063	3,076	149.1%
Operating margin	11.5%	4.6%	-	6.9%
Adjusted EBITDA	6,103	3,117	2,986	95.8%
Adjusted EBITDA margin	13.6%	6.9%	-	6.7%

The following table provides a reconciliation from earnings from operations to Adjusted EBITDA for the nine months ended September 30, 2017 and September 30, 2016.

(\$ in 000's)

For the nine months ended September 30,	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Earnings from operations	5,139	2,063	3,076	149.1%
Depreciation of property, plant, and equipment	964	1,054	(90)	(8.5%)
Adjusted EBITDA	<u>6,103</u>	<u>3,117</u>	<u>2,986</u>	<u>95.8%</u>

Revenue

Revenue increased 18.4%, or \$33.7 million, to \$216.3 million in YTD 2017 compared to \$182.6 million in YTD 2016. Of the increase, 18.0% was due to the inclusion of eight months of operating results for Body Plus and Sonoma. Excluding revenue from acquisitions, revenue increased by 0.4% compared to the prior year including \$8.1 in the Jamieson Brands segment offset by a \$7.3 million decrease in the Strategic Partners segment, of which \$14.3 million relates to the switch from a turnkey to tolling arrangement for a major customer.

Revenue in the Jamieson Brands segment increased 24.9%, or \$34.2 million, to \$171.5 million in YTD 2017 from \$137.3 million in YTD 2016 due to the impact of \$26.1 million or a 19.0% increase from the acquisition of Body Plus and a year over year increase of 5.9% in our domestic and international brands. Our domestic branded business increased by \$8.2 million driven from the success of our Essentials marketing campaign and media promotions, offsetting significant prior year growth from the relaunch of our multivitamins. Included in our domestic branded business is a decrease in sales from innovation of \$0.8 million. Revenue from innovations was \$3.8 million in YTD 2017 compared to \$4.6 million in YTD 2016, which was related to the type, timing and the usage cycle associated with the products released in the respective year. Within our Jamieson legacy brands, we have launched 38 products in YTD 2017 compared to 30 products in YTD 2016. The increase in our domestic branded business was offset by timing of shipments in parts of Asia in our international branded business of \$0.1 million.

Revenue in the Strategic Partners segment decreased 1.1%, or \$0.5 million, to \$44.8 million in YTD 2017 from \$45.3 million in YTD 2016. In fiscal 2016, a major customer changed a significant number of its products from a turnkey to a tolling arrangement. On a consistent tolling basis, revenue in the Strategic Partners segment increased by 44.5%, or \$13.8 million, to \$44.8 million in YTD 2017 from \$31.0 million in YTD 2016. Of the increase, \$6.8 million was attributable to the Sonoma acquisition while our success in securing additional volume from existing customers and strong consumer demand for customer branded products resulted in an increase of \$7.0 million.

Gross profit

Gross profit increased by 29.5%, or \$16.9 million, to \$74.0 million in YTD 2017 compared to \$57.1 million in YTD 2016. The increase was primarily due to an increase in revenue from the Jamieson Brands segment combined with an increase in activity and a shift to a tolling arrangement in the Strategic Partners segment. Gross profit margin increased 290 basis points to 34.2% in YTD 2017 from 31.3% in YTD 2016 due to the impact of changing from a turnkey to a tolling arrangement with a major customer and higher margin Sonoma activities.

Gross profit in the Jamieson Brands segment increased \$12.9 million, to \$64.5 million in YTD 2017 from \$51.6 million in YTD 2016. Gross profit pertaining to the eight months of operating results for Body Plus in YTD 2017 accounted for \$8.2 million of the increase while the remaining increase was driven by higher volume, raw material purchasing savings and improved plant efficiencies. Gross profit margin is consistent at 37.6% in YTD 2017 due entirely to mix impact of lower Body Plus margin offset by raw material purchasing savings and improved plant efficiencies.

