



Consolidated Financial Statements  
**For the years ended December 31, 2023 and 2022**

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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, 2023 and 2022, 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 material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### **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 the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, 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*

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>As described in the Summary of 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.</p> <p>The Group's sales promotional incentives are complex, and there are a significant amount of revenues 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.</p>	<ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• 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.</li><li>• 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.</li><li>• Additionally, we performed inquiry procedures directly with sales representatives to evaluate the completeness of incentive programs.</li></ul>

### **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 IFRS, 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  
March 12, 2024

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

	Notes	2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash		36,863	26,240
Accounts receivable	6	164,499	160,798
Inventories	7	182,456	154,488
Derivatives	23	3,707	6,580
Prepaid expenses and other current assets		5,335	4,298
		<b>392,860</b>	<b>352,404</b>
<b>Non-current assets</b>			
Property, plant and equipment	8, 16	106,903	111,709
Goodwill	9	274,411	272,916
Intangible assets	10	366,521	367,205
Deferred income tax	15	2,879	3,029
<b>Total assets</b>		<b>1,143,574</b>	<b>1,107,263</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	135,520	142,566
Income taxes payable	15	2,263	7,387
Current portion of other long-term liabilities	4, 16	7,546	4,852
		<b>145,329</b>	<b>154,805</b>
<b>Long-term liabilities</b>			
Long-term debt	13	325,000	400,000
Post-retirement benefits	14	1,078	929
Deferred income tax	15	60,532	58,007
Redeemable preferred shares	17	89,409	-
Other long-term liabilities	4, 16	41,031	61,931
<b>Total liabilities</b>		<b>662,379</b>	<b>675,672</b>
<b>Equity</b>			
Share capital	18	312,593	307,200
Warrants	19	14,705	-
Contributed surplus		19,089	17,115
Retained earnings		80,654	85,483
Accumulated other comprehensive income		11,892	21,793
<b>Total shareholders' equity</b>		<b>438,933</b>	<b>431,591</b>
Non-controlling interests		42,262	-
<b>Total equity</b>		<b>481,195</b>	<b>431,591</b>
<b>Total liabilities and equity</b>		<b>1,143,574</b>	<b>1,107,263</b>

(see the accompanying notes to the consolidated financial statements)

Approved on behalf of the Board:

*Tania Clarke*  
**Director**

*Tim Penner*  
**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,

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Revenue	<b>25, 26</b>	676,172	547,369
Cost of sales	7	442,613	349,031
Gross Profit		233,559	198,338
Selling, general and administrative expenses		140,304	110,239
Acquisition related adjustments	4	(7,863)	-
Share-based compensation	<b>20</b>	5,868	4,910
Earnings from operations		95,250	83,189
Foreign exchange loss		1,962	269
Accretion on preferred shares	17	4,833	-
Interest expense and other financing costs	<b>22</b>	22,784	12,417
Earnings before income taxes		65,671	70,503
Provision for income taxes	<b>15</b>	19,631	17,695
<b>Net earnings</b>		<b>46,040</b>	<b>52,808</b>
<i>Other comprehensive income</i>			
Actuarial (loss) gain not to be reclassified subsequently to net earnings	<b>14</b>	(38)	2,954
Income tax recovery (expense)	<b>15</b>	8	(753)
Net of tax		(30)	2,201
Unrealized (loss) gain on amounts that may be reclassified to net earnings on cash flow hedges	<b>23</b>	(2,873)	7,748
Income tax recovery (expense)	<b>15</b>	729	(1,967)
Net of tax		(2,144)	5,781
Unrealized (loss) gain on amounts that may be reclassified to net earnings on translation of foreign operations		(8,037)	13,788
<b>Total other comprehensive (loss) income</b>		<b>(10,211)</b>	<b>21,770</b>
<b>Comprehensive income</b>		<b>35,829</b>	<b>74,578</b>
Net earnings (loss) attributable to:			
Shareholders		47,882	52,808
Non-controlling interests		(1,842)	-
		46,040	52,808
Comprehensive income (loss) attributable to:			
Shareholders		37,981	74,578
Non-controlling interests		(2,152)	-
		35,829	74,578
Earnings per share attributable to common shareholders:			
Basic, earnings per share	<b>28</b>	<b>1.10</b>	1.29
Diluted, earnings per share		<b>1.08</b>	1.25
Weighted average number of shares:			
Basic	<b>28</b>	<b>41,960,516</b>	40,998,065
Diluted		<b>42,650,501</b>	42,116,350

