HERE FOR 100 MORE

2021 ANNUAL REPORT

“As a global organization and a leader in health and wellness, we hold ourselves accountable to our vision of improving the world’s health and wellness. We have clear targets, clear commitments, and clear plans for a healthy and sustainable future.”

– MIKE PILATO, PRESIDENT & CEO

As we celebrate our Jamieson brand's 100th anniversary, we are not only standing by our vision to improve the world's health and wellness. We've redefined what that means for people, and for our planet.

This is a vision now widely shared – particularly amid growing concerns surrounding the ongoing pandemic, social equity and climate change.

How we propelled this vision in 2021:

PUTTING PEOPLE FIRST, ALWAYS

MEETING CONSUMER DEMAND

EXPANDING WORLDWIDE

INCREASING ESG PROJECTS & COMMITMENTS

Our efforts drove huge momentum across our brands, categories and countries. At this rate, imagine what we can achieve in the century to come.

This annual report contains "forward-looking information" within the meaning of applicable securities laws, which forward-looking information represents management's expectations as at the date hereof and is subject to change after such date. For a detailed discussion of forward-looking information, which applies in all respects to the forward-looking information contained herein, please refer to the section entitled "Forward-Looking Information" in Jamieson Wellness' annual information form dated March 29, 2022.

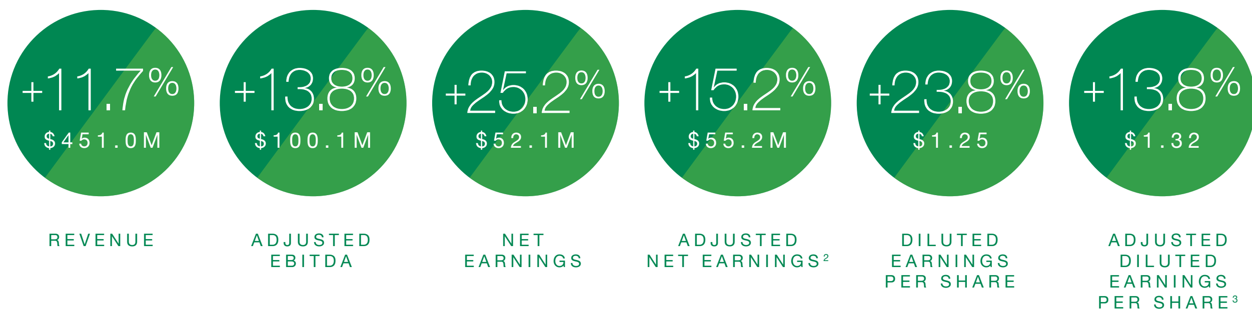
This annual report makes reference to certain financial measures, including non-IFRS financial measures that are historical. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. See "How we Assess the Performance of our Business" of the Company's management's discussion and analysis of the results of operations and financial condition of the Company for the year ended December 31, 2021 (the "MD&A") for an explanation of the composition of each such measure and see "Selected Consolidated Financial Information" of the MD&A for a quantitative reconciliation of each non-IFRS financial measure to its most directly comparable financial measure disclosed in our financial statements to which the measure relates, which disclosures are incorporated by reference herein.

FINANCIALS

We reached $100 million in Adjusted EBITDA[1] as we entered our 100th year.

Supported by an ever-growing base of health and wellness consumers, our financial performance accelerated across all business segments in 2021.

We achieved outstanding growth, despite cost pressures associated with global supply chain challenges, sustained safety measures and business continuity in a COVID-19 environment.



REVENUE

ADJUSTED EBITDA

NET EARNINGS

ADJUSTED NET EARNINGS[2]

DILUTED EARNINGS PER SHARE

ADJUSTED DILUTED EARNINGS PER SHARE[3]

JAMIESON BRANDS

Our Jamieson Brands segment experienced strong gross profit margins[4], led by volume driven efficiencies and cost recovery.

DOMESTIC BUSINESS

Domestic branded sales increased as consumer demand continually exceeds pandemic baseline levels.

INTERNATIONAL BUSINESS

International branded business remained our fastest growing segment, led by growth in China.

STRATEGIC PARTNERS

Revenue in our Strategic Partners segment increased as programs with new and existing customers continue to expand.

1. "Adjusted EBITDA" is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Its most directly comparable financial measure that is disclosed in our financial statements is net earnings. For more information, see the non-IFRS and other financial measures disclaimer included on page 3 of this annual report.
2. "Adjusted net earnings" is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Its most directly comparable financial measure that is disclosed in our financial statements is net earnings. For more information, see the non-IFRS and other financial measures disclaimer included on page 3 of this annual report.
3. "Adjusted diluted earnings per share" is a non-IFRS ratio that does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. A component of Adjusted diluted earnings per share is Adjusted net earnings. For more information, see the non-IFRS and other financial measures disclaimer included on page 3 of this annual report.
4. "Gross profit margin" is a supplementary financial measure. For more information, see the non-IFRS and other financial measures disclaimer included on page 3 of this annual report.

THE CEO’S LETTER

We are proud of our success... but we know we are still in the early days of our potential.

Dear fellow shareholders:

As we celebrate the centennial of our Jamieson brand in 2022 it is a time to reflect, but more importantly, to look to our future and continued leadership beyond this 100-year milestone. As I consider the unique attributes that have driven this success story in Canada and around the world, it strikes me that it will be these same attributes that fuel our growth moving forward.

Our continued focus on operational excellence is evidenced by our 2021 revenue growth of 12% and adjusted EBITDA growth of 14%, despite the continued pressures of operating within the pandemic environment. Our resilient team, unwavering commitment to quality, breadth of portfolio, and deep understanding of the category helped us perfectly meet the growing global consumer demand for vitamins, minerals and supplements, resulting in a 9% revenue increase in our Jamieson brands. We are dedicated to our vision of improving the world’s health and wellness, and throughout this pandemic we have delivered.

With 100 years of brand building, product innovation, and operational expertise behind us, we are poised to build on global consumer health and wellness trends and face any challenge that could be ahead of us. To drive our leadership beyond our 100 years, we are strategically focused on ensuring we continue to meet consumer needs along their entire health and wellness journey. We continue to nurture lifelong relationships with our consumers from their entry point into the category and brand, right through their evolving lifestyles and stages. Our growth strategy is clear as we focus our efforts on three main pillars: continuing to grow our strong leadership position in our home market, driving strong growth in China where our brand perfectly meets the top purchase attributes of highly engaged health and wellness consumers, and continuing to drive international growth in markets where our brand resonates strongly. While successful execution in these three pillars alone will enable us to meet our targets for growth, we also continue to consider expansion through acquisition, which would allow us to accelerate our already powerful growth trajectory. We are proud of our success here in Canada and our expansion to over 45 countries around the world, but we know we are still in the early days of our potential and are dedicated to ensuring we meet the growing global demand for high quality health and wellness products. We are motivated by our future growth opportunities and remain committed to the same discipline and diligence this company is built on to ensure we are driving strong profitable growth well into the future.

I also want to touch on our significant efforts around ESG. We have set targets and taken action to improve diversity, equity and inclusion at Jamieson Wellness and in our communities, and made additions and improvements to our governance practices for further transparency and accountability. We also committed to a 50% emissions reduction by 2030, and to establishing a formal action plan to reach Net Zero by 2050. Our targets and plans are aggressive, but achievable, and we welcome the challenge of creating real and positive change.

On behalf of the entire management team, I would like to thank our team members, customers, consumers and our shareholders for your continued support and encouragement. We remain relentlessly focused on profitable growth, improving the world’s health and wellness, and exceeding expectations as we drive our leadership beyond 100.

MIKE PILATO
Director, President & CEO

THE CHAIRMAN'S LETTER

Our commitment to our core values has endured the test of time.

Dear fellow shareholders:

2021 was another outstanding year for Jamieson Wellness, reflecting impressive execution against our strategic priorities across the entire organization. The breadth of our success, including double-digit growth in revenues and profits, underscored that 100 years since it was founded, the power of the Jamieson brand is stronger than ever. Reaching the century mark is a major milestone and I'm confident that the future is even brighter as we further leverage our trusted brand across a global platform that positively impacts the lives of millions of consumers every day.

Our commitment to our core values has endured the test of time and led to substantial value creation for shareholders. In 2021, we furthered our efforts around ESG principles and corporate responsibility, introducing specific targets around diversity, equity and inclusion, and improving and expanding our governance practices. Earlier this year, we also announced environmental targets and projects, with the goal of becoming a Net Zero organization. By aligning our business practices with the needs of all stakeholders, from team members to the global communities where our consumers live and work, we are staying true to our legacy and making the world a better, healthier place for generations to come.

It's been an honour and privilege to serve as Chair of the Board of Jamieson Wellness for the past five years, helping to guide the company through a period of tremendous growth and success. We've benefited from outstanding management whose passion and energy for executing our shared vision enabled us to exceed our initial expectations set at the time of our IPO. We are extremely well positioned for the future, making now the appropriate time for me to pass the torch to a new Chair. Accordingly, I've announced my intention to retire from the Board, and Tim Penner, who has been on the Board for the past three years, will be appointed to succeed me. He is a seasoned Director with a tremendous background and proven track record helping major CPG companies drive significant growth on a global scale.

I would like to thank the entire Jamieson team for their hard work and dedication. I'm grateful to our Board of Directors and management team for their leadership, delivering another outstanding year. We remain committed to driving shareholder value while working to achieve our mission of becoming the world's most successful and trusted health and wellness company.

Sincerely,

DAVID WILLIAMS
Chairman of the Board, Jamieson Wellness Inc.

Fuelling a healthier way of life.

TRENDS

Consumers have adopted a long-term commitment to using vitamins, minerals, and supplements in nearly every global market.

Health and wellness continues to be a growing trend. COVID-19 accelerated its adoption, and a new consumer baseline has emerged. Throughout 2021, we continued to adapt to meet rising consumer needs and increased volumes.

HOW WE'RE MEETING DEMAND

Innovation across product categories and evolving consumer needs

Expanded programs with new and existing customers

Capital investment in increased capacity and manufacturing efficiencies

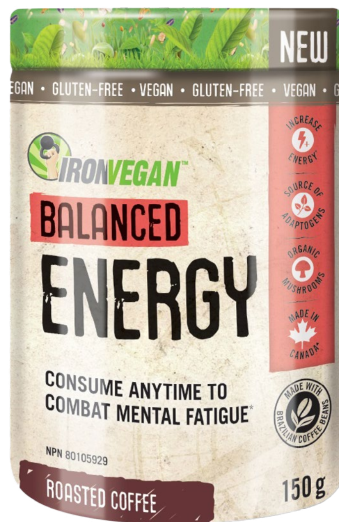
Diligent management of supply chain risks and transportation costs

INNOVATION

Driven by consumer insights and the latest science, our innovation team introduced new products throughout the year to meet our consumers' evolving needs.

Nearly all of our new products fall into some of the top trending categories of the year, including immunity, sleep, stress and energy. We've also geared our innovative efforts towards ingredients (e.g., mushrooms and elderberry) and formats (e.g., gummies and drink mixes) that are currently in high demand.

PRODUCT SPOTLIGHT



INTERNATIONAL

With a growing presence in more than 45 countries and regions, Jamieson Wellness is on track to becoming a leading global health and wellness company.

In 2021, our key areas of expansion included Eastern Europe, the Middle East and Southeast Asia – with China presenting the most rapidly emerging opportunity.

Our partnership with our international club partner, Costco, continues to grow. It has been a primary driver for market penetration, enabling consumers to shop our products at Costcos in the UK, Iceland, Spain, France, Australia, Taiwan and China.

EXPANDING OUR PRESENCE

CHINA

The Chinese vitamin market is growing at a rate that far outpaces the global industry average. As Chinese consumers increasingly embrace health and wellness products, China has become our largest global market and global revenue driver.

Throughout 2021, we continued our investment in marketing efforts to deepen our understanding of the Chinese consumer. Results reinforced a strong consumer preference for foreign brands, like Jamieson Vitamins, that are known for quality and heritage.

We will continue to focus on the Chinese consumer, expanding our product offerings according to their needs and making strategic investments to drive further growth.

$20B

Value of the Chinese vitamin market (USD)

OUR THREE-PRONGED GROWTH STRATEGY IN CHINA

1. ### CROSS-BORDER ECOMMERCE
   As the fastest growing segment of the Chinese market, cross-border eCommerce is a high priority, particularly top platforms such as T-mall, VIP.com, and JD.com.

2. ### DOMESTIC MARKET
   We have a leading regulatory position in this market, allowing us to expand into China's booming domestic eCommerce and brick-and-mortar channels.

3. ### CLUB
   Led by Costco, in 2021 we significantly increased our marketing spend and execution in the Chinese club channel.

175+

Branded SKUs currently in distribution in cross-border eCommerce

20+

Products in distribution in Costco Shanghai

How we operate should reflect who we are.

ENVIRONMENTAL

2021 marked a crucial time for companies to commit to sustainability.

Over the year, we evaluated the environmental impacts of our own company and are working to align our sustainability efforts with the United Nations Sustainable Development Goals and the UN Paris Agreement.

OUR SCIENCE-BASED TARGETS

Reduce emissions by 50% across our facilities by 2030

Complete projects to reduce emissions across our value chain by 2030

Establish a formal action plan to reach Net Zero by 2050

Finding footing on our DE&I journey.

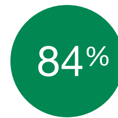
Since 2020, our fight against anti-Black racism has evolved into a full-blown diversity, equity and inclusion strategy.

PROGRESS HIGHLIGHTS IN 2021*

Incorporated certain diversity goals into annual bonus determinations at the director level and above

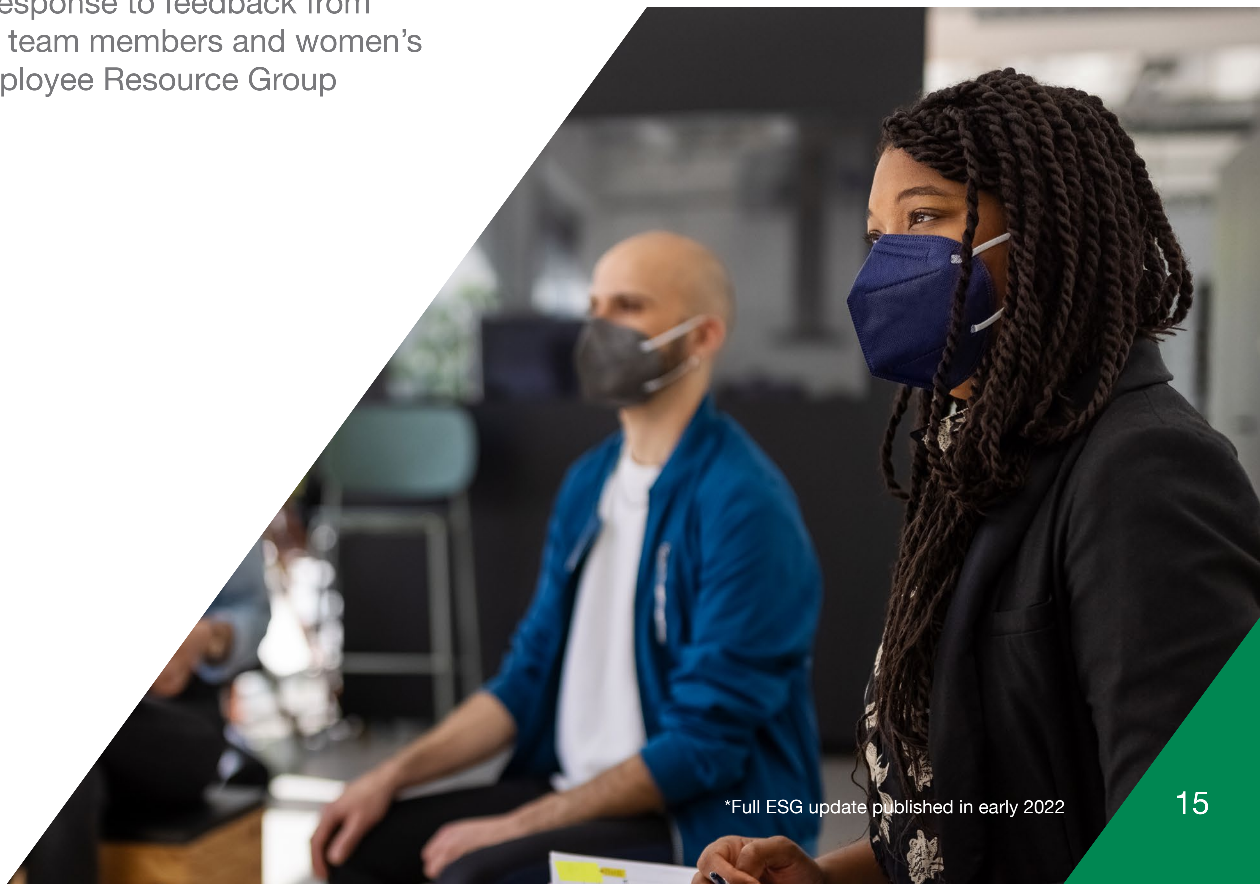
Updated our supplier audit questionnaire to include additional environmental, ethical responsibility, and DE&I requirements

Conducted a series of workplace equity training workshops with an 88% team member participation rate



Conducted our first team member demographic data, inclusion, values and engagement survey, resulting in an 84% participation rate

JWEL Parental Leave Policy revised to include parental leave top-up in response to feedback from our team members and women's Employee Resource Group



*Full ESG update published in early 2022

GOVERNANCE

We are continually strengthening our adoption of and commitment to corporate governance practices that align with the health and wellness standards we aspire to.