Gross profit in the Strategic Partners segment increased \$4.0 million, to \$9.5 million in YTD 2017 from \$5.5 million in YTD 2016. Gross profit pertaining to the eight months of operating results for Sonoma in YTD 2017 accounted for \$3.0 million of the increase while the remaining increase was driven by higher volume, favourable product mix, raw material purchasing savings and improved plant utilization. Gross profit margin increased by 900

basis points to 21.2% in YTD 2017 due to the change to a tolling arrangement, the impact of adding higher margin Sonoma activity, favourable product mix, raw material purchasing savings, and improved plant efficiencies.

Selling, general and administrative expenses

SG&A expenses increased by 16.3%, or \$5.5 million, to \$39.3 million in YTD 2017 compared to \$33.8 million in YTD 2016. In the Jamieson Brands segment, SG&A expenses increased by \$4.6 million in YTD 2017 primarily due to the acquisition of Body Plus adding \$4.8 million in costs, and higher compensation costs offset by non-recurring consulting services in the prior year. In the Strategic Partners segment, SG&A expenses increased by \$0.9 million in YTD 2017 primarily due to the acquisition of Sonoma for \$1.0 million while spending decreased slightly at \$0.1 million in the legacy Strategic Partners business.

Share-based compensation

Share-based compensation increased 24.6%, or \$0.9 million, to \$4.6 million in YTD 2017 compared to \$3.7 million in YTD 2016. This was mainly due to a decrease of \$1.3 million on account of shares in escrow related to the acquisition of the assets of LVHS partially offset by an increase of \$2.2 million relating to accelerated vesting of certain options granted to our directors, officers and employees under the Legacy Option Plan and additional grants of options under the LTIP.

Earnings from operations and operating margin

Earnings from operations increased 53.3%, or \$10.4 million, to \$30.0 million in YTD 2017 compared to \$19.6 million in YTD 2016. Of the increase, 27.6 % was due to the inclusion of eight months of operating results for Body Plus and Sonoma in YTD 2017 of \$3.4 million and \$2.0 million, respectively. The remaining increase was due to higher volumes in both the legacy Jamieson Brands and legacy Strategic Partners segments, partially offset by higher SG&A expenses and share-based compensation. Operating margin increased 320 basis points to 13.9% in YTD 2017 compared to 10.7% in YTD 2016 driven by gross profit margin improvements, lower fixed costs as a percentage of revenue, and a decrease in Strategic Partner revenue as a percent of total revenue.

Earnings from operations in the Jamieson Brands segment increased 42.0%, or \$7.4 million, to \$24.9 million in YTD 2017 compared to \$17.5 million in YTD 2016. Earnings from operations was driven by the acquisition of Body Plus, higher volume in the legacy Jamieson Brands segment, partially offset by higher SG&A expenses and higher share-based compensation. Operating margin increased 170 basis points to 14.5% in YTD 2017 from 12.8% in YTD 2016 mainly due to a decrease in SG&A expenses as a percentage of revenue.

Earnings from operations in the Strategic Partners segment increased 149.1%, or \$3.0 million, to \$5.1 million in YTD 2017 compared to \$2.1 million in YTD 2016. Earnings from operations was driven by the acquisition of Sonoma, higher volume in the legacy Strategic Partners segment net of tolling impact, favourable product mix, raw material purchasing savings and improved plant utilization. Operating margin increased 690 basis points to 11.5% in YTD 2017 compared to 4.6% in YTD 2016 due to higher margin Sonoma activity, favourable product mix, raw material purchasing savings and improved plant efficiencies offset by higher fixed costs as a percentage of revenue.

Foreign exchange loss

Foreign exchange loss increased by \$0.3 million, to \$0.3 million in YTD 2017 compared to a nominal gain in YTD 2016 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Termination benefits and related costs

Termination benefits and related costs increased by \$1.3 million, to \$2.5 million in YTD 2017 compared to \$1.2 million in YTD 2016. We are involved, from time to time, in reorganization activities in order to gain flexibility and improve efficiency. The costs related to both years are mainly comprised of severance costs and salary continuances.

Public offering costs

Public offering costs of \$9.5 million in YTD 2017 were related to the Initial Offering (refer to “*Initial Public Offering*”).

Acquisition costs

Acquisition costs of \$2.4 million in YTD 2017 were related to acquisition of Body Plus and Sonoma.