(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	Warrants	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total Shareholders' equity	Non-controlling interests	Total equity
<b>As at January 1, 2022</b>		<b>268,214</b>	-	<b>14,786</b>	<b>58,998</b>	<b>23</b>	<b>342,021</b>	-	<b>342,021</b>
Net earnings for the year		-	-	-	52,808	-	52,808	-	52,808
Issuance of treasury shares	18	6,638	-	(2,445)	-	-	4,193	-	4,193
Issuance of shares to acquire businesses	4	32,348	-	-	-	-	32,348	-	32,348
Common share dividend (\$0.64 per share)		-	-	18	(26,323)	-	(26,305)	-	(26,305)
Other comprehensive income		-	-	-	-	7,982	-	-	7,982
Unrealized foreign currency gain on translation of foreign operations		-	-	-	-	13,788	13,788	-	13,788
Share-based compensation	20	-	-	4,756	-	-	4,756	-	4,756
<b>As at December 31, 2022</b>		<b>307,200</b>	-	<b>17,115</b>	<b>85,483</b>	<b>21,793</b>	<b>431,591</b>	-	<b>431,591</b>
Net earnings for the year		-	-	-	47,882	-	47,882	(1,842)	46,040
Issuance of treasury shares	18	12,892	-	(3,749)	-	-	9,143	-	9,143
Issuance of warrants	5, 19	-	14,705	-	-	-	14,705	-	14,705
Minority interest in subsidiary	5	-	-	-	-	-	-	44,414	44,414
Common share dividend (\$0.72 per share)		-	-	72	(30,257)	-	(30,185)	-	(30,185)
Repurchase of common shares	18	(7,499)	-	-	(22,454)	-	(29,953)	-	(29,953)
Other comprehensive income		-	-	-	-	(2,174)	(2,174)	-	(2,174)
Unrealized foreign currency gain on translation of foreign operations		-	-	-	-	(7,727)	(7,727)	(310)	(8,037)
Share-based compensation	20	-	-	5,651	-	-	5,651	-	5,651
<b>As at December 31, 2023</b>		<b>312,593</b>	<b>14,705</b>	<b>19,089</b>	<b>80,654</b>	<b>11,892</b>	<b>438,933</b>	<b>42,262</b>	<b>481,195</b>

(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,

<b>Cash provided by (used in)</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>			
Net earnings		46,040	52,808
Items not affecting cash			
Depreciation of property, plant and equipment and right-of-use assets	<b>8</b>	14,410	12,153
Amortization of intangible assets	<b>10</b>	5,913	5,095
Deferred income taxes		1,763	1,669
Accretion on redeemable preferred shares	<b>17</b>	4,833	-
Share-based compensation	<b>20</b>	5,651	4,756
Revaluation of contingent consideration	<b>4</b>	(13,759)	-
Others		(1,012)	1,120
Net change in non-cash working capital	<b>27</b>	(32,126)	(27,012)
		<b>31,713</b>	<b>50,589</b>
<b>Investing activities</b>			
Acquisition of business	<b>4</b>	(25,823)	(241,960)
Additions to property, plant and equipment, net	<b>8</b>	(8,835)	(13,933)
Acquisition of intangible assets	<b>10</b>	(473)	(637)
		<b>(35,131)</b>	<b>(256,530)</b>
<b>Financing activities</b>			
Proceeds from credit facilities	<b>13</b>	206,019	339,387
Repayment to credit facilities	<b>13</b>	(281,019)	(88,512)
Payment of lease liabilities	<b>16</b>	(4,536)	(3,339)
Issuance of redeemable preferred shares, net	<b>5, 17</b>	84,576	-
Issuance of warrants, net	<b>5, 19</b>	14,705	-
Proceeds from minority interest in subsidiary	<b>5</b>	44,414	-
Exercise of stock options and ESPP	<b>18</b>	9,143	4,193
Dividends to common shareholders		(30,257)	(26,323)
Repurchase of common shares	<b>18</b>	(29,004)	-
		<b>14,041</b>	<b>225,406</b>
<b>Increase in cash</b>		<b>10,623</b>	<b>19,465</b>
<b>Cash - Beginning of the year</b>		<b>26,240</b>	<b>6,775</b>
<b>Cash - End of the year</b>		<b>36,863</b>	<b>26,240</b>
<b>Supplemental disclosure</b>			
Amount of income taxes paid		22,910	11,551
Amount of interest paid		23,353	12,378