In 2021, we incorporated certain environmental, social and governance goals into annual bonus determinations using established key performance indicators aligned to the Company's values and DE&I objectives. We made several additions and updates to our disclosures, resulting in a 69% increase in our Globe and Mail Board Games score over the prior year.

We also welcomed two new board members, including Tania M. Clarke and Shanghai-based Mei Ye, ensuring more diverse representation in leadership roles.

“Jamieson Wellness is a Canadian success story with longevity and strong results. I look forward to continuing it.”

– TANIA M. CLARKE

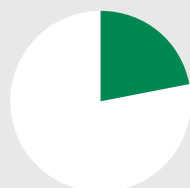
“I am excited for Jamieson's potential in producing the safest, highest-quality natural health products for China's market.”

– MEI YE

OUR BOARD OF DIRECTORS

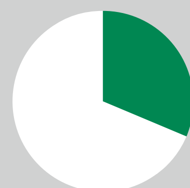
AS OF DECEMBER 2021

44% Female

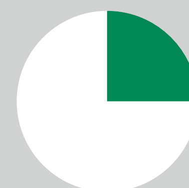


22% Racialized Persons

2025 TARGETS



30% Female*



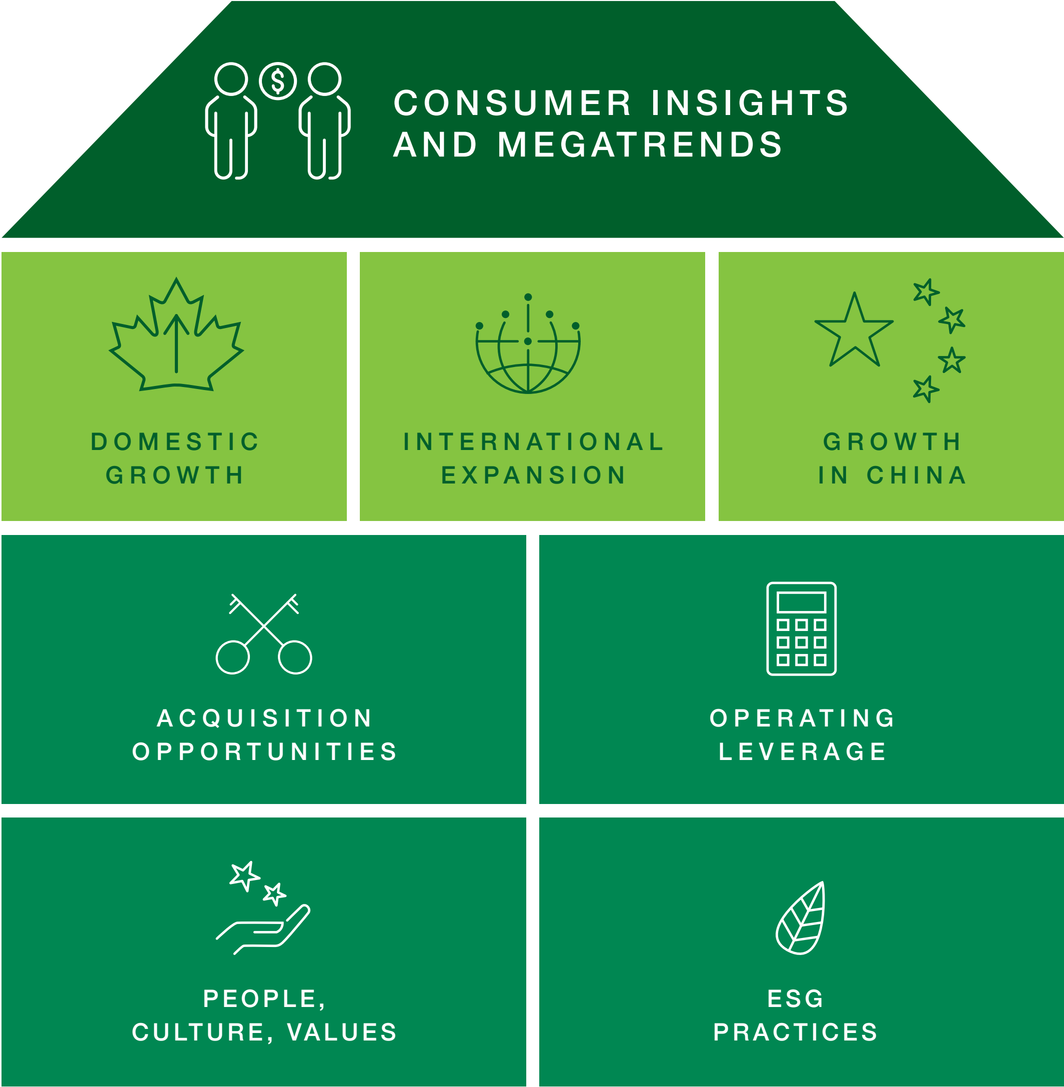
25% Racialized Persons**

* Reached and surpassed as of December 2021

** Target is for representation among board members and senior management

OUR PLATFORM FOR VALUE CREATION

As we look ahead into our next century of growth, we continue to build on our key strengths, innovate towards consumer needs and wishes, and push further into new and existing areas of growth. All in our effort to enable a healthier world.



Here's to 100 more years.
And countless gains.

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

For the three and twelve months ended December 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the three and twelve months ended December 31, 2021

The following management's discussion and analysis of financial condition and results of operations ("MD&A") of Jamieson Wellness Inc. (together with its subsidiaries), referred to herein as "Jamieson", the "Company", "we", "us" or "our", is dated as of February 23, 2022. It should be read in conjunction with our audited consolidated annual financial statements and accompanying notes for the year ended December 31, 2021.

Our audited consolidated annual financial statements and accompanying notes for the year ended December 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These audited consolidated annual financial statements include the accounts of our Company and other entities that we control and are reported in Canadian dollars. All references in this MD&A to "Q4 2021" are to our fiscal quarter ended December 31, 2021 and to "Q4 2020" are to our fiscal quarter ended December 31, 2020. All references in this MD&A to "YTD 2021" are to our year ended December 31, 2021 and to "YTD 2020" are to our year ended December 31, 2020.

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

Non-IFRS and Other Financial Measures

This MD&A makes reference to certain financial measures, including non-IFRS financial measures that are historical, non-IFRS measures that are forward-looking, non-GAAP ratios and supplementary financial measures. Management uses these financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing our business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use the following non-IFRS financial measures: "EBITDA", "Adjusted EBITDA", "Adjusted net earnings", "normalized gross profit", "normalized SG&A", "normalized earnings from operations", "cash from operating activities before working capital considerations" and "net debt", the following non-IFRS ratios: "Adjusted EBITDA margin", "Adjusted diluted earnings per share", "normalized gross profit margin", "normalized operating margin", and the following supplementary financial measures: "gross profit margin", "operating margin" and "USD denominated revenue", to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also uses non-IFRS and supplementary financial measures in order to prepare annual operating budgets and to determine components of management compensation. See "*How we Assess the Performance of our Business*" for an explanation of the composition of each such measure, as applicable, and see "*Selected Consolidated Financial Information*" for a quantitative reconciliation of each non-IFRS financial measure to its most directly comparable financial measure disclosed in our financial statements to which the measure relates.

Forward-Looking Information

Certain statements contained in this MD&A including, in particular, in the sections below entitled "*Summary of Factors Affecting our Performance*", "*Liquidity and Capital Resources*", "*Outlook*" and "*Risk Factors*", contain forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans, intentions, beliefs, and objectives of our Company. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets",

“expects”, “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

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

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

The forward-looking information contained in this MD&A represents management’s expectations as of the date of this MD&A and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

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

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

Overview

Founded in 1922, Jamieson is Canada’s leading branded manufacturer, distributor and marketer of high-quality natural health products. We offer consumers a comprehensive and innovative line of branded vitamins, minerals and supplements (“VMS”) products and certain over-the-counter remedies through our Jamieson and Smart Solutions by Lorna Vanderhaeghe 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 have allowed us to significantly grow the business internationally, with products being sold in greater than 45 countries and regions worldwide.

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

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

Summary of Factors Affecting Our Performance

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

Impact of COVID-19

The COVID-19 pandemic continued to impact businesses globally throughout 2021 and there is a continuing risk that the COVID-19 pandemic may impact the results of operations or financial condition. Any prolonged retail or manufacturing closures could impact our ability to service our customers and consumers. An outbreak within our operating facilities could result in absenteeism or a plant closure for an extended duration. Suppliers may experience a business disruption which could impact the supply of raw materials or components required for production. Limitations on transportation or border closures may result in shipment delays from our suppliers or to our customers. The duration and impact of the COVID-19 pandemic remains unknown. This includes the rate and manner in which vaccines are distributed, as well as vaccine efficacy against future COVID-19 variants and strains. We continue to review our safety protocols to reflect new government or public health recommendations. We have not benefited from nor applied for any government financial aid or relief relating to the COVID-19 pandemic.

Our Brands

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

Product Innovation and Planning

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

Customer Relationships

We have longstanding and deeply entrenched customer relationships with Canada's top retailers across the food, drug, mass ("FDM"), club, health food store, specialty and online retail channels. We sell products through our knowledgeable retail partners and we are dependent on retail partners across all channels to display and present our

products to customers, in their brick-and-mortar stores and on their online e-commerce sites. Our partners service customers by stocking and displaying our products, and, in certain health food and other specialty stores, explaining product attributes and health benefits. Our relationships with these retail customers are important for consumer trust in the brand and the advertising and educational programs we continue to deploy. Failure to maintain these relationships with retail partners or financial difficulties experienced by these retail partners could adversely affect our business.

Sourcing and Production

We have developed a strong, global supply chain based on long-standing relationships and have had relationships with the majority of our suppliers for over ten years. We purchase our ingredients from approximately 250 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 2021, our top ten suppliers accounted for approximately 50% of our purchases. As is customary in the consumer health industry, we do not have long-term written contracts with most suppliers and often enter into short to medium-term contracts for raw materials at fixed prices to provide time to address price increases and mitigate margin erosion.

Distribution

Our warehousing and distribution functions are operated under a third-party logistics model through facilities in Calgary, Alberta and Toronto, Ontario. We have entered into an agreement with the third-party logistics partner to provide warehousing and distribution services for Jamieson Branded and Strategic Partners finished goods inventory until 2025 with a renewal option. Our ability to satisfy our customers' demands and achieve our cost objectives depends on our ability to maintain key logistic and transport arrangements. Our distribution and supply chain could be negatively affected by unforeseen disruptions due to fire, severe weather conditions, natural disasters, or other catastrophic events, public health events, labour disagreements, or other shipping problems. The loss of or disruption to these types of arrangements could interrupt product supply, which in turn could adversely affect the assortment and product availability at the store level of our customers. If not effectively managed or remedied, these events could negatively impact customer experience and adversely affect our operations or financial performance. By leveraging the expertise of the third-party logistics provider, we are able to operate more efficiently and diversify risk from our manufacturing facilities.

Consumer Trends

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

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

Competition

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

generally a significant barrier to entry for new competitors. Internationally, our competition varies by market and we have a strategic approach to entering international markets, which includes evaluating certain factors in each market, such as competitiveness, pricing dynamics, growth potential, regulatory environment and the propensity to be attracted to foreign brands.

Foreign Exchange

We 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 U.S.-Canadian currency exchange rates where the products sold contain materials and inputs purchased with U.S. dollars. We manage our exposure to fluctuating U.S.-Canadian currency exchange rates with foreign exchange hedging contracts. We do not have foreign exchange hedging contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange hedging contracts in respect of other foreign currencies.

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

Business Acquisitions

We leverage our relationships and network of industry participants and advisors to actively source and identify acquisition opportunities. We continue to pursue strategic acquisitions that enable us to further broaden and diversify product offerings and leverage current manufacturing and distribution facilities for new products. Any acquisitions may involve large transactions or realignment of existing investments, and present financial, managerial and operational challenges, which, if not successfully overcome, may reduce our profitability.

Implementation of Growth Strategies

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

Regulation

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

There is currently no uniform regulation applicable to natural health products worldwide and there has been an increasing movement in certain foreign markets to increase the regulation of natural health products. The adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in

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

How We Assess the Performance of our Business

The key performance indicators below are used by management in evaluating the performance of our Company and assessing our business. We refer to certain key performance indicators used by management and typically used by our competitors in the Canadian consumer health industry, some of which are not recognized under IFRS as identified below. See "*Non-IFRS and Other Financial Measures*" for more information on each non-IFRS financial measure, non-IFRS ratio and supplementary measure. See "*Selected Consolidated Financial Information*" for a quantitative reconciliation of each non-IFRS financial measure to its most directly comparable financial measure disclosed in our financial statements to which the measure relates.

Revenue

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

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

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

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

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

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

As required for the audited consolidated annual financial statements, we have disaggregated revenue recognized from contracts with customers. Please refer to Note 22 in our audited consolidated annual financial statements for the disclosure on disaggregated revenue.

USD Denominated Revenue

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

Gross Profit

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

Gross Profit Margin

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

Normalized Gross Profit and Normalized Gross Profit Margin

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

SG&A

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

Normalized SG&A

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

Earnings from Operations

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

Operating Margin

"Operating margin" is defined as earnings from operations divided by revenue. Operating margin is a supplementary financial measure.

Normalized Earnings from Operations and Normalized Operating Margin

"Normalized earnings from operations" is defined as earnings from operations adjusted for non-operating expenses. Normalized earnings from operations is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is earnings from operations. We believe normalized

earnings from operations is a useful measure in assessing our operating results by excluding the effects of expenses that are not reflective of our operating performance. "Normalized operating margin" is defined as normalized earnings from operations divided by revenue. Normalized operating margin is a non-IFRS ratio.

EBITDA

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

Adjusted EBITDA

"Adjusted EBITDA" is defined as EBITDA before: (i) share-based compensation; (ii) foreign exchange gain/loss; (iii) international market expansion; (iv) business integration; (v) COVID-19 related costs; and (vi) other non-operating costs. Adjusted EBITDA is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is net earnings. We believe Adjusted EBITDA is a useful measure to assess the performance and cash flow of our Company as it provides more meaningful operating results by excluding the effects of interest, taxes, depreciation and amortization costs, expenses we believe are not reflective of our underlying business performance.

Adjusted EBITDA Margin

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

Adjusted Net Earnings

"Adjusted net earnings" is defined as consolidated net earnings adjusted for the impact of: (i) share-based compensation; (ii) foreign exchange gain/loss; (iii) international market expansion; (iv) business integration; (v) COVID-19 related costs; and (vi) other non-operating costs net of related tax effects. Adjusted net earnings is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our financial statements is net earnings. We believe Adjusted net earnings is a useful measure to assess the performance of our Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of our underlying business performance.

Adjusted Diluted Earnings per Share

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

Net Debt

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

Cash from Operating Activities Before Working Capital Considerations

"Cash from operating activities before working capital considerations" is defined as cash from operating activities plus net change in non-cash working capital. Cash from operating activities before working capital

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

Selected Consolidated Financial Information

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

	Three months ended December 31		**Twelve months ended December 31**	
($ in 000's, except as otherwise noted)	**2021**	**2020**	**2021**	**2020**
Revenue	**129,838**	**120,369**	**451,032**	**403,661**
Cost of sales	80,422	77,855	288,591	258,905
Gross profit	**49,416**	**42,514**	**162,441**	**144,756**
Gross profit margin [(1)]	**38.1%**	**35.3%**	**36.0%**	**35.9%**
Selling, general and administrative expenses	19,521	18,624	80,739	76,259
Share-based compensation	1,021	1,156	5,672	4,925
Earnings from operations	**28,874**	**22,734**	**76,030**	**63,572**
Operating margin [(1)]	**22.2%**	**18.9%**	**16.9%**	**15.7%**
Foreign exchange loss (gain)	352	632	(92)	460
Other expenses	-	19	-	22
Interest expense and other financing costs	1,366	1,409	5,657	6,042
Earnings before income taxes	27,156	20,674	70,465	57,048
Provision for income taxes	6,966	5,269	18,383	15,450
Net earnings	**20,190**	**15,405**	**52,082**	**41,598**
Adjusted net earnings [(2)]	**20,489**	**17,614**	**55,217**	**47,948**
EBITDA [(2)]	**32,225**	**25,417**	**90,396**	**75,299**
Adjusted EBITDA [(2)]	**33,771**	**29,383**	**100,096**	**87,985**
Adjusted EBITDA margin [(3)]	**26.0%**	**24.4%**	**22.2%**	**21.8%**
Weighted average number of shares				
Basic	40,371,018	39,866,189	40,150,724	39,539,955
Diluted	41,921,765	41,487,349	41,680,934	41,160,341
Earnings per share attributable to common shareholders:				
Basic, earnings per share	0.50	0.39	1.30	1.05
Diluted, earnings per share	0.48	0.37	1.25	1.01
Adjusted diluted, earnings per share [(3)]	0.49	0.42	1.32	1.16

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

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

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

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

($ in 000's)	As at December 31, 2021	As at December 31, 2020
Selected Consolidated Financial Position Data:		
Total assets	652,475	609,341
Total non-current liabilities	226,832	225,929

Results of Operations — three months ended December 31, 2021 and 2020

The following table provides a summary of our results for the three months ended December 31, 2021 and December 31, 2020.