Other expense

Other expense of \$6.4 million in YTD 2017 is mainly related to deferred consideration in relation to the acquisition of Body Plus and Sonoma for \$5.9 million, other non-recurring consulting services of \$0.3 million and costs relating to our labour agreement for \$0.2 million.

Preferred share accretion

Preferred share accretion increased by \$22.5 million, to \$28.8 million in YTD 2017 compared to \$6.3 million in YTD 2016. The increase is tied to the change in the underlying fair value of our Company based on a multiple of Adjusted EBITDA.

Interest expense and other financing costs

Interest expense and other financing costs decreased by 85.0%, or \$14.6 million, to \$2.6 million in YTD 2017 compared to \$17.2 million in YTD 2016. This was primarily due to interest forgiveness in relation to our note payable to Finco for \$13.0 million and lower interest incurred of \$2.0 million, lower interest rates on outstanding debt under the new credit facility entered into as of January 31, 2017 for \$2.9 million, offset by the write-off of remaining deferred financing fees in relation to the extinguishment of both the revolving credit facility with Wells Fargo and our term loan with CPPIB of \$3.3 million. Our note payable to Finco was discharged in Q2 2017 as part of the Company’s Reorganization prior to the Initial Offering. As at September 30, 2017, the weighted average interest rate on the new credit facility was 4.3%.

Provision for income taxes

Provision for income taxes increased by \$3.7 million to \$5.0 million in YTD 2017 compared to \$1.3 million in YTD 2016 with an effective income tax rate of 22.3% and 25.1% for the respective periods. Our effective income tax rate is significantly impacted by expenses such as share-based compensation, purchase consideration accounted for as compensation expense, and preferred share accretion which are not deductible for tax purposes.

Depreciation

Depreciation expense increased by 17.2%, or \$0.6 million, to \$3.8 million in YTD 2017 compared to \$3.2 million in YTD 2016. The increase was primarily due to \$0.1 million depreciation expense from Body Plus and Sonoma and additions to property, plant and equipment which were more heavily weighted towards the latter half of the year in 2016.

Amortization

Amortization expense increased by 4.9%, or \$0.1 million, to \$2.5 million in YTD 2017 compared to \$2.4 million in YTD 2016. The increase was due to eight months of amortization of intangibles pertaining to \$4.7 million in customer relationships acquired as part of the acquisition of Body Plus and Sonoma which are amortized straight line over 30 years.

EBITDA and Adjusted EBITDA

EBITDA decreased by \$8.8 million, to \$15.2 million in YTD 2017 compared to \$24.0 million in YTD 2016 primarily due to the factors discussed above.

Adjusted EBITDA increased by 32.9%, or \$10.5 million, to \$42.6 million in YTD 2017 compared to \$32.1 million in YTD 2016. The increase was due in part to the inclusion of operating results for Body Plus and Sonoma in YTD 2017 of \$5.2 million and \$2.1 million, respectively. The remaining increase is due to higher earnings from operations in the legacy Jamieson Brands and legacy Strategic Partners segments. Adjusted EBITDA margin increased 210 basis points to 19.7% in YTD 2017 compared to 17.6% in YTD 2016 driven by gross profit margin improvements, lower fixed costs as a percentage of revenue, and a decrease in Strategic Partner revenue as a percent of total revenue.

Adjusted EBITDA in the Jamieson Brands segment increased 26.2%, or \$7.5 million, to \$36.5 million in YTD 2017 compared to \$29.0 million in YTD 2016. The increase was driven by the acquisition of Body Plus, higher volume in the legacy Jamieson Brands segment, partially offset by higher SG&A expenses and higher share-based compensation. Adjusted EBITDA margin increased 20 basis points to 21.3% in YTD 2017 from 21.1% in YTD 2016 mainly due to a decrease in SG&A expenses as a percentage of revenue offset by a decrease in EBITDA adjustments as a percentage of revenue.