(see the accompanying notes to the consolidated financial statements)

# Jamieson Wellness Inc.

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 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, 2023 were authorized for issue by the Board of Directors of the Company on March 12, 2024. Jamieson is a company continued under the *Business Corporations Act* (Ontario) and resident in Canada. Jamieson’s registered office is located at 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, ON, M5K 1E6.

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

##### 1.2 Subsidiaries

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

As at December 31, Entity	2023 %	2022 %	Principal Place of Operations	Functional Currency
Jamieson Laboratories Ltd.	100.0	100.0	Canada	Canadian dollar
International Nutrient Technologies Limited	100.0	100.0	Canada	Canadian dollar
Body Plus Nutritional Products Inc.	100.0	100.0	Canada	Canadian dollar
Jamieson Health Products Australia Pty Ltd.	100.0	100.0	Australia	Australian dollar
Nutrawise UK Ltd.	100.0	100.0	United Kingdom	British pound sterling
Jamieson Health Products UK Ltd.	100.0	100.0	United Kingdom	United States dollar
Jamieson Health Products USA Ltd.	100.0	100.0	United States of America	United States dollar
Nutrawise Health & Beauty LLC	100.0	100.0	United States of America	United States dollar
Jamieson Health Products Netherlands B.V.	100.0	100.0	Netherlands	United States dollar
Nutrawise Japan GK	100.0	100.0	Japan	Japanese yen
Jamieson Health Products (Cayman Islands) Limited	66.7	100.0	Cayman Islands	United States dollar
Jamieson Health Products (Hong Kong) Limited	66.7	100.0	China	United States dollar
Jamieson Health Products (Shanghai) Co., Ltd.	66.7	100.0	China	Chinese yuan
Jamieson Health Products (Hong Kong) Trading Limited	66.7	100.0	China	United States dollar

#### 2. Summary of 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. Certain supplementary information in U.S. dollars is rounded to the nearest thousand where applicable.

# **Jamieson Wellness Inc.**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2023 and 2022**

#### **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 profit or loss, and each component of OCI are attributed to the equity holders of the Company and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss.

#### **2.3 Summary of accounting policies**

The following are the 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.

# **Jamieson Wellness Inc.**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2023 and 2022**

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.

# **Jamieson Wellness Inc.**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2023 and 2022**

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 4)
- Quantitative disclosures of fair value measurement hierarchy (Note 23)
- Financial instruments (including those carried at amortized cost) (Notes 13 and 23)

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.

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#### **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.

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- 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.

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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	3-10 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.

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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	15-30 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.

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The Company has made the following financial instrument classifications:

<b>Financial Instrument</b>	<b>IFRS 9 Measurement</b>
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)
Lease liabilities	Amortized cost
Contingent consideration	FVTPL

**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

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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 8)
- Goodwill and intangible assets (Notes 9 and 10)

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.

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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 14) 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 prorated 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, 2023.

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.

As of January 30, 2022, the Company transitioned 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 is accounted for as a defined contribution pension plan, where the Company's contributions are expensed as incurred. The Company does not bear any performance risk on

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plan investments and is not required to fund the plan beyond the required annual contributions. Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates; the deficit or surplus is determined by the Plan's actuarial valuation.