	Three months ended December 31			
($ in 000's, except as otherwise noted)	2021	2020	$ Change	% Change
Revenue	**129,838**	**120,369**	**9,469**	**7.9%**
Cost of sales	80,422	77,855	2,567	3.3%
Gross profit	**49,416**	**42,514**	**6,902**	**16.2%**
Gross profit margin	**38.1%**	**35.3%**	**-**	**2.8%**
Selling, general and administrative expenses	19,521	18,624	897	4.8%
Share-based compensation	1,021	1,156	(135)	(11.7%)
Earnings from operations	**28,874**	**22,734**	**6,140**	**27.0%**
Operating margin	**22.2%**	**18.9%**	-	**3.3%**
Foreign exchange loss	352	632	(280)	(44.3%)
Other expenses	-	19	(19)	(100.0%)
Interest expense and other financing costs	1,366	1,409	(43)	(3.1%)
Earnings before income taxes	27,156	20,674	6,482	31.4%
Provision for income taxes	6,966	5,269	1,697	32.2%
Net earnings	**20,190**	**15,405**	**4,785**	**31.1%**
Adjusted net earnings	**20,489**	**17,614**	**2,875**	**16.3%**
EBITDA	**32,225**	**25,417**	**6,808**	**26.8%**
Adjusted EBITDA	**33,771**	**29,383**	**4,388**	**14.9%**
Adjusted EBITDA margin	**26.0%**	**24.4%**	-	**1.6%**

The following tables provide a quantitative reconciliation of net earnings to EBITDA, Adjusted EBITDA, and Adjusted net earnings, as well as gross profit to normalized gross profit, SG&A to normalized SG&A, earnings from operations to normalized earnings from operations, each of which are non-IFRS financial measures (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure), for the three months ended December 31, 2021 and December 31, 2020.

	Three months ended December 31			
($ in 000's, except as otherwise noted)	**2021**	**2020**	**$ Change**	**% Change**
Net earnings	**20,190**	**15,405**	**4,785**	**31.1%**
Add:				
Provision for income taxes	6,966	5,269	1,697	32.2%
Interest expense and other financing costs	1,366	1,409	(43)	(3.1%)
Depreciation of property, plant, and equipment	2,629	2,336	293	12.5%
Amortization of intangible assets	1,074	998	76	7.6%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**32,225**	**25,417**	**6,808**	**26.8%**
Share-based compensation (1)	1,021	1,156	(135)	(11.7%)
Foreign exchange loss	352	632	(280)	(44.3%)
Business integration (2)	63	1,759	(1,696)	(96.4%)
COVID-19 related costs (3)	72	402	(330)	(82.1%)
Other	38	17	21	123.5%
Adjusted EBITDA	**33,771**	**29,383**	**4,388**	**14.9%**
Provision for income taxes	(6,966)	(5,269)	(1,697)	(32.2%)
Interest expense and other financing costs	(1,366)	(1,409)	43	3.1%
Depreciation of property, plant, and equipment	(2,629)	(2,336)	(293)	(12.5%)
Amortization of intangible assets	(1,074)	(998)	(76)	(7.6%)
Share-based compensation (4)	(1,108)	(1,012)	(96)	(9.5%)
Tax effect of normalization adjustments	(139)	(745)	606	81.3%
Adjusted net earnings	**20,489**	**17,614**	**2,875**	**16.3%**

	Three months ended December 31			
($ in 000's, except as otherwise noted)	**2021**	**2020**	**$ Change**	**% Change**
Gross profit	**49,416**	**42,514**	**6,902**	**16.2%**
Business integration (2)	-	1,472	(1,472)	(100.0%)
COVID-19 related costs (3)	-	119	(119)	(100.0%)
Normalized gross profit (5)	**49,416**	**44,105**	**5,311**	**12.0%**
Normalized gross profit margin (6)	**38.1%**	**36.6%**	**-**	**1.5%**
Selling, general and administrative expenses	**19,521**	**18,624**	**897**	**4.8%**
Business integration (2)	(63)	(287)	224	78.0%
COVID-19 related costs (3)	(72)	(283)	211	74.6%
Other	(38)	-	(38)	100.0%
Normalized selling, general and administrative expenses (5)	**19,348**	**18,054**	**1,294**	**7.2%**
Earnings from operations	**28,874**	**22,734**	**6,140**	**27.0%**
Business integration (2)	63	1,759	(1,696)	(96.4%)
COVID-19 related costs (3)	72	402	(330)	(82.1%)
Other	38	-	38	100.0%
Normalized earnings from operations (5)	**29,047**	**24,895**	**4,152**	**16.7%**
Normalized operating margin (6)	**22.4%**	**20.7%**	**-**	**1.7%**

(1) The Company's share-based compensation expense pertains to our long-term incentive plan (the "LTIP") (refer to "*Share-based compensation*"), with performance-based share units ("PSUs"), time-based restricted

share units (“RSUs”), and deferred share units (“DSUs”) expenses, along with associated payroll taxes. Please refer to Note 16 in our audited consolidated annual financial statements.

(2) Current year expenses relate to system implementation costs. Prior year expenses pertained to start-up costs of $1.5 million related to our transition to a third-party logistics model to make room for capacity expansion at our Twin Oaks and Scarborough distribution facilities. Remaining expenses pertained to the integration of our operations and supply chain activities, along with a pre-existing contractual obligation, associated with the acquisition and subsequent integration of our acquired business, which terminated at the end of 2020.

(3) We incurred costs related to COVID-19 which do not reflect the ongoing costs of operation. In the current quarter, these costs are primarily associated with additional safety measures at our facilities, including the use of rapid testing to detect and prevent the risk of COVID-19 spread in our manufacturing facilities. Q4 2020 included shift premiums to essential Jamieson hourly staff who maintained production during government lockdowns, donation of vitamins and supplements to charitable organizations within Canada and provided funding for a COVID-19 related research study.

(4) Costs pertaining to our LTIP, net of $0.1 million in tax benefits realized on the vesting of certain share-based awards (refer to “*Share-based compensation*”).

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

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

The following table provides selected financial information for the Jamieson Brands operating segment for the three months ended December 31, 2021 and December 31, 2020.

Jamieson Brands

($ in 000's, except as otherwise noted) For the three months ended December 31,	**2021**	**2020**	**$ Change**	**% Change**
Revenue	99,784	89,733	10,051	11.2%
Gross profit	45,157	38,566	6,591	17.1%
Gross profit margin	45.3%	43.0%	-	2.3%
Normalized gross profit	45,157	40,157	5,000	12.5%
Normalized gross profit margin	45.3%	44.8%	-	0.5%
Selling, general and administrative expenses	17,905	16,906	999	5.9%
Normalized selling, general and administrative expenses	17,781	16,369	1,412	8.6%
Share-based compensation	1,021	1,156	(135)	(11.7%)
Earnings from operations	26,231	20,504	5,727	27.9%
Operating margin	26.3%	22.9%	-	3.4%
Normalized earnings from operations	26,355	22,649	3,706	16.4%
Normalized operating margin	26.4%	25.2%	-	1.2%
Adjusted EBITDA	30,468	26,642	3,826	14.4%
Adjusted EBITDA margin	30.5%	29.7%	-	0.8%

The following table provides a quantitative reconciliation for the Jamieson Brands operating segment from earnings from operations to Adjusted EBITDA, which is a non-IFRS financial measure (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure), for the three months ended December 31, 2021 and December 31, 2020.

($ in 000's, except as otherwise noted) For the three months ended December 31,	**2021**	**2020**	**$ Change**	**% Change**
Earnings from operations	26,231	20,504	5,727	27.9%
Depreciation of property, plant, and equipment	2,018	1,857	161	8.7%
Amortization of intangible assets	1,074	998	76	7.6%
Share-based compensation	1,021	1,156	(135)	(11.7%)
Business integration	63	1,759	(1,696)	(96.4%)
COVID-19 related costs	61	370	(309)	(83.5%)
Other	-	(2)	2	100.0%
Adjusted EBITDA	**30,468**	**26,642**	**3,826**	**14.4%**

The following table provides selected financial information for the Strategic Partners operating segment for the three months ended December 31, 2021 and December 31, 2020.

Strategic Partners

($ in 000's, except as otherwise noted) For the three months ended December 31,	**2021**	**2020**	**$ Change**	**% Change**
Revenue	30,054	30,636	(582)	(1.9%)
Gross profit	4,259	3,948	311	7.9%
Gross profit margin	14.2%	12.9%	-	1.3%
Selling, general and administrative expenses	1,616	1,718	(102)	(5.9%)
Normalized selling, general and administrative expenses	1,567	1,685	(118)	(7.0%)
Earnings from operations	2,643	2,230	413	18.5%
Operating margin	8.8%	7.3%	-	1.5%
Normalized earnings from operations	2,692	2,246	446	19.8%
Normalized operating margin	9.0%	7.3%	-	1.7%
Adjusted EBITDA	3,303	2,741	562	20.5%
Adjusted EBITDA margin	11.0%	8.9%	-	2.1%

The following table provides a quantitative reconciliation for the Strategic Partners operating segment from earnings from operations to Adjusted EBITDA, which is a non-IFRS financial measure (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure), for the three months ended December 31, 2021 and December 31, 2020.

($ in 000's, except as otherwise noted) For the three months ended December 31,	**2021**	**2020**	**$ Change**	**% Change**
Earnings from operations	2,643	2,230	413	18.5%
Depreciation of property, plant, and equipment	611	479	132	27.6%
COVID-19 related costs	11	32	(21)	(65.6%)
Other	38	-	38	100.0%
Adjusted EBITDA	**3,303**	**2,741**	**562**	**20.5%**

<u>Revenue</u>

Revenue increased by 7.9%, or $9.5 million, to $129.8 million in Q4 2021. This was driven by 11.2% growth in Jamieson Brands revenue, partially offset by a 1.9% decline in Strategic Partners revenue compared with Q4 2020.

Revenue in the Jamieson Brands segment increased by $10.1 million, or 11.2%, to $99.8 million in Q4 2021 due to growth in domestic and international Jamieson Brands sales of $8.3 million and $1.8 million respectively. Our

domestic Jamieson Brands sales increased by 10.9% in Q4 2021, with strong point of purchase sales on an expanded consumer base and inventory replenishments to support seasonal promotional activities. Our international USD denominated revenue[1] grew by 14.1%, or 12.6% on a reported basis, led by continued growth in China, partially offset by strong replenishments earlier in the year to other regions.

Revenue in the Strategic Partners segment decreased by $0.6 million, or 1.9%, to $30.1 million in Q4 2021 reflecting earlier shipments and 37.3% growth realized in the first three quarters to smooth out the timing of production.

Gross profit

Gross profit increased by $6.9 million to $49.4 million in Q4 2021, including $1.6 million in Q4 2020 primarily relating to start-up costs in our transition to a third-party logistics model. Normalized gross profit increased by $5.3 million from $44.1 million in the prior year mainly driven by revenue growth and improved operating efficiencies. Normalized gross profit margin increased by 150 basis points from 36.6% to 38.1% in Q4 2021, reflecting margin improvements in both our segments and the mix impact of proportionally higher sales in our Jamieson Brands segment.

Gross profit in the Jamieson Brands segment increased by $6.6 million to $45.2 million in Q4 2021, including $1.6 million in Q4 2020 in start-up costs primarily relating to our transition to a third-party logistics model. Normalized gross profit in the Jamieson Brands segment increased by $5.0 million from $40.2 million in the prior year mainly driven by revenue growth and improved operating efficiencies. Normalized gross profit margin increased by 50 basis points from 44.8% to 45.3% in Q4 2021 due to volume driven efficiencies and cost recoveries, partially offset by ongoing operating costs associated with our new third-party logistics model, elevated costs reflecting ongoing global supply chain challenges, sustained safety measures and increased business continuity costs.

Gross profit in the Strategic Partners segment increased by $0.3 million to $4.3 million and gross profit margin increased by 130 basis points from 12.9% to 14.2% in Q4 2021 mainly due to operational efficiencies.

Selling, general and administrative expenses

SG&A expenses increased by $0.9 million to $19.5 million in Q4 2021. Normalized for the impact of specified costs, SG&A expenses increased by $1.3 million or 7.2% to $19.3 million in Q4 2021. Normalized SG&A in the Jamieson Brands segment was $1.4 million higher than Q4 2020 due to additional resources to support our strategic initiatives and marketing investments. Normalized SG&A in the Strategic Partners segment was relatively consistent with a decrease of $0.1 million compared with Q4 2020.

Specified costs of $0.2 million in Q4 2021 are mainly comprised of safety measures implemented at our facilities, including rapid testing programs at each of our manufacturing facilities, along with IT system implementation costs. Specified costs of $0.6 million in Q4 2020 were related to COVID-19 wage premiums, donations, and funding for a COVID-19 related research study.

Share-based compensation

Share-based compensation decreased by $0.1 million to $1.0 million in Q4 2021 reflecting the acceleration of share-based compensation expense in relation to our CEO transition earlier in the year.

Earnings from operations and operating margin

Earnings from operations increased by $6.1 million as a result of higher revenue and gross profit. Operating margin increased by 3.3% to 22.2% in Q4 2021 due to factors impacting gross profit margin discussed above and lower fixed costs as a percentage of revenue. Normalized earnings from operations increased by $4.2 million, or 16.7%

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

in Q4 2021 and normalized operating margin was 22.4% compared with 20.7% in Q4 2020.

Earnings from operations in the Jamieson Brands segment increased by $5.7 million and operating margin increased by 3.4% to 26.3% in Q4 2021 due to higher revenue on expanded margins, and lower fixed costs as a percentage of revenues.

Earnings from operations in the Strategic Partners segment increased by $0.4 million and operating margin increased by 1.5% to 8.8% in Q4 2021 due to expanded margins and lower fixed costs as a percentage of revenues.

Foreign exchange loss

Foreign exchange loss of $0.4 million in Q4 2021 was a result of changes in the USD/CAD exchange rate on our USD denominated accounts receivable and accounts payable at the end of the quarter. We experience fluctuations in the USD/CAD exchange rates between the date of transaction and when cash is realized.

Interest expense and other financing costs

Interest expense and other financing costs remained consistent at $1.4 million in Q4 2021.

Provision for income taxes

Provision for income taxes was $7.0 million in Q4 2021 compared with $5.3 million in Q4 2020. Our Q4 2021 effective tax rate of 25.7% and Q4 2020 effective tax rate of 25.5% includes the impact of non-deductible share-based compensation expenses. The current period's provision and tax rate includes a tax deduction of $0.1 million from the vesting of certain share-based awards.

Depreciation

Depreciation expense increased by $0.3 million to $2.6 million in Q4 2021 due to increases in our capital investments to increase capacity.

Amortization

Amortization expense increased by $0.1 million to $1.1 million in Q4 2021 driven by investments in website development, system implementations, product patents and registrations.

EBITDA and Adjusted EBITDA

EBITDA increased by $6.8 million to $32.2 million in Q4 2021 primarily due to the factors discussed above.

Adjusted EBITDA increased by $4.4 million to $33.8 million driven by higher volumes and segment margins. Adjusted EBITDA margin increased by 160 basis points to 26.0% for the quarter reflecting general margin improvements, along with the mix impact of proportionally higher sales in our Jamieson Brands segment.

Adjusted EBITDA in the Jamieson Brands segment increased by $3.8 million to $30.5 million and Adjusted EBITDA margin increased by 80 basis points to 30.5% driven by higher volumes on expanded margins, and lower fixed costs as a percentage of revenues.

Adjusted EBITDA in the Strategic Partners segment increased by $0.6 million, to $3.3 million and Adjusted EBITDA margin increased by 2.1% to 11.0% driven by higher volumes on expanded margins, and lower fixed costs as a percentage of revenues.

Results of Operations — year ended December 31, 2021 and 2020

The following table provides a summary of our results for the year ended December 31, 2021 and December 31, 2020.

($ in 000's, except as otherwise noted)	**Twelve months ended December 31** **2021**	**2020**	**$ Change**	**% Change**
Revenue	**451,032**	**403,661**	**47,371**	**11.7%**
Cost of sales	288,591	258,905	29,686	11.5%
Gross profit	**162,441**	**144,756**	**17,685**	**12.2%**
Gross profit margin	**36.0%**	**35.9%**	**-**	**0.1%**
Selling, general and administrative expenses	80,739	76,259	4,480	5.9%
Share-based compensation	5,672	4,925	747	15.2%
Earnings from operations	**76,030**	**63,572**	**12,458**	**19.6%**
Operating margin	**16.9%**	**15.7%**	**-**	**1.2%**
Foreign exchange (gain) loss	(92)	460	(552)	(120.0%)
Other expenses	-	22	(22)	(100.0%)
Interest expense and other financing costs	5,657	6,042	(385)	(6.4%)
Earnings before income taxes	70,465	57,048	13,417	23.5%
Provision for income taxes	18,383	15,450	2,933	19.0%
Net earnings	**52,082**	**41,598**	**10,484**	**25.2%**
Adjusted net earnings	**55,217**	**47,948**	**7,269**	**15.2%**
EBITDA	**90,396**	**75,299**	**15,097**	**20.0%**
Adjusted EBITDA	**100,096**	**87,985**	**12,111**	**13.8%**
Adjusted EBITDA margin	**22.2%**	**21.8%**	**-**	**0.4%**

The following tables provide a quantitative reconciliation of net earnings to EBITDA, Adjusted EBITDA, and Adjusted net earnings, as well as gross profit to normalized gross profit, SG&A to normalized SG&A, earnings from operations to normalized earnings from operations, each of which are non-IFRS financial measures (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure), for the year ended December 31, 2021 and December 31, 2020.