Adjusted EBITDA in the Strategic Partners segment increased \$3.0 million, to \$6.1 million in YTD 2017 compared to \$3.1 million in YTD 2016. The increase is driven by the acquisition of Sonoma, higher volume in the legacy Strategic Partners segment net of tolling impact, favourable product mix, raw material purchasing savings and improved plant utilization. Adjusted EBITDA margin increased 670 basis points to 13.6% in YTD 2017 compared to 6.9% in YTD 2016 due to higher margin Sonoma activity, favourable product mix, raw material purchasing savings and improved plant efficiencies offset by higher fixed costs as a percentage of revenue.

Liquidity and Capital Resources

Overview

Our principal uses of funds are for operating expenses, capital expenditures, finance costs, and debt service. Management believes that cash generated from operations, together with amounts available under the Credit Facilities (refer to “*Credit Facilities*” section below) and net proceeds raised through the Initial Offering (refer to the “*Initial Public Offering*” section above) will be sufficient to meet our future operating expenses, capital expenditures, and future debt service costs. Our Company incurred operating losses due to the preferred share accretion and had a working capital deficiency resulting from classification as a liability of the redeemable preferred share obligation issued to CCMP. The preferred share obligation and the associated working capital deficiency has been eliminated in the current quarter, in conjunction with the Reorganization (refer to “*Initial Public Offering*” section above), as all of the preferred shares have been converted into common shares in connection with the Initial Offering.

While operations continue to provide cash, our primary use of cash was for the acquisition of Body Plus and Sonoma. Our total acquisition of businesses for Q1 2017 was \$82.1 million and we expect to incur capital expenditures of about \$5.2 million in 2017. In 2016, our total capital expenditures were \$4.7 million, and there were no expenditures for the acquisition of businesses.

Our primary liquidity and capital requirements are for capital expenditures, working capital and general corporate needs. We have cash and availability under the Revolving Credit Facility (refer to “*Credit Facilities*” section below) that we expect to utilize, along with cash flow from operations, to provide capital to support the growth of our business (primarily through working capital and capital expenditures), repay short-term obligations and for general corporate purposes. We believe that cash from operations, together with our cash balance and the Revolving Credit Facility will be enough 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. See “*Risk Factors*”. From time to time, our management reviews acquisition opportunities and if suitable opportunities arise, may make selected acquisitions to implement our business strategy. Historically, the funding for any such acquisitions has come from cash flow from operating activities and additional debt.

Credit Facilities

Total outstanding debt as at December 31, 2016 was \$155.9 million under a term loan agreement with CPPIB. We also had a \$45.0 million revolving credit facility available with Wells Fargo for which no amounts were drawn on this facility as at December 31, 2016. Both the revolving credit facility with Wells Fargo and our term loan with CPPIB were extinguished on January 31, 2017.

On January 31, 2017, JLL entered into a credit agreement (the “Credit Agreement”) with a syndicate of lenders. The Credit Agreement is comprised of a revolving credit facility (the “Revolving Credit Facility”) in the amount of \$75.0 million (including a \$10.0 million swingline facility) and a \$195 million term loan facility (the “Term Loan Facility”) and together with the Revolving Credit Facility, the “Credit Facilities”), each maturing on January 31, 2021. The Credit Agreement provides an additional \$60.0 million in availability upon the exercising of an accordion feature. The Term Loan Facility was advanced to finance JLL’s acquisition of Body Plus and Sonoma and to pay related fees, costs and expenses and to refinance existing indebtedness of JLL. As at September 30, 2017, the aggregate amount outstanding under the Credit Facilities was approximately \$176.3 million (\$36.2 million under the Revolving Credit Facility and \$140.1 million under the Term Loan Facility) and the weighted average interest rate on this facility was 4.3%.

For the three and nine month periods ended September 30, 2017, JLL made drawings of \$3.2 million and debt repayments (net of drawings) of \$6.8 million, respectively, applied against the Revolving Credit Facility. For the three and nine month periods ended September 30, 2017, JLL made debt repayments of \$54.9 million and \$54.9 million, respectively, applied against the Term Loan Facility.

The Credit Facilities contain restrictive covenants customary for credit facilities of this nature, including the maintenance of a minimum interest coverage ratio and a maximum leverage ratio. Quarterly repayment on the Credit facilities is 1.25% through to December 31, 2018 and 1.875% through to December 31, 2020 thereafter with all amounts outstanding due on maturity date.

Analysis of Cash Flows — three months ended September 30, 2017 and 2016

(\$ in 000's)	Three months ended		\$ Change	% Change
	2017	2016		
Cash, beginning of period	10,759	2,325	8,434	362.8%
Cash flows from (used in):				
Operating activities	(10,528)	9,734	(20,262)	(208.2%)
Investing activities	(1,525)	(1,237)	(288)	(23.3%)
Financing activities	2,490	(1,000)	3,490	349.0%
Cash, end of period	1,196	9,822	(8,626)	(87.8%)

Cash Flows (Used in) Generated from Operating Activities

In Q3 2017, cash flows used in operating activities totalled \$10.5 million, compared to cash flows generated of \$9.7 million for the same period in the prior year. The decrease is due to cash used in operating activities before working capital considerations of \$2.1 million and an increase in cash used in working capital of \$18.1 million. The increase of cash used in working capital includes the impact of planned payment of IPO expenses in Q3, higher accounts receivable due to timing of collection from major customers, and planned inventory build in preparation for seasonal cough and cold shipments and expanded safety stock for top-selling SKUs to improve efficiencies and mitigate risk of out-of-stocks.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in Q3 2017 totalled \$1.5 million compared to \$1.2 million for the same period in the prior year. This is mainly due to expenditures for property, plant, and equipment which fluctuate based on scheduled preventative maintenance as well as the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows Generated from (Used in) Financing Activities

Cash flows generated from financing activities in Q3 2017 totalled \$2.5 million compared to cash flows used of \$1.0 million for the same period in the prior year. In Q3 2017, the Initial Offering generated net proceeds net of transaction costs to the Company of \$230.2 million and we obtained \$3.2 million from our Revolving Credit Facility. This was offset by a repayment of \$54.9 million on our Term Loan Facility, a return of capital on the then outstanding Class A to V preferred shares of \$65.1 million, a repayment of our note payable to Finco of \$94.6 million, Finco Tax Payable of \$3.7 million, dividends on the then outstanding Class A to V and Class W preferred shares of \$9.6 million and \$3.0 million of dividends to common shareholders. In Q3 2016, cash flows used in financing activities of \$1.0 million was mainly due to repayment of a portion of the Revolving Credit Facility.

Analysis of Cash Flows — nine months ended September 30, 2017 and 2016

(\$ in 000's)	Nine months ended September 30		\$ Change	% Change
	2017	2016		
Cash, beginning of period	15,881	2,325	13,556	583.1%
Cash flows from (used in):				
Operating activities	293	16,551	(16,258)	(98.2%)
Investing activities	(85,072)	(3,311)	(81,761)	(2469.4%)
Financing activities	70,094	(5,743)	75,837	1320.5%
Cash, end of period	1,196	9,822	(8,626)	(87.8%)

Cash Flows Generated from Operating Activities

For YTD 2017, cash flows generated from operating activities totalled \$0.3 million, compared to \$16.5 million for YTD 2016. The decrease is due to cash used in operating activities before working capital considerations of \$2.5 million and an increase in cash used in working capital of \$13.7 million. The decrease in cash generated from working capital includes the impact of planned payment of IPO expenses in Q3, higher accounts receivable due to timing of collection from major customers, and planned inventory build in preparation for seasonal cough and cold shipments and expanded safety stock for top-selling SKUs to improve efficiencies and mitigate risk of out-of-stocks.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in YTD 2017 totalled \$85.0 million compared to \$3.3 million in the prior year. This is mainly due to the acquisition of Body Plus and Sonoma for \$82.1 million during Q1 2017. The remaining balance relates to expenditures for property, plant, and equipment which fluctuates based on scheduled preventative maintenance as well as the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows Generated from (Used in) Financing Activities

For YTD 2017, cash flows generated from financing activities totalled \$70.1 million, compared to cash used in financing activities of \$5.7 million in YTD 2016. In 2017, the Initial Offering generated net proceeds net of transaction costs to the Company of \$230.2 million, we increased debt totalling \$36.2 million from our Revolving Credit Facility, and we received \$1.3 million from the issuance of redeemable preferred shares. This was offset by net

repayment of \$15.8 million on our Term Loan Facility, a return of capital on the then outstanding Class A to V preferred shares of \$65.1 million, a repayment of our note payable to Finco of \$94.6 million, Finco Tax Payable of \$3.7 million, financing costs of \$5.8 million, dividends on the then outstanding Class A to V and Class W preferred shares of \$9.6 million and \$3.0 million of dividends to common shareholders. In the same period in the prior year, our Company repaid long term debt of \$5.7 million.