	Twelve months ended December 31			
($ in 000's, except as otherwise noted)	**2021**	**2020**	**$ Change**	**% Change**
Net earnings	**52,082**	**41,598**	**10,484**	**25.2%**
Add:				
Provision for income taxes	18,383	15,450	2,933	19.0%
Interest expense and other financing costs	5,657	6,042	(385)	(6.4%)
Depreciation of property, plant, and equipment	10,006	8,260	1,746	21.1%
Amortization of intangible assets	4,268	3,949	319	8.1%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**90,396**	**75,299**	**15,097**	**20.0%**
Share-based compensation [(1)]	5,672	4,925	747	15.2%
Foreign exchange (gain) loss	(92)	460	(552)	(120.0%)
International market expansion	-	13	(13)	(100.0%)
Business integration [(2)]	1,852	2,202	(350)	(15.9%)
COVID-19 related costs [(3)]	2,409	5,064	(2,655)	(52.4%)
Other [(4)]	(141)	22	(163)	(740.9%)
Adjusted EBITDA	**100,096**	**87,985**	**12,111**	**13.8%**
Provision for income taxes	(18,383)	(15,450)	(2,933)	(19.0%)
Interest expense and other financing costs	(5,657)	(6,042)	385	6.4%
Depreciation of property, plant, and equipment	(10,006)	(8,260)	(1,746)	(21.1%)
Amortization of intangible assets	(4,268)	(3,949)	(319)	(8.1%)
Share-based compensation [(5)]	(5,497)	(4,349)	(1,148)	(26.4%)
Other	-	97	(97)	(100.0%)
Tax effect of normalization adjustments	(1,068)	(2,084)	1,016	48.8%
Adjusted net earnings	**55,217**	**47,948**	**7,269**	**15.2%**

($ in 000's, except as otherwise noted)	Twelve months ended December 31 2021	2020	$ Change	% Change
Gross profit	**162,441**	**144,756**	**17,685**	**12.2%**
Business integration (2)	653	1,472	(819)	(55.6%)
COVID-19 related costs (3)	-	119	(119)	(100.0%)
Normalized gross profit	**163,094**	**146,347**	**16,747**	**11.4%**
Normalized gross profit margin	**36.2%**	**36.3%**	**-**	**(0.1%)**
Selling, general and administrative expenses	**80,739**	**76,259**	**4,480**	**5.9%**
Business integration (2)	(1,200)	(730)	(470)	(64.4%)
COVID-19 related costs (3)	(2,409)	(4,945)	2,536	51.3%
International market expansion	-	(13)	13	100.0%
Other (4)	141	-	141	100.0%
Normalized selling, general and administrative expenses	**77,271**	**70,571**	**6,700**	**9.5%**
Earnings from operations	**76,030**	**63,572**	**12,458**	**19.6%**
Business integration (2)	1,853	2,202	(349)	(15.8%)
COVID-19 related costs (3)	2,409	5,064	(2,655)	(52.4%)
International market expansion	-	13	(13)	(100.0%)
Share-based compensation (6)	914	-	914	100.0%
Other (4)	(141)	-	(141)	100.0%
Normalized earnings from operations	**81,065**	**70,851**	**10,214**	**14.4%**
Normalized operating margin	**18.0%**	**17.6%**	**-**	**0.4%**

(1) The Company's share-based compensation expense pertains to our LTIP, with PSUs, time-based RSUs, and DSUs expenses, along with associated payroll taxes. This includes a one-time impact of $0.9 million in Q1 2021 relating to the acceleration of share-based compensation expense from future years in relation to our CEO transition. Please refer to Note 16 in our audited consolidated annual financial statements.

(2) Current year expense mostly relates to start-up costs to complete our transition to a third-party logistics model to make room for capacity expansion at our Twin Oaks and Scarborough distribution facilities. Prior year expenses included start-up costs of $1.5 million in the aforementioned third-party logistics transition. Remaining expenses pertained to the integration of our operations and supply chain activities, along with a pre-existing contractual obligation, associated with the acquisition and subsequent integration of our acquired business, which terminated at the end of 2020.

(3) We incurred costs related to COVID-19 which do not reflect the ongoing costs of operation. We provided shift premiums to essential Jamieson hourly staff who maintained production during government lockdowns. We have implemented additional safety measures at our facilities, including the use of rapid testing to detect and prevent spread in our manufacturing facilities and a voluntary two-week closure of our Scarborough facility to minimize the risk of COVID-19 spread in the second quarter of 2021. We have also donated vitamins and supplements to charitable organizations.

(4) Consists primarily of a litigation settlement we received.

(5) Costs pertaining to our LTIP, excluding PSUs and RSUs granted to certain employees, and the acceleration of $0.9 million of share-based compensation expense from future years in relation to our CEO transition, net of $1.0 million in tax benefits realized on the vesting of certain share-based awards (refer to "*Share-based compensation*").

(6) One-time impact of $0.9 million in Q1 2021 relating to the acceleration of share-based compensation expense from future years in relation to our CEO transition. Please refer to Note 16 in our audited consolidated annual financial statements.

The following table provides selected financial information for the Jamieson Brands operating segment for the year ended December 31, 2021 and December 31, 2020.

Jamieson Brands

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

For the twelve months ended December 31,	**2021**	**2020**	**$ Change**	**% Change**
Revenue	343,245	316,423	26,822	8.5%
Gross profit	148,371	133,861	14,510	10.8%
Gross profit margin	43.2%	42.3%	-	0.9%
Normalized gross profit	149,024	135,452	13,572	10.0%
Normalized gross profit margin	43.4%	42.8%	-	0.6%
Selling, general and administrative expenses	74,056	67,169	6,887	10.3%
Normalized selling, general and administrative expenses	70,854	64,227	6,627	10.3%
Share-based compensation	5,672	4,925	747	15.2%
Earnings from operations	68,643	61,767	6,876	11.1%
Operating margin	20.0%	19.5%	-	0.5%
Normalized earnings from operations	73,412	66,300	7,112	10.7%
Normalized operating margin	21.4%	21.0%	-	0.4%
Adjusted EBITDA	90,301	81,519	8,782	10.8%
Adjusted EBITDA margin	26.3%	25.8%	-	0.5%

The following table provides a quantitative reconciliation from earnings from operations to Adjusted EBITDA, which is a non-IFRS financial measure (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure) for the year ended December 31, 2021 and December 31, 2020.

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

For the twelve months ended December 31,	**2021**	**2020**	**$ Change**	**% Change**
Earnings from operations	68,643	61,767	6,876	11.1%
Depreciation of property, plant, and equipment	7,864	6,345	1,519	23.9%
Amortization of intangible assets	4,268	3,949	319	8.1%
Share-based compensation	5,672	4,925	747	15.2%
International market expansion	-	13	(13)	(100.0%)
Business integration	1,782	2,202	(420)	(19.1%)
COVID-19 related costs	1,990	2,318	(328)	(14.2%)
Other	82	-	82	100.0%
Adjusted EBITDA	**90,301**	**81,519**	**8,782**	**10.8%**

The following table provides selected financial information for the Strategic Partners operating segment for the year ended December 31, 2021 and December 31, 2020.

Strategic Partners

($ in 000's, except as otherwise noted) For the twelve months ended December 31,	2021	2020	$ Change	% Change
Revenue	107,787	87,238	20,549	23.6%
Gross profit	14,070	10,895	3,175	29.1%
Gross profit margin	13.1%	12.5%	-	0.6%
Selling, general and administrative expenses	6,683	9,090	(2,407)	(26.5%)
Normalized selling, general and administrative expenses	6,417	6,344	73	1.1%
Earnings from operations	7,387	1,805	5,582	309.3%
Operating margin	6.9%	2.1%	-	4.8%
Normalized earnings from operations	7,653	4,551	3,102	68.2%
Normalized operating margin	7.1%	5.2%	-	1.9%
Adjusted EBITDA	9,795	6,466	3,329	51.5%
Adjusted EBITDA margin	9.1%	7.4%	-	1.7%

The following table provides a quantitative reconciliation from earnings from operations to Adjusted EBITDA, which is a non-IFRS financial measure (see "*Non-IFRS and Other Financial Measures*" and "*How we Assess the Performance of our Business*" for further information on each non-IFRS financial measure) for the year ended December 31, 2021 and December 31, 2020.

($ in 000's, except as otherwise noted) For the twelve months ended December 31,	2021	2020	$ Change	% Change
Earnings from operations	7,387	1,805	5,582	309.3%
Depreciation of property, plant, and equipment	2,142	1,915	227	11.9%
Business integration	70	-	70	100.0%
COVID-19 related costs	419	2,746	(2,327)	(84.7%)
Other	(223)	-	(223)	100.0%
Adjusted EBITDA	**9,795**	**6,466**	**3,329**	**51.5%**

Revenue

Revenue increased 11.7%, or $47.4 million, to $451.0 million in YTD 2021. This was driven by 8.5% growth in Jamieson Brands revenue and 23.6% growth in Strategic Partners revenue year-over-year.

Revenue in the Jamieson Brands segment increased by $26.8 million, or 8.5%, to $343.2 million in YTD 2021 due to strong growth in domestic and international Jamieson Brands sales of $20.0 million and $6.8 million respectively. Our domestic Jamieson Brands sales increased by 7.5% over prior year, offsetting the initial COVID-19 panic buying period which began in Q1 2020 through strong point of purchase sales on an expanded consumer base driving inventory replenishment, and pricing. Our international USD denominated revenue grew by 22.7% versus prior year led by strong growth in China and the impact of non-immunity product order fulfillment in early 2021. On a reported basis, our international business growth is 13.3% due to the strengthening of the Canadian dollar.

Revenue in the Strategic Partners segment increased $20.5 million, or 23.6%, to $107.8 million in YTD 2021 mainly due to increased demand and expanded programs with new and existing customers.

Gross profit

Gross profit increased by $17.7 million in YTD 2021, including $0.7 million in YTD 2021 and $1.6 million in YTD 2020 primarily relating to start-up costs to complete our transition to a third-party logistics model. Normalized gross profit increased by $16.7 million to $163.1 million in YTD 2021 mainly driven by revenue growth. Normalized

gross profit margin was 36.2% or 10 basis points lower than the prior year reflecting a higher proportion of Strategic Partners segment sales, offsetting margin improvements in both our segments from volume driven efficiencies.

Gross profit in the Jamieson Brands segment increased by $14.5 million to $148.4 million in YTD 2021, including $0.7 million in YTD 2021 and $1.6 million in YTD 2020 primarily relating to start-up costs to complete our transition to a third-party logistics model. Normalized gross profit in the Jamieson Brands segment increased by $13.6 million to $149.0 million in YTD 2021 mainly driven by revenue growth and improved operating efficiencies. Normalized gross profit margin was 43.4% or 60 basis points higher compared with YTD 2020 due to volume driven efficiencies and cost recoveries, partially offset by sustained safety measures, increased business continuity costs and collective bargaining renewal bonuses.

Gross profit in the Strategic Partners segment increased by $3.2 million to $14.1 million mainly driven by higher volumes, and gross profit margin increased by 60 basis points to 13.1% in YTD 2021 as volume driven efficiencies were partially offset by sustained safety measures and increased business continuity costs.

Selling, general and administrative expenses

SG&A expenses increased by $4.5 million, to $80.7 million in YTD 2021. Normalized for the impact of specified costs, SG&A expenses increased by $6.7 million from $70.6 million in YTD 2020 to $77.3 million in YTD 2021. Normalized SG&A in the Jamieson Brands segment was $6.6 million higher due to additional resources to support our strategic initiatives and higher variable compensation, including $0.9 million of additional domestic marketing and $1.8 million of international investments primarily focused on promoting our brand presence in China. Normalized SG&A in the Strategic Partners segment was relatively consistent at an increase of $0.1 million compared with the same period in the prior year.

Specified costs of $3.4 million in YTD 2021 are mainly comprised of start-up costs to complete our transition to a third-party logistics model, additional safety measures implemented at our facilities, including the voluntary two-week closure of our Scarborough facility and the establishment of rapid antigen testing program at each of our manufacturing facilities, COVID-19 wage premiums, and donations. Specified costs of $5.7 million in YTD 2020 were primarily related to COVID-19 wage premiums, donations, reserves taken in connection with an international retail strategic partner customer who voluntarily entered into bankruptcy protection based on the impact of COVID-19 store closures, along with a pre-existing contractual obligation on our acquired business which terminated at the end of 2020.

Share-based compensation

Share-based compensation increased by $0.7 million to $5.7 million in YTD 2021 reflecting the accelerated $0.9 million of share-based compensation expense from future years in relation to our CEO transition, partially offset by lower payroll taxes based on the number of options exercised in the prior year.

Earnings from operations and operating margin

Earnings from operations increased by $12.5 million in YTD 2021 as a result of higher revenue and gross profit. Operating margin increased by 120 basis points to 16.9% in YTD 2021 mainly due to lower fixed costs as a percentage of revenues. Normalized earnings from operations increased by $10.2 million, or 14.4% in YTD 2021 and normalized operating margin was 18.0% compared with 17.6% in YTD 2020.

Earnings from operations in the Jamieson Brands segment increased by $6.9 million and operating margin increased 50 basis points to 20.0% in YTD 2021 mainly due to higher revenue on expanded margins, partially offset by higher fixed costs, which includes our transition to a third-party logistics model and the acceleration of share-based compensation expense.

Earnings from operations in the Strategic Partners segment increased by $5.6 million to $7.4 million and operating margin increased by 4.8% to 6.9% in YTD 2021 primarily due to factors impacting gross profit margin discussed above, along with lower fixed costs as a percentage of revenues.

Foreign exchange gain

Foreign exchange gain in YTD 2021 is due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash is realized.

Interest expense and other financing costs

Interest expense and other financing costs decreased by $0.4 million to $5.7 million in YTD 2021 mainly due to lower prevailing interest rates.

Provision for income taxes

Provision for income taxes was $18.4 million in YTD 2021 compared with $15.5 million in YTD 2020. The current period's provision and tax rate includes a tax deduction of $1.0 million from the vesting of certain share-based awards. On a normalized basis, our 2021 effective tax rate of 27.5% is comparable to a prior year rate of 27.1%, both of which includes the impact of non-deductible share-based compensation expenses.

Depreciation

Depreciation expense increased by $1.7 million to $10.0 million in YTD 2021 due to increases in our capital investments to increase capacity, which includes depreciation on our right-of-use lease assets pertaining to our transition to a third-party logistics model.

Amortization

Amortization expense increased by $0.3 million to $4.3 million in YTD 2021 driven by investments in website development, system implementations, product patents and registrations.

EBITDA and Adjusted EBITDA

EBITDA increased by $15.1 million to $90.4 million in YTD 2021 primarily due to the factors discussed above.

Adjusted EBITDA increased by $12.1 million to $100.1 million driven by higher volumes and segment margins. Adjusted EBITDA margin increased by 40 basis points to 22.2% in YTD 2021 mainly due to margin improvements, partially offset by the mix impact of proportionally higher sales in our Strategic Partners segment.

Adjusted EBITDA in the Jamieson Brands segment increased by $8.8 million to $90.3 million driven by higher volumes. Adjusted EBITDA margin increased by 50 basis points to 26.3% in YTD 2021 due to factors impacting operating margin discussed above.

Adjusted EBITDA in the Strategic Partners segment increased by $3.3 million, to $9.8 million and Adjusted EBITDA margin increased by 170 basis points to 9.1% in YTD 2021 driven by higher volumes on expanded margins and lower fixed costs as a percentage of revenues.

Summary of Consolidated Quarterly Results

The following is a summary of selected consolidated financial information for each of the eight most recently completed quarters prepared in accordance with IFRS.

	2021				2020			
($ in 000's, except per share amounts)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue by segment								
Jamieson Brands	**99,784**	85,175	82,391	75,895	89,733	82,604	74,292	69,794
Strategic Partners	**30,054**	27,193	28,165	22,375	30,636	22,961	18,912	14,729
Total revenue	**129,838**	112,368	110,556	98,270	120,369	105,565	93,204	84,523
Earnings from operations	**28,874**	20,593	16,043	10,520	22,734	17,804	10,675	12,359
Net earnings	**20,190**	14,284	11,472	6,136	15,405	12,144	6,038	8,011
Adjusted net earnings	**20,489**	14,051	12,041	8,636(1)	17,614	12,655	9,882	7,800
EBITDA	**32,225**	24,794	19,424	13,953	25,417	21,202	12,715	15,964
Adjusted EBITDA	**33,771**	25,456	22,327	18,542	29,383	22,933	18,983	16,687
Basic, earnings per share	**0.50**	0.35	0.29	0.15	0.39	0.31	0.15	0.20
Diluted, earnings per share	**0.48**	0.34	0.28	0.15	0.37	0.29	0.15	0.20
Adjusted diluted, earnings per share	**0.49**	0.34	0.29	0.21(1)	0.42	0.30	0.24	0.19

(1) Q1 2021 Adjusted net earnings and Adjusted diluted earnings per share has been adjusted for $0.6 million of share-based compensation expense in relation to our CEO transition.

Revenue

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

- accelerated demand for immunity and general health products as a result of the COVID-19 pandemic;
- periodic price increases to recapture cost escalation;
- the impact of innovation within our core VMS portfolio;
- shipment fluctuations in our international markets;
- the volume and timing of promotion and media;
- the volume of inventory and timing of shipments to distributors and retailers;
- seasonality;
- severity of cold and flu season; and
- foreign currency fluctuations.

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

- available capacity when considering demand for Jamieson Brands products;
- launch of new programs with existing or new customers, which include initial pipeline shipments;
- availability of customer supplied materials;
- innovation and geographic demand for high quality certified manufacturers;
- periodic price increases to recapture cost escalation; and
- foreign currency fluctuations.