Contractual Obligations

As noted in the above “*Credit Facilities*” section, we extinguished our revolving credit facility with Wells Fargo and our term loan with CPPIB on January 31, 2017. On the same day, we entered into a new credit facility (the *Credit Facilities*) with a syndicate of lenders, which is comprised of a Revolving Credit Facility in the amount of \$75.0 million (including a \$10.0 million swingline facility) and a Term Loan Facility in the amount of \$195.0 million, each maturing on January 31, 2021.

For the three and nine month periods ended September 30, 2017, JLL made drawings of \$3.2 million and debt repayments (net of drawings) of \$6.8 million, respectively, applied against the Revolving Credit Facility. For the three and nine month periods ended September 30, 2017, JLL made debt repayments of \$54.9 million and \$54.9 million, respectively, applied against the Term Credit Facility of which \$50.0 million of repayment was derived from proceeds from the Initial Offering.

As at September 30, 2017, the aggregate amount outstanding under the *Credit Facilities* was approximately \$176.3 million (\$36.2 million under the Revolving Credit Facility and \$140.1 million under the Term Loan Facility) and the weighted average interest rate on this facility was 4.3%.

Other than the change in credit facility and the repayments and drawings noted above, and the repayment of our note payable to Finco, there was no material change in our Company’s remaining contractual obligations and commitments from the annual MD&A as at and for the year ended December 31, 2016.

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.

Due to Jamieson Finco LP

On January 30, 2014, Finco subscribed for 3,121,516 common shares, on a post share split basis, in the capital of our Company for proceeds of \$83.5 million. On February 1, 2014, our Company repurchased the common shares it issued to Finco on January 30, 2014 in exchange for a note in the amount of \$83.5 million. The proceeds of the subscription were used by our Company to fund a portion of its acquisition of JLL. The term of the note was seven years and bore an interest rate of 9.75%.

On June 28, 2017, Finco forgave \$13.0 million of accrued interest reducing the principal and accrued interest in respect of the note to \$98.3 million (\$83.5 million principal and \$14.8 million accrued interest). Through a series of transactions, the principal and accrued interest was settled on a net basis in exchange for 94,592,252.49 Class W preferred shares of the Company and we agreed to remit \$3.7 million of tax payable on behalf of Finco (the “*Finco Tax Payable*”).

The balance of the note as at September 30, 2017 was \$nil (2016 - \$107.3 million) including accrued interest of \$nil (2016 - \$23.8 million).

Share-based compensation

The Company offers share option plans for senior employees and directors as well as an Employee Share Purchase Plan for eligible employees of the Company and its subsidiaries for the purchase of shares of Jamieson. Please refer to Note 9 in the accompanying notes of our Company's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2017 for details of these plans.

Financial Instruments

We primarily use foreign currency forward contracts to manage our exposure to fluctuations with respect to transactions in U.S. dollars such as a portion of trade accounts payable, trade accounts receivable and cash and cash equivalents. These agreements mature at various dates in fiscal 2017 and qualify for hedge accounting as cash flow hedges of future foreign currency transactions. The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the consolidated statements of operations and comprehensive income (loss).

Outstanding Share Capital and Redeemable Preferred Shares

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

	Common Shares		Class A-V Preferred Shares		Class W Preferred Shares	
	#	\$	#	\$	#	\$
As at December 31, 2016	520,253	400	21,314,440	197,901	-	-
Issued during the period (net)	15,554,755	233,534	96,636	1,391	94,592,252	94,592
Exercise of options	206,229	-	-	11,527	-	-
Exchange of Class A to V preferred shares	21,403,880	800	(7,196)	(50)	-	-
As at September 30, 2017	37,685,117	234,734	(21,403,880)	(239,565)	(94,592,252)	(94,592)
			-	28,796	-	-
As at September 30, 2017			-	-	-	-

	Common Shares		Preferred Shares	
	#	\$	#	\$
As at December 31, 2015	520,253	400	21,321,052	167,467
Preferred share accretion during the period	-	-	-	6,311
As at September 30, 2016	520,253	400	21,321,052	173,778

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

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

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

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

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

As part of the Initial Offering, the Company further reorganized its share capital pursuant to the Reorganization. The above description as at June 30, 2017 is a description of the Company’s share capital after the receipt of the Rectification Order, after an amendment to the Company’s articles to create the Class W preferred shares but prior to the Reorganization (refer to the “*Initial Public Offering*” section above).

Critical Accounting Estimates and Judgments

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

Significant judgments made by management in applying our accounting policies and key sources of estimation of uncertainty were the same as those applied and described in Note 3 in the accompanying notes of our Company’s annual audited consolidated financial statements for the year ended December 31, 2016. Items subject to significant estimate uncertainty and critical judgements which have the most significant impact on the amounts recognized in the consolidated financial statements are included both below and in the annual audited financial statement notes.

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

We employ significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, considering industry trends such as technological advancements, past experience, expected use and review of asset lives.

Components of an item of property, plant and equipment may have different useful lives. We make estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires taking into account industry trends and company-specific factors. We review these decisions at least once each year or when circumstances

change. We will change depreciation methods, depreciation rates or asset useful lives if they are different from previous estimates.

Long-lived assets valuation

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

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

Valuation of inventory

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

Trade merchandise allowances and other trade discounts

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

Employee benefit plans

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

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

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

Measurement of fair values

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

To the extent that these estimates differ from those realized, the measured asset or liability, net income (loss), and/or comprehensive income (loss) will be affected in future periods.

Taxes

The calculation of current and deferred income taxes requires us to make estimates and assumptions and to exercise judgement regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities.

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

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

Significant Accounting Policies

Our Company's unaudited condensed interim financial statements were prepared using the same accounting policies as described in Note 2 in the accompanying notes of our Company's annual audited financial statements for the year ended December 31, 2016.

Accounting Pronouncements Issued But Not Yet Effective

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

IFRS 9 "Financial Instruments: Classification and Measurement"

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, “Leases”

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

We are currently evaluating the impact of these new standards, interpretations and amendments on our condensed consolidated interim financial statements.

IFRS 15 “Revenue from Contracts with Customers”

In May 2014, the IASB issued IFRS 15 “Revenue from Contracts with Customers” (“IFRS 15”), which replaces IAS 18, “Revenue”, IAS 11 “Construction Contracts” and various revenue related interpretations. IFRS 15 establishes a new control-based revenue recognition model where revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 allows for early adoption, but we do not intend to do so at this time. The new revenue standard is effective for annual periods beginning on or after January 1, 2018.

Management is currently in the process of identifying major revenue streams to be assessed and reviewing the additional disclosures required by the standard. Management continues to evaluate the impact of IFRS 15 on the consolidated financial statements.

Scope Limitation on Disclosure Controls and Procedures and Internal Control over Financial Reporting

As permitted by securities legislation, for the nine months ended September 30, 2017, we have limited the scope of our design of disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”) to exclude controls, policies and procedures of Body Plus and Sonoma, which are wholly-owned subsidiaries of the Company acquired as of January 31, 2017.

Included in our unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 are the following amounts pertaining to Body Plus and Sonoma, respectively.

(\$ in 000's)

**As at September 30,
2017**

Selected Financial Position Data:

Body Plus

Total assets	70,548
Total non-current liabilities	12,820

Sonoma

Total assets	36,332
Total non-current liabilities	257

(\$ in 000's)

Selected Statements of Operations Data:	Three months ended	Nine months ended
	September 30, 2017	September 30, 2017 ⁽¹⁾
Body Plus		
Revenue	10,444	26,086
Gross profit	3,881	8,201
Sonoma		
Revenue	2,486	6,800
Gross profit	1,115	3,035

(1) Results reflect the eight month period post acquisition as of January 31, 2017.