Earnings from operations

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

- revenue factors impacting price and volume noted above;
- return on incremental promotion and marketing programs;
- improvements in production efficiencies and higher economies of scale;

- temporary increases to production costs driven by physical distancing initiatives, rapid antigen testing and other safety measures established within our facilities to protect our employees as a result of the COVID-19 pandemic;
- supply continuity costs including air freight and third-party manufacturing and packaging costs to meet higher demand during the COVID-19 pandemic;
- additional costs incurred in our transition to a third-party logistics model to make room for capacity expansion at our Twin Oaks and Scarborough distribution facilities;
- raw material costs in native currency;
- timing of marketing spend and variable compensation;
- accelerated recognition of share-based compensation expense in relation to our CEO transition; and
- foreign currency fluctuations.

Selected Annual Information

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

	For the year ended December 31		
($ in 000's, except share and per share amounts)	**2021**	2020	2019
Revenue	**451,032**	403,661	344,980
Earnings from operations	**76,030**	63,572	55,449
Net earnings	**52,082**	41,598	31,657
Adjusted net earnings	**55,217**	47,948	38,111
EBITDA	**90,396**	75,299	62,592
Adjusted EBITDA	**100,096**	87,985	75,909
Basic, earnings per share	**1.30**	1.05	0.82
Diluted, earnings per share	**1.25**	1.01	0.80
Adjusted diluted, earnings per share	**1.32**	1.16	0.96
Selected consolidated financial position data:			
Total assets	**652,475**	609,341	561,775
Total non-current liabilities	**226,832**	225,929	229,265
Dividends declared for the year:			
Cash dividends per common share	**0.55**	0.47	0.38

Over the three-year period, revenue increased year-over-year driven by growth in the Jamieson Brands segment through an expanded consumer base and international expansion, and growth in the Strategic Partners segment through increased business with existing and new customers. Since 2020, significant growth was achieved across both segments as consumers' response to COVID-19 resulted in an expanded consumer base and the acceleration of demand for immunity and general health supplements domestically and internationally.

Total assets have increased over the three-year period reflecting investments in working capital and property, plant, and equipment designed to improve efficiency and expand capacity. In 2021, significant investments were made to expand production capacity in response to growing demands driven by the COVID-19 pandemic, including right-of-use lease assets pertaining to our transition to a third-party logistics model.

Liquidity and Capital Resources

Overview

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

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

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

Credit Facilities

As at December 31, 2021, the Company had $132.7 million in cash and available revolving and swingline facilities and net debt of $142.4 million.

($ in 000's)	**As at December 31, 2021**	**As at December 31, 2020**
Long-term debt	**149,125**	**149,058**
Cash	(6,775)	(1,166)
Net debt [(1)]	**142,350**	**147,892**

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

On September 27, 2019, Jamieson Laboratories Ltd. ("JLL"), a wholly owned subsidiary of Jamieson, amended and restated its credit agreement to add Jamieson Health Products USA Ltd. (collectively with JLL the "Borrowers") as a co-borrower and to provide a secured revolving facility of $275.0 million (including a $10.0 million swingline facility) with the option to increase the revolving facility by $200.0 million (collectively, the "Credit Facilities"). The Credit Facilities mature on September 27, 2024 with the outstanding principal repayable in full on this date.

For the three and twelve months ended December 31, 2021, JLL made drawings of $4.2 million and $72.9 million, and debt repayments of $29.4 million and $72.8 million, respectively, applied against the Credit Facilities. For the twelve months ended December 31, 2021, the weighted average interest rate on the Credit Facilities was 2.7% (2020 - 3.1%).

The Credit Facilities are collateralized by security agreements and first charges over the assets including property, plant and equipment and intellectual property of the Borrowers and certain other subsidiaries of JLL, subject to permitted liens. Under the terms of the Credit Facilities, the Borrowers are subject to restrictive covenants and must maintain an interest coverage ratio of not less than 3.00:1.00 and a leverage ratio not greater than 4.00:1.00. We are in compliance with all covenants as at December 31, 2021.

Analysis of Cash Flows — three months ended December 31, 2021 and 2020

($ in 000's, except as otherwise noted)	**Three months ended December 31** **2021**	**2020**	**$ Change**	**% Change**
Cash, beginning of period	**9,150**	**3,144**	**6,006**	**191.0%**
Cash flows from (used in):				
Operating activities	34,309	18,744	15,565	83.0%
Investing activities	(5,399)	(4,220)	(1,179)	(27.9%)
Financing activities	(31,285)	(16,502)	(14,783)	(89.6%)
Cash, end of period	**6,775**	**1,166**	**5,609**	**481.0%**
Cash flows from operating activities	**34,309**	**18,744**	**15,565**	**83.0%**
Net Change in non-cash working capital	(9,799)	3,464	(13,263)	(382.9%)
Cash from operating activities before working capital considerations	**24,510**	**22,208**	**2,302**	**10.4%**

Cash Flows Generated from Operating Activities

In Q4 2021, cash flows generated from operating activities totalled $34.3 million compared with $18.7 million in Q4 2020. Cash from operating activities before working capital considerations of $24.5 million was $2.3 million higher due to increased earnings in the current quarter. Cash invested in working capital decreased by $13.3 million mainly driven by favourable timing on the collection of receivables and accelerated inventory purchases realized in previous quarters.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in Q4 2021 totalled $5.4 million compared with $4.2 million for the same period in the prior year. Purchases of property, plant and equipment of $5.2 million was $1.1 million higher reflecting our investments in additional manufacturing and packaging equipment required to expand production capacity. Expenditures on intangible assets of $0.2 million was $0.1 million higher reflecting our investments in website development, system implementations, product patents and registrations.

Cash Flows Used in Financing Activities

Cash flows used in financing activities in Q4 2021 totalled $31.3 million compared with $16.5 million for the same period in the prior year. In Q4 2021, we made net repayments of $25.3 million on our Credit Facilities, distributed $6.1 million of dividends to common shareholders, and made payments of lease liabilities of $0.8 million, partially offset by proceeds of $0.8 million for the exercise of stock options and our employee share purchase plan ("ESPP"). In Q4 2020, we made net repayments of $11.0 million on our Credit Facilities, distributed $5.0 million of dividends to common shareholders, and made payments of lease liabilities of $0.8 million, partially offset by proceeds of $0.3 million from the exercise of stock options and our ESPP.

Analysis of Cash Flows — for the year ended December 31, 2021 and 2020

($ in 000's, except as otherwise noted)	**Twelve months ended December 31** **2021**	**2020**	**$ Change**	**% Change**
Cash, beginning of period	**1,166**	**198**	**968**	**488.9%**
Cash flows from (used in):				
Operating activities	44,405	40,596	3,809	9.4%
Investing activities	(22,284)	(13,169)	(9,115)	(69.2%)
Financing activities	(16,512)	(26,459)	9,947	37.6%
Cash, end of period	**6,775**	**1,166**	**5,609**	**481.0%**
Cash flows from operating activities	**44,405**	**40,596**	**3,809**	**9.4%**
Net Change in non-cash working capital	27,326	20,204	7,122	35.3%
Cash from operating activities before working capital considerations	**71,731**	**60,800**	**10,931**	**18.0%**

Cash Flows Generated from Operating Activities

In YTD 2021, cash flows generated from operating activities totalled $44.4 million compared with $40.6 million in YTD 2020. Cash from operating activities before working capital considerations of $71.7 million was $10.9 million higher primarily due to higher earnings. Cash invested in working capital increased by $7.1 million mainly driven by continued acceleration of inventory purchases to ensure continuity of supply, as well as the timing of payments and tax installments.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in YTD 2021 totalled $22.3 million compared with $13.2 million for the same period in the prior year. Purchases of property, plant and equipment of $21.5 million was $10.2 million higher reflecting our investments in additional manufacturing and packaging equipment required to expand production capacity. Expenditures on intangible assets of $0.8 million was $1.1 million lower due to prior year system related improvements and investments in website development, product patent and registrations.

Cash Flows Used in Financing Activities

Cash flows used in financing activities in YTD 2021 totalled $16.5 million compared with $26.5 million for the same period in the prior year. In YTD 2021, we distributed $22.1 million of dividends to common shareholders and made payments of lease liabilities of $3.2 million, partially offset by net proceeds of $0.1 million from our Credit Facilities and $8.7 million for the exercise of stock options and our ESPP. In YTD 2020, we made net repayments of $15.7 million on our Credit Facilities, distributed $18.6 million of dividends to common shareholders, and made payments of lease liabilities of $2.4 million, partially offset by proceeds of $10.3 million from the exercise of stock options and our ESPP.

Contractual Obligations

The following table summarizes our significant undiscounted maturities of our contractual obligations and commitments as at December 31, 2021.

($ in 000's)	**2021**	**2022-2025**	**Thereafter**	**Total**
Operating leases [(1)]	$ 4,174	$ 18,949	$ 14,481	$ 37,604
Trade and other payable	74,533	-	-	74,533
Revolving credit facility [(2)]	-	149,125	-	149,125
Total contractual obligations	**$ 78,707**	**$ 168,074**	**$ 14,481**	**$ 261,262**

(1) We have entered into several operating leases for vehicles, production equipment, computer and communications equipment, office equipment, and office and warehouse space. In 2021, the Company

entered into leases to increase warehouse and parking space at our Windsor facility. As of December 31, 2021, our total minimum lease payments payable in future years are $37.6 million.

(2) The Credit Facilities provide for a secured revolving facility of $275.0 million (including a $10.0 million swingline facility) with the option to increase the revolving facility by $200.0 million. The Credit Facilities mature on September 27, 2024 with the outstanding principal repayable in full on this date.

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

Share-based compensation

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

Our share-based compensation expense, for the three and twelve months ended December 31, 2021 is $1.0 million and $5.7 million, respectively (2020 - $1.2 million and $4.9 million).

Financial Instruments

We primarily use foreign currency forward contracts to manage our exposure to fluctuations with respect to transactions in U.S. dollars pertaining to inventory purchases and our international sales. These agreements mature at various dates and qualify for hedge accounting as cash flow hedges of future foreign currency transactions. The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the consolidated statements of operations and comprehensive income. As of December 31, 2021, $79.3 million of anticipated foreign currency denominated purchases and $57.3 million of anticipated foreign currency denominated sales have been hedged with underlying foreign exchange forward contracts settling at various dates in the 12 months following the end of the current quarter.

We also use interest rate swaps to manage our long-term interest rate exposure with respect to interest on our Credit Facilities which is based on fluctuating CDOR. We have entered into an interest rate swap with an effective date of October 1, 2020 to September 27, 2024 with a notional principal of $140.0 million and an annual amortization of $10.0 million on the first business day of each year. The notional principal of the interest rate swap is $130.0 million as at the end of this reporting period. The interest rate swap is a derivative measured at fair value and meets hedge accounting requirements.

Outstanding Share Capital

	Common Shares	
	#	$
As at January 1, 2021	**39,872,912**	**255,795**
Exercise of stock options	517,277	11,862
Employee stock purchase plan	16,751	557
As at December 31, 2021	**40,406,940**	**268,214**

	Common Shares	
	#	$
As at January 1, 2020	38,989,942	243,224
Exercise of stock options	867,301	12,122
Employee stock purchase plan	15,669	449
As at December 31, 2020	39,872,912	255,795

As at December 31, 2021, the authorized share capital of the Company consisted of:

a) Unlimited number of Common Shares. The holders of Common Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company; and
b) Unlimited number of Preference Shares, issuable in series.

Critical Accounting Estimates and Judgments

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

Significant judgments made by management in applying our accounting policies and key sources of estimation of uncertainty were the same as those applied and described in Note 3 in the accompanying notes of our Company's audited consolidated annual financial statements for the year ended December 31, 2021. Items subject to significant estimate uncertainty and critical judgments which have the most impact on the amounts recognized in the audited consolidated annual financial statements are included both below and in the annual audited financial statement notes.

Our significant accounting judgments, estimates and assumptions are affected as a result of the various ongoing economic and social impacts of COVID-19 and variants of concern. There continues to be significant uncertainty as to the likely effects of this outbreak which may, among other things, impact our employees, suppliers, and customers. It is not possible to predict the impact COVID-19 will have on our financial position and our results of operations in the future. We are monitoring the future impact of the pandemic on all aspects of our business.

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

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

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

there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations.

We update our expected return, trade merchandise allowances and sales promotional incentives on a quarterly basis and the refund liability and trade and promotional accruals are adjusted accordingly. To the extent that payments differ from estimates of the related liability, accounts payable and accrued liabilities, net earnings, and comprehensive income will be affected in future periods.

Valuation of inventory

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

Receivables and allowance for expected credit losses

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

Long-lived assets valuation

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

The determination of the recoverable amount involves significant estimates and assumptions. Fair value less costs to sell is determined using market multiples. Value in use is determined using future cash inflows and outflows, discount rates, growth rates and asset lives. These estimates and assumptions could affect our future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite-life intangible assets recognized in future periods.

Measurement of fair values

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

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

To the extent that these estimates differ from those realized, the measured asset or liability, net earnings, and/or comprehensive income will be affected in future periods. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 7, 12, 15, 16 and 19 in the accompanying notes of our audited consolidated annual financial statements for the year ended December 31, 2021.

Taxes

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

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

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

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

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

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

Significant Accounting Policies

Our audited consolidated annual financial statements were prepared using the same accounting policies as described in Note 2 in the accompanying notes of our audited consolidated annual financial statements for the year ended December 31, 2021.

Recently adopted accounting standards

No recent accounting standard changes have been identified as applicable for the three and twelve month period ended December 31, 2021 and onwards.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer (the “Certifying Officers”), along with other members of management, have designed, or caused to be designed under their supervision, disclosure controls and procedures (“DC&P”) to provide reasonable assurance that (i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Certifying Officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company’s DC&P as at December 31, 2021 and have concluded that the Company's DC&P was effective as at December 31, 2021.

Internal Control over Financial Reporting

The Certifying Officers, along with other members of management, have designed, or caused to be designed under their supervision, internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes prepared in accordance with IFRS. The Certifying Officers have used the Internal Control – Integrated Framework (2013 COSO Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission to design the Company's ICFR. The Certifying Officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's ICFR as at December 31, 2021 and have concluded that the Company's ICFR was effective as at December 31, 2021.

There have been no changes in the Company's ICFR during the three-month period ended December 31, 2021 which have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitations of an Internal Control System

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

Outlook

In fiscal 2022, we expect revenue to grow between 5.0% and 9.0%, representing revenues of approximately $474.0 to $491.0 million. We anticipate Adjusted EBITDA to range from $108.0 to $112.0 million and Adjusted diluted earnings per share to range from $1.42 to $1.48.

Revenue in the Jamieson Brands segment is expected to increase between 6.0% to 10.0% compared with fiscal 2021, driven by growth in the following categories:

- We expect domestic branded revenues to grow between 4.0% and 7.0%, reflecting strong consumer demand on a higher post-pandemic baseline and the impact of retail replenishments throughout 2021. We expect improved customer fill rates and strong on-shelf availability at retailers will enable us to effectively drive volumes with a focus on innovation and promotional activities, leveraging our 100th year anniversary marketing campaigns. We expect revenues in the first quarter of 2022 to increase by 4.0% to 6.0% compared with the first quarter of 2021, reflecting timing of retail shipments at the end of fiscal 2021.
- We expect international revenue growth of approximately 20.0% in U.S. dollars. Our growth will be driven by expansion across key regions in Asia, Europe and the Middle East, while continuing to drive accelerated growth in China as we increase our local capabilities and brand investments in market. We expect revenues in the first quarter of 2022 to grow by approximately 10.0% compared with the first quarter of 2021 reflecting the prioritization of non-immunity orders in the prior year while we return to seasonal fulfillment levels in the current year.

Revenue in the Strategic Partners segment is expected to increase by up to 5.0% compared with fiscal 2021, reflecting pricing and volume changes of our customers' products. First quarter 2022 revenues are expected to decline by up to 10.0% compared with the first quarter of 2021, reflecting order timing and expanded programs with customers in the prior year.

We expect to grow Adjusted EBITDA margins through operating efficiencies while recuperating the impact of anticipated raw material increases. Our Jamieson Brands gross profit margins are expected to increase by approximately 50 basis points through operating efficiencies and Strategic Partners gross profit margins are expected to decline by approximately 50 basis points due to customer and program mix.

We expect to incur certain non-capital costs related to the enhancement of our IT systems to improve operating efficiencies and augment our system infrastructure during fiscal 2022. These costs will impact net earnings while our expected Adjusted net earnings and Adjusted diluted earnings per share for fiscal 2022 will reflect the adding back of these expenses on a tax-effected basis.

The foregoing financial outlook is based on the following assumptions for fiscal 2022, amongst others:

- Normalized SG&A expenses will increase by approximately 5.0% to 8.0% (5.0% to 7.0% in the first quarter of 2022 compared to the first quarter of 2021) from increased investments in international markets and our long-term growth opportunities in China;
- Depreciation expense will be approximately $12.0 million reflecting the acceleration of our capacity expansion investments (assuming approximately $15.0 to $20.0 million of capital additions as we continue to build capacity at our facilities and invest in our IT infrastructure);
- Share-based compensation costs of $5.0 to $5.5 million;
- Interest expense of $5.0 to $5.5 million based on our estimated borrowing and prevailing rates;
- Income tax rates of approximately 27.0% based on non-deductible stock-based compensation;
- A fully diluted share count of approximately 42.0 million shares; and
- Average annual exchange rate between the U.S. and Canadian dollar of U.S. $1.00 to 1.26.

The description of our financial outlook in this MD&A is based on management's current views and strategies, our assumptions and expectations concerning our growth opportunities and our assessment of the opportunities for our business and the consumer health industry as a whole and the VMS and sports nutrition segments of the consumer health industry. Our financial outlook has been calculated in accordance with our current accounting policies and non-IFRS and other financial measures as defined in this MD&A. The description of our outlook is forward-looking information for purposes of applicable securities laws in Canada and readers are therefore cautioned that actual results may vary from those described above. Refer to "*Summary of Factors Affecting Our Performance*", *"Forward-Looking Information"* and "*Risk Factors*" for a reference to the risks and uncertainties that impact our business and that could cause actual results to vary.

Current Share and Option Information

As of the date hereof, an aggregate of 40,442,600 Common Shares are issued and outstanding. As of the date hereof, the Company had 2,544,796 options, 198,036 PSUs, 62 RSUs, and 15,563 DSUs outstanding.

Additional Information

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

Risk Factors

We are exposed to a variety of financial risks in the normal course of operations including credit risk, market risk and liquidity risk, each of which is discussed below. Management oversees the management of these risks. Our financial instruments and policies for managing these risks are detailed below. Please see also the discussion of risks associated with COVID-19 discussed above under the heading "Summary of Factors Affecting Our Performance" and "Outlook".

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to us. We are exposed to credit risk from our customers (primarily related to trade accounts receivable) in the normal course of business. We have adopted a policy of only dealing with creditworthy counterparties. To mitigate this risk, we carry out regular credit evaluations and purchase credit insurance for international customers, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

Market Risk

Market risk is comprised of foreign exchange risk, interest rate risk and commodity price risk.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily from transactions in U.S. dollars such as a portion of trade accounts payable, trade accounts receivable and cash. We use foreign exchange forward contracts to manage foreign exchange transaction exposure.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our accounts receivable and accounts payable are non-interest bearing. Our exposure to the risk of changes in market interest rates arises from long-term debt obligations issued at fixed rates that create fair value interest rate risk and variable rate borrowings that create cash flow interest rate risk. We manage our interest rate risk by entering into interest rate swaps, in which we agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Commodity Price Risk

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

Liquidity Risk

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

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

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Jamieson Wellness Inc.**

Opinion

We have audited the consolidated financial statements of Jamieson Wellness Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, the consolidated statements of operations and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Sales promotional incentives

Key audit matter	***How our audit addressed the key audit matter***
As described in the Summary of Significant Accounting Policies in Note 2 to the consolidated financial statements, the Group provides certain customers with discounts and sales promotional incentives, which results in variable consideration and the Group having to estimate expected levels of promotions that are typically settled in a period after the sale being recorded. The estimated costs of these discounts and customer-specific sales promotional incentives are recorded as a reduction to revenue at the time a product is sold to the customer. The Group's sales promotional incentives are complex, and there are a significant number of customers and products affected. The measurement of sales promotional incentives involves the use of judgement related to estimating future promotional spending based on historical performance of promotions and adjustments for current trends, among other inputs. The timing difference between sales of goods by the Group and the settlement of customer-specific sales promotional incentives further increases the risk associated with the measurement of revenues. Changes in these estimates can have a significant impact on the amount of revenue recognized.	• We considered the appropriateness of the Group's revenue recognition accounting policies, specifically the recognition and classification criteria for discounts and sales promotional incentives, by reviewing the Group's contractual and non-contractual arrangements with its customers. • Among other audit procedures, we tested the sales promotional incentives accrued at the end of the year by comparing program details with agreements or other correspondence between the Group and its customers, where applicable, taking customary trade practices into consideration. • We examined correspondence between the Group and its customers, and historical end-consumer spending patterns on similar promotions, to evaluate the reasonableness of the estimated end-consumer purchases forecasted by management during the promotional period. • We also analyzed retrospective reviews prepared by management on its ability to estimate customer-specific sales promotional incentives, which compared actual spending to amounts accrued at period end and analyzed trending of customer-specific sales promotional incentives as a percentage of revenue, to evaluate the accuracy and completeness of amounts accrued by management at year end. • Additionally, we performed inquiry procedures directly with sales representatives to evaluate the completeness of incentive programs.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Paula J. Smith.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 23, 2022

Jamieson Wellness Inc.
Consolidated Statements of Financial Position
In thousands of Canadian dollars as at December 31,

	Notes	2021	2020
Assets			
Current assets			
Cash		6,775	1,166
Accounts receivable	4	104,186	97,951
Inventories	5	119,006	102,645
Derivatives	19	2,149	-
Prepaid expenses and other current assets		5,029	2,389
		237,145	**204,151**
Non-current assets			
Property, plant and equipment	6, 14	96,977	83,796
Goodwill	7	122,975	122,975
Intangible assets	8	192,676	196,158
Deferred income tax	13	2,702	2,261
Total assets		**652,475**	**609,341**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	74,533	73,084
Income taxes payable	13	2,896	6,580
Derivatives	19	3,317	8,231
Current portion of other long-term liabilities	14	2,876	3,115
		83,622	**91,010**
Long-term liabilities			
Long-term debt	11	149,125	149,058
Post-retirement benefits	12	3,544	3,538
Deferred income tax	13	53,291	51,479
Other long-term liabilities	14	20,872	21,854
Total liabilities		**310,454**	**316,939**
Shareholders' equity			
Share capital	15	268,214	255,795
Contributed surplus		14,786	12,986
Retained earnings		58,998	29,023
Accumulated other comprehensive income (loss)		23	(5,402)
Total shareholders' equity		**342,021**	**292,402**
Total liabilities and shareholders' equity		**652,475**	**609,341**
Commitments and contingencies	20		

(see the accompanying notes to the consolidated financial statements)

Approved on behalf of the Board:

Steve Spooner	*David Williams*
Director	***Director***

Jamieson Wellness Inc.
Consolidated Statements of Operations and Comprehensive Income
In thousands of Canadian dollars, except share and per share amounts, for the years ended December 31,

	Notes	2021	2020
Revenue	**21**	451,032	403,661
Cost of sales	**5**	288,591	258,905
Gross Profit		162,441	144,756
Selling, general and administrative expenses		80,739	76,259
Share-based compensation	**16**	5,672	4,925
Earnings from operations		76,030	63,572
Foreign exchange (gain) loss		(92)	460
Other expenses		-	22
Interest expense and other financing costs	**18**	5,657	6,042
Earnings before income taxes		70,465	57,048
Provision for income taxes	**13**	18,383	15,450
Net earnings		**52,082**	**41,598**
Other comprehensive income (loss)			
Actuarial gain not to be reclassified subsequently to net earnings	**12**	233	785
Income tax	**13**	(61)	(198)
Net of tax		**172**	587
Unrealized gain (loss) on amounts to be reclassified net of realized gains on amounts reclassified to net earnings	**19**	7,063	(6,939)
Income tax	**13**	(1,787)	1,756
Net of tax		**5,276**	(5,183)
Total other comprehensive income (loss)		**5,448**	**(4,596)**
Comprehensive income		**57,530**	**37,002**
Earnings per share attributable to common shareholders	**22**		
Basic, earnings per share		**1.30**	1.05
Diluted, earnings per share		**1.25**	1.01
Weighted average number of shares	**22**		
Basic		**40,150,724**	39,539,955
Diluted		**41,680,934**	41,160,341

(see the accompanying notes to the consolidated financial statements)

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

	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total Shareholders' equity
As at January 1, 2020		**243,224**	**10,727**	**6,061**	**(844)**	**259,168**
Net earnings for the year		-	-	41,598	-	41,598
Exercise of stock options and ESPP	**15**	12,571	(2,315)	-	-	10,256
Common share dividend ($0.47 per share)		-	-	(18,636)	-	(18,636)
Other comprehensive loss		-	-	-	(4,596)	(4,596)
Currency translation adjustment		-	-	-	38	38
Share-based compensation	**16**	-	4,574	-	-	4,574
As at December 31, 2020		**255,795**	**12,986**	**29,023**	**(5,402)**	**292,402**
Net earnings for the year		-	-	52,082	-	52,082
Exercise of stock options and ESPP	**15**	12,419	(3,684)	-	-	8,735
Common share dividend ($0.55 per share)		-	8	(22,107)	-	(22,099)
Other comprehensive income		-	-	-	5,448	5,448
Currency translation adjustment		-	-	-	(23)	(23)
Share-based compensation	**16**	-	5,476	-	-	5,476
As at December 31, 2021		**268,214**	**14,786**	**58,998**	**23**	**342,021**

(see the accompanying notes to the consolidated financial statements)

Jamieson Wellness Inc.
Consolidated Statements of Cash Flows
In thousands of Canadian dollars, for the years ended December 31,

Cash provided by (used in)	Notes	2021	2020
Operating activities			
Net earnings		52,082	41,598
Items not affecting cash			
Depreciation of property, plant and equipment and right-of-use assets	6	10,006	8,260
Amortization of intangible assets	8	4,268	3,949
Deferred income taxes		(477)	1,941
Share-based compensation	16	5,476	4,574
Others		376	478
Net change in non-cash working capital		(27,326)	(20,204)
		44,405	**40,596**
Investing activities			
Additions to property, plant and equipment, net	6	(21,498)	(11,251)
Acquisition of intangible assets	8	(786)	(1,918)
		(22,284)	**(13,169)**
Financing activities			
Proceeds from credit facilities	11	72,886	60,292
Repayment of credit facilities	11	(72,819)	(76,003)
Payment of lease liabilities	14	(3,207)	(2,368)
Dividends to Common Shareholders		(22,107)	(18,636)
Exercise of stock options and ESPP	15	8,735	10,256
		(16,512)	**(26,459)**
Increase in cash		**5,609**	**968**
Cash - Beginning of the year		**1,166**	**198**
Cash - End of the year		**6,775**	**1,166**
Supplemental disclosure			
Amount of income taxes paid		22,591	9,296
Amount of interest paid		5,302	4,503

(see the accompanying notes to the consolidated financial statements)

1. Company overview

1.1 Description of the business and consolidated financial statements

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

The consolidated financial statements of Jamieson and its subsidiaries for the year ended December 31, 2021 were authorized for issue by the Board of Directors of the Company on February 23, 2022. Jamieson is a company continued under the *Business Corporations Act* (Ontario) and resident in Canada. Jamieson’s registered office is located at 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, ON, M5K 1E6.

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

1.2 Subsidiaries

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

As at December 31, Entity	**2021** **%**	2020 %	Principal Place of Operations	Functional Currency
Jamieson Laboratories Ltd.	**100**	100	Canada	Canadian dollar
International Nutrient Technologies Limited	**100**	100	Canada	Canadian dollar
Body Plus Nutritional Products Inc.	**100**	100	Canada	Canadian dollar
Jamieson Health Products (Shanghai) Co., Ltd.	**100**	100	China	Chinese yuan
Jamieson Health Products Australia Pty Ltd.	**100**	100	Australia	Australian dollar
Jamieson Health Products UK Ltd.	**100**	100	United Kingdom	United States dollar
Jamieson Health Products USA Ltd.	**100**	100	United States of America	United States dollar
Jamieson Health Products Netherlands B.V.	**100**	-	Netherlands	United States dollar

2. Summary of significant accounting policies

2.1 Basis of preparation and statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The consolidated financial statements have been prepared on a historical cost basis, except for certain derivative financial instruments and liabilities associated with the post-retirement benefit plan that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand ($000), except share and per share amounts and when otherwise indicated.

2.2 Basis of consolidation

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

• Exposure, or rights, to variable returns from its involvement with the investee; and
• The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement(s) with the other vote holders of the investee;
• Rights arising from other contractual arrangements; and
• The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its consolidated financial statements:

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in the consolidated statements of operations and comprehensive income.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is subsequently re-measured to fair value at each reporting period end, with the changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured, and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in net income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units ("CGUs") (or group of CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative fair values of the disposed operation and the portion of the CGU retained.

2.3.2 Current versus non-current classification

The Company presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

2.3.3 Fair value measurement

The Company measures financial instruments, such as derivatives, at fair value at each consolidated statements of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

- Accounting policy disclosures (Note 2.3.3)
- Disclosures for valuation methods, significant estimates and assumptions (Notes 3 and 7)
- Quantitative disclosures of fair value measurement hierarchy (Note 19)
- Financial instruments (including those carried at amortized cost) (Notes 11 and 19)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability; or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of instruments that are quoted in active markets is determined using the quoted prices. The Company uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Therefore, where possible, parameter inputs to the valuation techniques are based on observable data derived from prices of relevant instruments traded in an active market. These valuation techniques involve some level of management estimation and judgment, the degree of which will depend on the price transparency for the instrument or market and the instrument's complexity.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.4 Revenue recognition

The majority of the Company's revenue is derived from the sale of Jamieson branded products to distributors, retail and wholesale customers, referred to as the Company's "Jamieson Brands" segment, as well as providing contract manufacturing services and the sale of products to strategic partners, referred to as the Company's "Strategic Partners" segment.

Revenue is recognized for the sale of Jamieson branded products and the manufacturing of products to its strategic partners at the point in time when control of the asset is transferred to the customer based on shipping terms. The Company generally has a right to payment at the time of delivery (which is the same time that the Company has satisfied its performance obligations under the arrangement), as such a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due.

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

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

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

In subsequent periods, the Company monitors 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.

2.3.5 Foreign currencies

The Company's consolidated financial statements are presented in Canadian dollars. For each entity, the Company determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency (refer to Note 1.2).

Transactions and balances

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

- Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.
- Revenue and expense items are translated using the average exchange rate during the year.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into the reporting currency at the reporting currency spot rate of exchange in effect at the reporting date and their statement of operations are translated using the average exchange rate during the year. Exchange differences arising on translation for consolidation are recognized in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

2.3.6 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of operations and comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income taxes are not recognized where:

• The deferred income tax liability arises from the initial recognition of goodwill;
• The deferred income tax asset or liability arises on the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss; and
• For temporary differences relating to investments in subsidiaries to the extent that the Company can control the timing of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred income tax assets are recognized for unused loss carry forwards and deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. At each reporting period, previously unrecognized deferred income tax assets are reassessed to determine whether it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred income taxes relating to items recognized directly in OCI or equity are also recognized directly in OCI or equity, respectively.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances arise. The adjustment is either treated as an adjustment to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognized in net income.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

• Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

• Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

2.3.7 Property, plant and equipment

Property, plant and equipment, with the exception of land, is recorded at cost less accumulated depreciation and any net accumulated impairment losses. Land is carried at cost and not depreciated. Construction-in-process assets are capitalized during construction and depreciation commences when the asset is available for use. Repair and maintenance costs are recognized in profit or loss as incurred unless the recognition criteria are satisfied and it substantially changes the useful life of an asset.

Depreciation is calculated on a straight-line basis, after taking into account residual values, over the following expected useful lives of the assets:

Land	Not depreciated
Buildings	20-30 years
Machinery and equipment	3-20 years
Furniture and fixtures	4-5 years
Computer equipment and software	3 years
Tools and dies	1 year

When parts of an item of property and equipment have different useful lives, those components are accounted for as components of property and equipment. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations and comprehensive income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically.

2.3.8 Intangible assets

Intangible assets are primarily established as a result of business combinations and measured on initial recognition at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Upon recognition of an intangible asset, the Company determines if the asset has a definite or indefinite life. In making this determination, the Company considers the expected use, expiry of agreements, the nature of the asset, and whether the value of the asset decreases over time.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the consolidated statements of operations and comprehensive income on a straight-line basis over their estimated useful lives as follows:

Customer relationships	25-30 years
Registrations, licenses, and other	3-10 years

The Company expects its trade names to generate economic benefit in perpetuity, and accordingly, has assigned the trade names as indefinite-life intangible assets.

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

2.3.9 Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification and measurement

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

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

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

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

The Company has made the following financial instrument classifications:

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

Impairment

IFRS 9 requires a forward-looking Expected Credit Loss ("ECL") model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

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

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of operations and comprehensive income.

2.3.10 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments (primarily forward contracts and swaps) to manage exposure to fluctuations in foreign currency exchange rates and interest rates. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is executed and are subsequently remeasured at fair value each reporting period end.

At the inception of a hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. The documentation identifies the specific asset, liability, or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used, and how effectiveness will be assessed.

The Company also formally assesses, both at inception and at each reporting date thereafter, whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items. If a hedge relationship becomes ineffective, it no longer qualifies for hedge accounting and any subsequent change in the fair value of the hedging instrument is recognized in net income.

The Company uses hedge accounting for highly probable forecasted transactions (cash flow hedges). When hedge accounting is appropriate, the hedging relationship is designated as a cash flow hedge. In a cash flow hedge, the change in fair value of the hedging instrument is recorded, to the extent it is effective, in other comprehensive income. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset, the Company removes that amount from the cash flow hedge reserve and includes it directly in the initial cost of the inventory.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately recognized in the consolidated statements of operations and comprehensive income.

2.3.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Raw material costs are accounted for using purchase cost on a first-in, first-out basis. Finished goods and work in progress costs are accounted for using cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. A provision for obsolescence is calculated based on historical experience and expiration.

2.3.12 Impairment of non-financial assets

Disclosures relating to impairment of non-financial assets are summarized in the following notes:
• Accounting policy disclosures (Note 2.3.12)
• Disclosures for significant assumptions (Note 3)
• Property, plant and equipment (Note 6)
• Goodwill and intangible assets (Notes 7 and 8)

The Company performs impairment testing annually for goodwill and indefinite-life intangible assets and, when circumstances indicate that there may be impairment, for other long-lived assets. Management judgment is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying CGUs for the purpose of impairment testing.

The Company assesses 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 cost to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, a market multiple approach is used. These calculations are corroborated by other available fair value indicators.

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

Where the carrying amount of an asset or CGU (or group of CGUs) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses, if any, of continuing operations are recognized in the consolidated statements of operations and comprehensive income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or group of assets does not exceed their recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in the consolidated statements of operations and comprehensive income. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.13 Cash

Cash in the consolidated statements of financial position is comprised of cash balances that are subject to an insignificant risk of changes in value.