Limitations of an Internal Control System

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

Outlook

In fiscal 2017, we expect pro forma revenue to range between \$303 million - \$307 million and pro forma Adjusted EBITDA of \$62 million (assumes the acquisition of Body Plus and Sonoma occurred on January 1, 2017 and thus includes the estimated contribution of the acquired business for the full 12 months of fiscal 2017). Revenue in the Jamieson Brands segment is expected to increase 4.3% to 5.6% to \$240 million - \$243 million and be driven by growth in the innovation, international and base business. Revenue in the Strategic Partners segment is expected to decline 4.5% to 6.0% to \$63 million - \$64 million primarily as a result of the transition of one key client from a turnkey manufacturing arrangement to a tolling manufacturing arrangement midway through fiscal 2016. On a statutory basis and excluding the pre-acquisition results for Body Plus and Sonoma, we expect 2017 revenue to range between \$299 million - \$303 million and Adjusted EBITDA of \$61.4 million. We also expect to incur certain non-recurring expenses related to our Initial Offering and the Secondary Offering (approximately \$12.4 million and \$0.7 million, respectively) excluding underwriters' fees. The expected Adjusted EBITDA range for fiscal 2017 referred to above reflects the adding back of these expenses, which will impact net income. Our Adjusted Net Income for fiscal 2017 will also reflect the adding back of such compensation expense and certain other expenses on a tax-effected basis.

The foregoing financial outlook is based on the following assumptions for fiscal 2017, amongst others:

- VMS and sports nutrition segment compound annual growth rates in 2017 of approximately 2.8% and 7.8%, respectively, as projected by Euromonitor;
- continued growth in our Jamieson Brands revenue in existing and adjacent categories in Canada at between 4.3% and 5.3% in 2017;
- continued growth in our international Jamieson Brands revenue at between 2.5% and 7.0% in 2017 on a consistent foreign exchange basis;
- the development of the products in our existing innovation pipeline for 2017;

- continued growth in our Strategic Partners business, however with a decline in revenue between 4.5% and 6.0% due to the change from the turnkey to tolling arrangement;
- the current utilization of our operating facilities plus efficiency gains resulting from expected increase in volumes and capital improvement programs;
- an increase to our operating leverage over the fixed component of our manufacturing base as we realize incremental sales volume as a result of our growth strategies;
- maintaining our existing distribution partnerships and entering into additional distribution arrangements in new international markets;
- current availability and pricing for transportation, raw materials and ingredients;
- current impact expected inflation has on our fixed operating and overhead cost base;
- the current exchange rate between the U.S. and Canadian dollar whereby U.S.\$1.00 = \$1.25;
- current interest rates;
- taxation rates remaining consistent with historical levels;
- debt repayments consistent with the terms set out in this MD&A;
- continuing to generate free cash flow through minimal investment in capital expenditures and maintenance costs; and
- our current understanding and expectation of results from our recent acquisition of Body Plus and Sonoma.

The description of our 2017 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 in particular, and has been calculated using accounting policies that are generally consistent with our current accounting policies. The description of our 2017 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. See "*Forward-Looking Information*" and "*Risk Factors*" for a reference to the risks and uncertainties that impact our business and that could cause actual results to vary.

Current Share Information

As of the date hereof, an aggregate of 37,740,120 common shares and no preferred shares are issued and outstanding.

Additional Information

Additional information relating to our Company, including our most recent annual and quarterly reports filed with the Prospectus, is available on SEDAR at www.sedar.com.

Risk Factors

The risks and uncertainties that we believe could materially affect business activities, financial condition, cash flows and results of operations were included under the heading "*Risk Factors*" in our 2016 annual MD&A for the fiscal year ended December 31, 2016 which was filed as part of the Prospectus and under the heading "*Risk*

Factors” in the Prospectus. There was no significant change to these risks and uncertainties during the three and nine months ended September 30, 2017.

If any of these risks, or any additional risks and uncertainties presently unknown to management or that are currently consider as being not material, actually occur or become material risks, our business activities, financial condition, cash flows and results of operations could be materially adversely affected.