2.3.14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the subsequent increase in the provision due to the passage of time is recognized as a finance cost.

2.3.15 Post-retirement benefits

The Company's post-retirement benefit plan (refer to Note 12) is unfunded and available to all Canadian hourly union personnel. The plan provides prescription and vision benefits to eligible employees upon attainment of age 65 with at least 15 years of service.

Post-retirement benefit costs for the plan are actuarially determined using the projected unit credit method pro-rated on service and management's best estimate of the appropriate discount rate, health care costs, inflation, mortality and other decrements. The accrued benefit obligation is based on the present value of future benefits based on the last actuarial valuation completed as of December 31, 2021.

Current and past years' service costs, interest income or expenses and gains and losses on curtailments are recognized in the consolidated statements of operations and comprehensive income as they occur and at the date of a plan amendment or curtailment.

Re-measurements, comprising actuarial gains and losses, are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to OCI in the period in which they occur. Re-measurements are not reclassified to net income in subsequent periods.

2.3.16 Share-based compensation

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

Share-based compensation costs are accounted for on a fair value basis, as measured at the grant date, which is generally the date at which both the Company and employee have a mutual understanding of the terms of the award.

The compensation expense is based on the estimated number of awards that will eventually vest and adjustments for forfeitures are made as they occur.

Upon exercise of options and settlement of RSUs, PSUs, and DSUs, the amount recognized in contributed surplus for the award plus the cash received upon exercise is recognized as an increase in share capital.

Options are granted with an exercise price equal to or greater than their fair value, as determined by the closing price on the TSX immediately preceding the grant date of the shares into which they may be converted. Options granted to directors of the Company fully vest on the one-year anniversary from the grant date. Options granted to persons other than directors of the Company vest at a rate of 25% or 33% per year on each anniversary date from the beginning of the vesting period. Options expire no later than the 10th anniversary of the beginning of the vesting period or upon termination of employment.

The fair value of the share options is estimated using the Black-Scholes option-pricing model. Several assumptions are used in the underlying calculation of fair values of the Company's share options using the Black-Scholes option-pricing model, including the market value at grant date, expected life of the option, stock-price volatility, forfeiture rates, and risk-free interest rates.

PSUs, RSUs, and DSUs granted represent the right to receive one Common Share for each PSU, RSU, or DSU. Prior to 2021, PSUs granted vest on the third anniversary of the grant date if the weighted average price of the Common Shares on the TSX for the 90-day period immediately preceding the third anniversary of the grant date, measured over the three year term of the PSUs, increases 6% or more annually (using a compound annual growth rate) over the weighted average price of the Common Shares on the TSX for the 90 day period immediately preceding the grant date. PSUs granted in 2021 vest on the third anniversary of the grant date based on the Company's total shareholder return ("TSR") compared to a principal peer group.

The Company has determined that the above specified performance condition represents a market condition. Accordingly, the Company recognizes the compensation cost over the vesting period, irrespective of whether the market condition is satisfied, provided that service conditions are satisfied.

The fair value of PSUs is estimated at grant date using the Monte Carlo simulation. Prior to 2021, several inputs and assumptions are used in the underlying calculation of fair values of the Company's PSUs, including the market value of a Common Share at grant date, expected dividend and stock-price volatility. For PSUs granted in 2021, the model simulates the TSR and compares it against the principal peer group. It takes into account the share price volatility of the Company relative to that of its peer group so as to predict the share performance.

RSUs granted to directors of the Company fully vest on the one-year anniversary from the grant date. RSUs granted to persons other than directors of the Company vest at a rate of 33% per year on each anniversary date from the beginning of the vesting period. The fair value of RSUs is measured at grant date based on the market value of a Common Share at grant date.

DSUs fully vest on the one-year anniversary from the grant date and are exercised upon termination of employment. The fair value of DSUs is measured at grant date based on the market value of a Common Share at grant date.

Employee share purchase plan

The Company maintains an employee share purchase plan ("ESPP") for all eligible employees. Employees can contribute any amount of their eligible earnings subject to an annual cap of 10% of aggregate base salary and commissions to the ESPP. Share purchases occur 14 days following the end of the Company's fiscal quarter (the "Purchase Date"), or the first business day thereafter if any Purchase Date is not a business day. Eligible employees are able to purchase Common Shares at 90 percent of the volume weighted average closing price on the TSX on the five trading days immediately preceding the Purchase Date.

Employees pay for their share purchases through payroll deductions at a rate equal to any whole percentage from 1 percent to 10 percent.

Contributions to the ESPP are recorded as share capital at each Purchase Date.

A maximum of 10% of the issued Common Shares outstanding are reserved for issuance under the LTIP, the ESPP and the Company's legacy option plan combined.

2.3.17 Leases

The Company assesses at contract inception whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has applied judgment to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized.

The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets during the lease term for all leases.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The Company's right-of-use assets are included in property, plant, and equipment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company's lease liabilities are included in other long-term liabilities.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company's significant accounting judgments, estimates and assumptions are affected as a result of the various ongoing economic and social impacts of COVID-19 and variants of concern. There continues to be significant uncertainty as to the likely effects of this outbreak which may, among other things, impact its employees, suppliers, and customers. It is not possible to predict the impact COVID-19 will have on the Company, its financial position, and the results of operations in the future. The Company is monitoring the future impact of the pandemic on all aspects of its business.

Judgments

The Company has identified the following judgments, apart from estimates, that management made in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimating variable consideration for returns, trade merchandise allowances and sales promotional incentives
The Company uses historical customer return data to determine the expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company provides for estimated payments to customers based on various trade programs and sales promotional incentives. The Company estimates the most likely amount payable to each customer for each trade and incentive program separately using (i) the projected level of sales volume for the relevant period; (ii) customer rates for allowances, discounts, and rebates; (iii) historical spending patterns; and (iv) sales lead time. These arrangements are complex and there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations.

The Company updates its expected return, trade merchandise allowances and sales promotional incentives on a quarterly basis and the refund liability and trade and promotional accruals are adjusted accordingly. To the extent that payments differ from estimates of the related liability, accounts payable and accrued liabilities, net income, and comprehensive income will be affected in future periods.

Valuation of inventory
Management makes estimates of the future customer demand for products when establishing appropriate provisions for inventory. In making these estimates, management considers the product life of inventory and the profitability of recent sales of inventory. In many cases, products sold by the Company 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, and comprehensive income will be affected in future periods.

Receivables and allowance for expected credit losses
The Company is exposed to credit risk with respect to amounts receivable from customers. The Company's allowance is determined by historical experiences, and considers factors including, the aging of the balances, the customer's credit worthiness, and updates based on the current economic conditions, expectation of bankruptcies, and the political and economic volatility in the markets/location of customers.

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

The determination of the recoverable amount involves significant estimates and assumptions. Fair value less costs to sell is determined using market multiples. Value in use is determined using future cash inflows and outflows, discount rates, growth rates and asset lives. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite-life intangible assets recognized in future periods.

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

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

To the extent that these estimates differ from those realized, the measured asset or liability, net income, and/or comprehensive income will be affected in future periods. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 7, 12, 15, 16 and 19.

Taxes
The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities that are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions,

expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities.

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

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

Useful lives of property, plant and equipment and intangible assets with finite useful lives
The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, including assets arising from business combinations, considering industry trends such as technological advancements, past experience, expected use and review of asset lives.

Components of an item of property, plant and equipment may have different useful lives. The Company makes estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires taking into account industry trends and company-specific factors. The Company reviews these decisions at least once each year or when circumstances change. The Company will change depreciation methods, depreciation rates or asset useful lives if they are different from previous estimates.

4. Accounts Receivable

As at December 31,	**2021**	2020
	$	$
Trade	**103,623**	96,647
Other miscellaneous receivables	**666**	1,407
Allowance for expected credit losses	**(103)**	(103)
	104,186	97,951

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

For the year ended December 31, 2021, the Company has written off $nil (2020 - $1,796) of receivables from a strategic partner customer whose retail business was impacted by COVID-19.

The aging of receivables is as follows:

As at December 31,	**2021**	2020
	$	$
Current	**92,778**	81,097
Aged 1-30 days past due	**7,731**	14,406
Aged 31-60 days past due	**1,889**	913
Aged > 60 days past due	**1,891**	1,638
Allowance for expected credit losses	**(103)**	(103)
	104,186	97,951

5. Inventories

As at December 31,	**2021**	2020
	$	$
Raw material and packaging	**46,750**	52,565
Bulk product and work in process	**21,897**	18,269
Packaged finished goods	**53,204**	34,605
Inventory provision	**(2,845)**	(2,794)
	119,006	102,645
Inventories expensed during the year	**261,129**	240,156

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

For the year ended December 31, 2021, inventory write-downs of $4,843 were expensed through cost of sales (2020 - $1,801 net of recoveries).

6. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Right-of-use Assets (Note 14)	Other	Total
	$	$	$	$	$	$
Cost						
At Janurary 1, 2020	2,497	24,420	44,841	12,925	9,627	94,310
Additions	-	1,333	8,959	15,939	959	27,190
Disposals	-	(5)	(132)	(30)	(6)	(173)
At December 31, 2020	2,497	25,748	53,668	28,834	10,580	121,327
Additions	-	2,525	18,369	1,841	604	23,339
Disposals	-	-	(290)	(230)	-	(520)
At December 31, 2021	**2,497**	**28,273**	**71,747**	**30,445**	**11,184**	**144,146**
Accumulated Depreciation						
At Janurary 1, 2020	-	6,410	17,201	2,006	3,787	29,404
Depreciation for the year	-	869	3,913	2,588	890	8,260
Disposals	-	(2)	(101)	(24)	(6)	(133)
At December 31, 2020	-	7,277	21,013	4,570	4,671	37,531
Depreciation for the year	-	941	4,683	3,448	934	10,006
Disposals	-	-	(152)	(216)	-	(368)
At December 31, 2021	**-**	**8,218**	**25,544**	**7,802**	**5,605**	**47,169**
Net book value						
At December 31, 2021	**2,497**	**20,055**	**46,203**	**22,643**	**5,579**	**96,977**
At December 31, 2020	2,497	18,471	32,655	24,264	5,909	83,796

Other is comprised of furniture and fixtures, computer equipment, and leasehold improvements.

7. Goodwill

Goodwill acquired through business combinations is allocated to the Jamieson Brands operating segment for the purpose of impairment testing, which is expected to benefit from the synergies of the business combination in which the goodwill arose.

The estimated recoverable amount was determined by the Company as the fair value less costs of disposal of the Jamieson Brands operating segment by using the capitalized adjusted EBITDA approach, based on a multiple range of 13x - 15x (2020 - 13.5x - 15.5x) whereby the Company referenced comparable companies in determining adjusted EBITDA multiples. Comparable companies were determined by reference to size and operation in similar industries.

The impairment analysis is not sensitive to reasonable possible changes to the multiple.

There have been no impairment losses recognized against goodwill for the years ended December 31, 2021 and 2020.

8. Intangible assets

	Customer relationships $	Trademarks $	Registrations, licenses, and other $	Total $
Cost				
At January 1, 2020	101,585	115,124	1,345	218,054
Additions	-	33	1,885	1,918
At December 31, 2020	101,585	115,157	3,230	219,972
Additions	-	-	786	786
At December 31, 2021	**101,585**	**115,157**	**4,016**	**220,758**
Accumulated amortization				
At January 1, 2020	19,532	-	333	19,865
Amortization charge for the year	3,419	-	530	3,949
At December 31, 2020	22,951	-	863	23,814
Amortization charge for the year	3,419	-	849	4,268
At December 31, 2021	**26,370**	**-**	**1,712**	**28,082**
Net book value				
At December 31, 2021	**75,215**	**115,157**	**2,304**	**192,676**
At December 31, 2020	78,634	115,157	2,367	196,158

The carrying amount of indefinite-life intangible assets is comprised of trademarks, of which $68,000 is allocated to the domestic and international sales CGU and $47,157 is allocated to the specialty brands sales CGU (comprised of previous acquisitions of Body Plus Nutritional Products Inc., Sonoma Nutraceuticals Inc., and Lorna Vanderhaeghe Health Solutions Inc.).

The estimated recoverable amount for the domestic and international sales CGU was determined by the Company as the fair value less costs of disposal of the CGU by using the capitalized adjusted EBITDA approach, based on a multiple range of 13x - 15x (2020 - 13.5x - 15.5x), whereby the Company referenced comparable companies in determining adjusted EBITDA multiples. Comparable companies were determined by reference to size and operation in similar industries. The estimated recoverable amount for the specialty brands sales CGU was determined by the Company as the value in use of the CGU by using the discounted cash flow approach. The Company's estimates include projected future sales and earnings, capital investments consistent with strategic plans and discount rates consistent with external industry information reflecting the risk associated with the specific cash flows.

Other indefinite-life intangible assets are comprised of patents, registrations, definite-life trademarks, system implementation, and website development costs. No impairment losses were recognized against intangible assets during the years ended December 31, 2021 and 2020.

9. Accounts payable and accrued liabilities

As at December 31,	**2021**	2020
	$	$
Trade payables and accrued liabilities	**30,271**	38,618
Trade and promotional accruals	**27,647**	19,916
Refund liabilities	**4,198**	3,950
Salaries, commissions and bonuses	**12,143**	10,350
Termination benefits	**194**	104
Accrued interest - current	**80**	146
	74,533	73,084

10. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Share-based compensation

The Company offers its employees a share-based compensation plan. Please refer to Note 16 for details of the share-based compensation awards.

Compensation of key management personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiaries, directly or indirectly, including any non-executive director of the Company.

Remuneration of key management personnel including C-suite executives of the Company is comprised of the following expenses:

For the years ended December 31,	**2021**	2020
	$	$
Short-term employee benefits	**5,929**	5,187
Share-based compensation	**3,993**	2,947
Total remuneration	**9,922**	8,134

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. In the current year, it includes $1,498 of share-based compensation expense in relation to the Company's CEO transition.

11. Long-term debt

On September 27, 2019, Jamieson Laboratories Ltd. ("JLL") amended and restated its credit agreement to add Jamieson Health Products USA Ltd. (collectively with JLL the "Borrowers") as a co-borrower and to provide a secured revolving facility of $275,000 (including a $10,000 swingline facility) with the option to increase the revolving facility by $200,000 (collectively, the "Credit Facilities"). The Credit Facilities mature on September 27, 2024 with the outstanding principal repayable in full on this date.

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

For the years ended December 31,	**2021** **$**	2020 $
Credit Facilities		
Drawings	**72,886**	60,292
Repayments	**(72,819)**	(76,003)
	67	(15,711)

For the year ended December 31, 2021, the weighted average interest rate on the Credit Facilities was 2.7% (2020 - 3.1%).

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

Under the terms of the Credit Facilities, the Borrowers are subject to restrictive covenants and must maintain an interest coverage ratio of not less than 3.00:1.00 and a leverage ratio not greater than 4.00:1.00.

The Borrowers are in compliance with all covenants as of December 31, 2021 and 2020.

12. Post-retirement benefits

The Company maintains an unfunded post-retirement benefit plan that provides health and vision care coverage to retirees at age 65 with 15 or more years of service. The Company uses actuarial reports prepared by independent actuaries to measure its accrued obligation for funding and accounting purposes.

Changes in the present value of the post-retirement benefit plan are as follows:

As at December 31,	**2021** **$**	2020 $
Balance, beginning of the year	**3,538**	3,923
Benefits paid	**(9)**	(28)
Actuarial gain	**(233)**	(785)
Interest costs	**(34)**	127
Current service costs	**282**	301
Balance, end of the year	**3,544**	3,538

The following significant economic assumptions were employed to determine the accrued benefit obligation:

As at December 31,	**2021** **%**	2020 %
Benefit obligations		
Discount rate - expense for the year	**2.75**	3.25
Discount rate - year-end obligation	**3.00**	2.75
Drug trend rate	**4.50**	4.50

Impact of an increase/decrease in the health care trend of 1%:

	Accrued benefit obligation		Service cost		Interest cost	
As at December 31,	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
2021	**1,103**	**(803)**	**97**	**(68)**	**33**	**(24)**
2020	1,064	(775)	104	(72)	29	(21)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the post-retirement benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the post-retirement benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as used to calculate the recognized post-retirement liability.

The following payments are expected contributions to the post-retirement benefit plan in future years:

As at December 31,	2021	2020
	$	$
Within one year	**25**	21
Between 2 and 5 years	**166**	136
Between 5 and 10 years	**395**	354
Total expected payments	**586**	511

As of January 30, 2022, the Company will transition its current employer-sponsored group RRSP plan for certain production hourly employees to participation in The Colleges of Applied Arts and Technology Pension Plan (the "CAAT Plan"). The CAAT Plan is a multi-employer, jointly sponsored defined benefit pension plan which is financed by contributions from participating members and participating employers, and by investment earnings.

The Company's participation in the CAAT Plan will be accounted for as a defined contribution pension plan, where the Company's contributions are expensed as incurred. The Company does not bare any performance risk on plan investments and are not required to fund the plan beyond the required annual contributions.

13. Income taxes

The major components of income tax expense for the years ended December 31 are as follows:

Years ended December 31,	2021	2020
	$	$
Current income tax expense	**18,844**	13,508
Deferred income tax expense	**(461)**	1,942
Provision for income taxes	**18,383**	15,450

Reconciliation of effective tax rate

Income tax expense varies from the amount that would be computed by applying the combined federal and provincial statutory income tax rates as a result of the following:

As at December 31,	**2021** $	2020 $
Income tax expense at combined statutory rate of 25.3% (2020 - 25.2%)	**17,817**	14,380
Non-deductible expenses	**38**	91
Share-based compensation	**428**	1,074
Other and deductible temporary differences not benefited	**100**	(95)
	18,383	15,450

Income tax recognized in other comprehensive income

As at December 31,	**2021** $	2020 $
Derivative instruments	**(1,787)**	1,756
Post-retirement benefit plan	**(61)**	(198)
	(1,848)	1,558

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities arise on the timing differences between accounting and tax treatment of goodwill and intangible assets, property plant and equipment, post-retirement employee benefit obligations, deferred financing fees, and non-capital losses carried forward.

Deferred income tax assets and liabilities are comprised of the following:

As at December 31,	**2021** $	2020 $
Non-capital losses carried forward	**4,532**	1,923
Deferred financing fees	**137**	1,179
Post retirement	**900**	896
Property, plant and equipment	**(11,124)**	(9,270)
Goodwill and intangible assets	**(45,736)**	(46,316)
Other	**702**	2,370
Total deferred income tax liabilities	**(50,589)**	(49,218)
Classified in the consolidated financial statements as:		
Deferred income tax assets	**2,702**	2,261
Deferred income tax liabilities	**(53,291)**	(51,479)
Net deferred income tax liabilities	**(50,589)**	(49,218)

The Company has Canadian and foreign based non-capital loss carry forwards as at December 31, 2021 of $17,230 (2020 - $7,382) on a pre-tax basis. The Canadian non-capital loss expires in 2038-2041. The foreign non-capital loss expires from 2023 to indefinitely.

14. Leases

The Company has lease contracts for various items of property, plant, vehicles and other equipment used in its operations. Leases of property and plant generally have lease terms between 3 and 10 years, while motor vehicles and other equipment generally have lease terms between 2 and 5 years.

Set out below are the carrying amounts of right-of-use assets and lease liabilities recognized and the movements during the period:

	Right-of-use assets				
	Property and Plant	**Vehicles**	**Other Equipment**	**Total**	**Lease liabilities**
	$	**$**	**$**	**$**	**$**
As at January 1, 2020	10,018	168	733	10,919	11,356
Additions	15,939	-	-	15,939	15,939
Disposals	(6)	-	-	(6)	(7)
Depreciation Expense	(2,300)	(113)	(175)	(2,588)	-
Interest Expense	-	-	-	-	686
Prepaid Adjustment	-	-	-	-	42
Payments	-	-	-	-	(3,047)
As at December 31, 2020	**23,651**	**55**	**558**	**24,264**	**24,969**
Additions	1,228	-	613	1,841	1,841
Disposals	-	(14)	-	(14)	(14)
Depreciation Expense	(3,217)	(27)	(204)	(3,448)	-
Interest Expense	-	-	-	-	927
Prepaid Adjustment	-	-	-	-	145
Payments	-	-	-	-	(4,120)
As at December 31, 2021	**21,662**	**14**	**967**	**22,643**	**23,748**

The following table shows the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at December 31, 2021:

As at December 31,	**2021**	2020
	$	$
Within one year	3,801	4,005
After one year but not more than five years	15,843	12,210
More than five years	13,019	13,571
	32,663	29,786

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 20.

15. Share capital and redeemable preferred shares

	Common Shares	
	#	$
As at January 1, 2021	**39,872,912**	**255,795**
Exercise of stock options	517,277	11,862
Employee stock purchase plan	16,751	557
As at December 31, 2021	**40,406,940**	**268,214**

	Common Shares	
	#	$
As at January 1, 2020	38,989,942	243,224
Exercise of stock options	867,301	12,122
Employee stock purchase plan	15,669	449
As at December 31, 2020	39,872,912	255,795

As at December 31, 2021 and 2020, the authorized share capital consisted of:
a) Unlimited number of Common Shares. The holders of Common Shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.
b) Unlimited number of Preference Shares, issuable in series.

16. Share-based compensation

Outstanding options held to purchase Common Shares have the following expiry dates and exercise prices:

	2021 Outstanding Options			2021 Exercisable Options	
Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price/Share	Number of Exercisable Options	Weighted Average Exercise Price/Share
$0.00-$20.00	853,247	4.75	12.32	853,247	12.32
$20.01-$30.00	1,268,393	4.64	23.56	666,865	23.33
>$30.01	455,198	5.29	34.52	-	-

The following is a summary of the Company's share option plan activity for the years ended December 31:

	2021		2020	
	Number of Shares	**Weighted Average Exercise Price/Share**	Number of Shares	Weighted Average Exercise Price/Share
Outstanding, beginning of year	**2,546,553**	**19.19**	2,919,776	15.79
Granted	**461,566**	**34.52**	515,862	25.75
Exercised	**(412,571)**	**19.82**	(858,301)	11.40
Forfeited	**(18,710)**	**27.45**	(30,784)	22.75
Outstanding, end of year	**2,576,838**	**21.77**	2,546,553	19.19
Exercisable, end of year	**1,520,112**	**17.15**	1,274,953	15.52

The following is a summary of the Company's PSU, RSU, and DSU activity for the years ended December 31:

	2021		
	PSUs (number of shares)	**RSUs (number of shares)**	**DSUs (number of shares)**
Outstanding awards, beginning of year	**256,894**	**9,000**	**-**
Granted	**39,909**	**62**	**17,016**
Exercised	**(95,706)**	**(9,000)**	**-**
Forfeited	**(3,061)**	**-**	**(1,453)**
Outstanding awards, end of period	**198,036**	**62**	**15,563**
Awards exercisable, end of period	**-**	**-**	**-**

	2020	
	PSUs (number of shares)	RSUs (number of shares)
Outstanding awards, beginning of year	187,903	18,000
Granted	68,991	-
Exercised	-	(9,000)
Outstanding awards, end of period	256,894	9,000
Awards exercisable, end of period	-	-

The inputs used in measuring the fair value of equity-based compensation granted during the years ended December 31 are shown in the tables below.

	2021			
Type of compensation	**Options**	**PSUs**	**DSUs**	**RSUs**
Weighted average share price at the measurement date	**$ 34.52**	**$ 34.47**	**$ 34.46**	**$ 40.93**
Weighted average fair value at the grant date	**$ 7.35**	**$ 39.00**	**$ 34.46**	**$ 40.93**
Expected volatility (i)	**29%-30%**	**n/a**	**n/a**	**n/a**
Risk-free interest rate (ii)	**0.7%-0.9%**	**0.9%**	**n/a**	**n/a**
Expected life (in years) (iii)	**4.0-5.5**	**3.0**	**n/a**	**n/a**
Expected dividend yield	**1.4%-1.5%**	**n/a**	**n/a**	**n/a**
Pricing Model	**Black-Scholes**	**Monte Carlo**	**Market Value**	**Market Value**

(i) Estimated by considering historical share price volatility. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.
(ii) Based on Government of Canada Bonds.
(iii) Based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

	2020	
Type of compensation	Options	PSUs
Weighted average share price at the measurement date	$ 25.75	$ 25.75
Weighted average fair value at the grant date	$ 5.25	$ 20.00
Expected volatility (i)	27.0%	22%-32%
Risk-free interest rate (ii)	1.6%	2.0%
Expected life (in years) (iii)	4.0-5.5	3.0
Expected dividend yield	1.6%	1.6%
Pricing Model	Black-Scholes	Monte Carlo

(i) Estimated by considering comparable industry share price volatility. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.
(ii) Based on Government of Canada Bonds.
(iii) Based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

The Company's share-based compensation expense for the year ended December 31, 2021 is $5,672 (2020 - $4,925), of which $5,476 (2020 - $4,574) is classified as contributed surplus in the Company's consolidated financial statements and $196 (2020 - $351) is related to employment taxes paid on exercise of options. In the second quarter of the current year, the Company accelerated $1,498 of share-based compensation expense in relation to the Company's CEO transition.

17. Employee benefits expense

The Company recognized employee benefit expenses included in cost of sales and selling, general and administrative expenses on the consolidated statements of operations and other comprehensive income as follows:

For the year ended December 31,	**2021**	2020
	$	$
Salaries, wages and bonus	**77,482**	67,310
Other employee benefits	**15,622**	13,602
Post-retirement benefits (Note 12)	**248**	428
	93,352	81,340

Additionally, the Company recognized termination benefits for the year ended December 31, 2021 of $1,124 (2020 - $350) related to reorganization. The costs related to both years are mainly comprised of severance costs and salary continuances.

18. Interest expense and other financing costs

As at December 31,	**2021**	2020
	$	$
Interest on debt and borrowings	**4,730**	5,356
Interest on lease liabilities (Note 14)	**927**	686
	5,657	6,042

19. Financial instruments and risk management activities

Financial instruments

The Company's financial assets and liabilities have been classified in Note 2.

Fair value measurement

Foreign exchange forward contracts measured at FVOCI are designated as hedging instruments in cash flow hedges for forecast purchases and sales in U.S. dollars and have been classified as Level 2 in the fair value hierarchy. Interest rate swaps measured at FVOCI are designated as hedging instruments in cash flow hedges and have been classified as Level 2 in the fair value hierarchy. Derivatives not designated in a formal hedging relationship are classified as FVTPL and classified as Level 2 in the fair value hierarchy. Net gains and losses on financial instruments held for trading consist of realized and unrealized gains and losses on derivatives that were de-designated or were otherwise not in a formal hedging relationship.

The Company is holding the following foreign exchange forward contracts:

	Maturity						
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Beyond 12 months**	**Total**
As at December 31, 2021							
Purchases							
Notional Amount ($USD)	**5,000**	**10,000**	**15,000**	**15,000**	**15,000**	**-**	**60,000**
Average forward rate (USD/CAD)	**1.34**	**1.34**	**1.34**	**1.30**	**1.30**	**-**	
Sales							
Notional Amount ($USD)	**1,000**	**8,000**	**11,000**	**9,000**	**16,000**	**-**	**45,000**
Average forward rate (USD/CAD)	**1.28**	**1.28**	**1.27**	**1.28**	**1.28**	**-**	
As at December 31, 2020							
Purchases							
Notional Amount ($USD)	5,000	10,000	15,000	12,000	15,000	60,000	117,000
Average forward rate (USD/CAD)	1.35	1.35	1.35	1.34	1.35	1.32	

The fair values and notional amounts of derivative financial instruments shown below are as at December 31:

As at December 31,	**2021**				2020			
	Notional Amount $CAD	**Notional Amount $USD**	**Fair Value Asset $**	**Fair Value Liability $**	Notional Amount $CAD	Notional Amount $USD	Fair Value Asset $	Fair Value Liability $
Foreign currency forward contract designated as hedging instruments (forecast purchases)	**-**	**60,000**	**-**	**(3,317)**	-	117,000	-	(6,811)
Foreign currency forward contract designated as hedging instruments (forecast sales)	**-**	**(45,000)**	**264**	**-**	-	-	-	-
Interest rate swaps designated as hedging instruments	**130,000**	**-**	**1,885**	**-**	140,000	-	-	(1,420)
	130,000	**15,000**	**2,149**	**(3,317)**	140,000	117,000	-	(8,231)

On June 5, 2020, the Company entered into an interest rate swap with an effective date of October 1, 2020 to September 27, 2024 with a notional principal of $140,000 and an annual amortization of $10,000 on the first business day of each year. The notional principal of the interest rate swap is $130,000 as at the end of this reporting period. The interest rate swap is a derivative measured at fair value and meets hedge accounting requirements.

The terms of the foreign currency forward contracts and interest rate swaps 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.

Potential sources of hedge ineffectiveness are:
• Differences in the timing of the cash flows of the hedged items and the hedging instruments;
• The counterparty's credit risk differently impacting the fair value movements of the hedging instruments and hedged items; and
• Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

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

The carrying value of long-term debt as at December 31, 2021 and December 31, 2020 approximates their fair value. The fair value of the Company's long-term debt was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair value of long-term debt is considered a Level 2 fair value measurement.

There were no transfers between levels during 2021 and 2020.

Financial instrument risk management objectives and policies

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk from its customers (primarily related to trade accounts receivable) in the normal course of business. The Company has adopted a policy of only dealing with creditworthy counterparties. To mitigate this risk, the Company carries out regular credit evaluations and purchases credit insurance for international customers, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

Market risk

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

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposure. As of December 31, 2021, $79,317 (2020 - $156,124) of anticipated foreign currency denominated purchases have been hedged and $57,275 (December 31, 2020 - $nil) of anticipated foreign currency denominated sales have been hedged with underlying foreign exchange forward contracts settling at various dates in the 12 months proceeding the consolidated statements of financial position date.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rate, with all other variables held constant, of the Company's net income before income taxes (due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives) and the Company's pre-tax OCI (due to changes in the fair value of foreign exchange forward contracts designated as cash flow hedges).

As at December 31,	Change in U.S.$ FX rate %	Effect on earnings (loss) before tax $	Effect on pre-tax OCI $
2021	**5**	**1,602**	**750**
2020	5	881	5,850

The Company's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

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

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

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

As at December 31,	Increase/decrease in basis points +/-	Effect on earnings (loss) before tax $
2021	**100**	**417**
2020	100	318

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

Commodity price risk

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

Liquidity risk

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

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

As at December 31, 2021, the Company had $132,652 in cash and available revolving and swingline facilities.

The contractual undiscounted principal cash flows payable in respect of financial liabilities as at the consolidated statements of financial position date were as follows:

As at December 31,	**2021** **$**	2020 $
Amounts payable in more than 12 months	**181,531**	178,377
Amounts payable in less than 12 months	**78,334**	77,089
	259,865	255,466

Impact of COVID-19

The COVID-19 pandemic continued to impact businesses globally throughout 2021 and there is a continuing risk that the COVID-19 pandemic may impact the results of operations or financial condition. Any prolonged retail or manufacturing closures could impact the Company's ability to service its customers and consumers. An outbreak within the Company's operating facilities could result in absenteeism or a plant closure for an extended duration. Suppliers may experience a business disruption which could impact the supply of raw materials or components required for production. Limitations on transportation or border closures may result in shipment delays from the Company's suppliers or to its customers. The duration and impact of the COVID-19 pandemic remains unknown. This includes the rate and manner in which vaccines are distributed, as well as vaccine efficacy against future COVID-19 variants and strains. The Company continues to review its safety protocols to reflect new government or public health recommendations. The Company has not benefited from nor applied for any government financial aid or relief relating to the COVID-19 pandemic.

Capital

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

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

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

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

The Company is subject to capital requirements under the credit facility agreement, as described in Note 11.

20. Commitments and contingencies

Lease commitments

The Company has lease contracts that have not yet commenced as at December 31, 2021. The future lease payments for these non-cancellable lease contracts are as follows:

As at December 31,	**2021**	2020
	$	$
Within one year	**373**	-
After one year but not more than five years	**3,106**	2,673
More than five years	**1,462**	2,268
	4,941	4,941

Future lease payments exclude operating costs, taxes, and utilities. Prior year has been adjusted accordingly.

General contingencies

In addition, various claims and potential claims arising in the normal course of operation are pending against JLL. It is the opinion of management that these claims or potential claims are without merit and the amount of potential liability, if any, is not determinable. Management believes the final determination of these claims or potential claims will not materially affect the financial position or results of the Company.

21. Segment information

The Company has two reportable operating segments with all material operations carried out in Canada:

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

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

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

	For the year ended December 31, 2021		
	Jamieson Brands	**Strategic Partners**	**Total**
	$	**$**	**$**
Revenue	**343,245**	**107,787**	**451,032**
Earnings from operations	**68,643**	**7,387**	**76,030**
Foreign exchange gain			**(92)**
Interest expense and other financing costs			**5,657**
Provision for income taxes			**18,383**
Net earnings			**52,082**

	For the year ended December 31, 2020		
	Jamieson Brands	Strategic Partners	Total
	$	$	$
Revenue	316,423	87,238	403,661
Earnings from operations	61,767	1,805	63,572
Foreign exchange loss			460
Other expenses			22
Interest expense and other financing costs			6,042
Provision for income taxes			15,450
Net earnings			41,598

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

Geographic information

For the years ended December 31, 2021 and 2020, no customer outside of Canada represented a significant portion of total sales.

Information about major customers

The following table provides the proportion of revenue attributed to each significant customer:

For the years ended December 31,	**2021**	2020
Customer 1	**16.6%**	7.5%
Customer 2	**13.3%**	14.3%
Customer 3	**13.2%**	12.4%
	43.1%	34.2%

The revenue concentration noted mirrors the consolidated nature of the retail grocery landscape in Canada. Revenue from significant customers primarily affect the Jamieson Brands segment. It is management's opinion that the loss of any customer, significant or otherwise, would not impact the Company's viability. No other sales were made to any one customer that represented more than 10% of total sales.

22. Revenue from contracts with customers

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

For the years ended December 31,	**2021**	**2020**
	$	**$**
Domestic sales	**284,902**	264,915
International sales	**58,343**	51,508
Total revenue from contracts with customers	**343,245**	316,423

International sales are primarily denominated in U.S. dollars and subject to fluctuations in foreign exchange (see Note 19 – Financial instruments and risk management activities) on the conversion to Canadian dollars.

23. Earnings per share

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

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

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

	2021			2020		
Year ended December 31,	**Net earnings available to common shareholders**	**Weighted average number of shares**	**EPS $**	Net earnings available to common shareholders	Weighted average number of shares	EPS $
Basic						
Continuing operations	**52,082**	**40,150,724**	**1.30**	41,598	39,539,955	1.05
Diluted						
Continuing operations	**52,082**	**41,680,934**	**1.25**	41,598	41,160,341	1.01

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