#### **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. PSUs 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. For PSUs, 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. 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.

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A maximum of 8.7% of the issued Common Shares outstanding are reserved for issuance under the LTIP and the Company's legacy option plan combined.

#### 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.

#### **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

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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.

#### **2.3.18 Adoption of Amended IFRS Pronouncements**

##### Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants

Effective January 1, 2023, the Company adopted the amendments to IAS 1, issued in January 2020, which clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the classification of liabilities as current or non-current based on rights that are in existence at the end of the reporting period and unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments also clarify the definition of "settlement" of a liability. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (further amendments to IAS 1). These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current as of the reporting date. These amendments are effective in the same period the entity adopts the January 2020 amendments which for the Company is January 1, 2023.

The amendments had no material impact on the consolidated financial statements.

##### Amendments to IAS 8, Definition of Accounting Estimates

Effective January 1, 2023, the Company adopted the amendments to IAS 8 which introduce a definition of "Accounting Estimates". The amendments clarify the distinction between changes in accounting estimates and accounting policies as well as the correction of errors. Additionally, the IASB clarifies how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no material impact on the consolidated financial statements.

##### Amendments to IAS 1 and IFRS Practice Statement 2

Effective January 1, 2023, the Company adopted the amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. In addition, the IASB has provided guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no material impact on the consolidated financial statements.

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#### **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.

##### 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.

##### *Control of China Operations*

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

The Jamieson-DCP Partnership is governed by a board consisting of six members, including four from the Company and two from DCP, with certain reserved matters requiring a vote of two-thirds of the directors present at the board meeting, including at least one DCP director. Management's judgment is involved when determining whether these reserved matters affect the Company's current ability to direct the relevant activities and whether the Company has the ability to use its power over this strategic partnership to affect the amount of the Company's returns. The Company has determined that it controls the China Operations based on all facts and circumstances assessed during the period. Therefore, the Jamieson-DCP Partnership is consolidated into the Company's Financial Statements. DCP's 33% minority interest in the Jamieson-DCP Partnership is recorded as non-controlling interest.

##### 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.

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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.

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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 9, 10, 14, 17, 19, 20 and 23.

#### *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.

The Company considers the earnings of certain non-Canadian subsidiaries to be indefinitely invested outside of Canada on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and the Company's specific plans for reinvestment of those subsidiary earnings. If the Company decides to repatriate the foreign earnings, the Company would need to adjust its income tax provision in the period it determined that the earnings will no longer be indefinitely invested outside of Canada.

#### *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. Business Combinations**

### **4.1 Acquisition of former distribution partner in China**

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

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The following table provides a reconciliation of measurement period adjustments to the purchase price allocation of the net assets acquired at their fair value amounts:

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

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

The estimated goodwill represents the future economic benefit arising from other assets acquired in the acquisition that are not individually identifiable and separately recognized. The estimated goodwill arising from the acquisition of \$4,867 is attributable to expected future income and cash-flow projections and synergies the Company expects to achieve in leveraging its platform. Certain intangible assets and goodwill are not expected to be deductible for tax purposes.

**4.2 Acquisition of Nutrawise Health & Beauty Corporation**

On July 19, 2022, Jamieson Health Products USA Ltd. (“Jamieson USA”) acquired Nutrawise Health & Beauty Corporation (“Nutrawise” or “youthery”), and Nutrawise became a wholly owned subsidiary of Jamieson USA. In connection with the transaction, Nutrawise Health & Beauty Corporation converted from a California corporation to a California limited liability company (LLC). Consideration for the acquisition totalled \$309,889 before post-closing cash adjustments, plus acquisition costs of \$8,051 which were recognized within selling, general and administrative expenses in the audited consolidated statements of operations and comprehensive income for the year ended December 31, 2022. The purchase price was funded with cash of \$241,960 (refer to Note 13), share consideration of \$32,348 and acquisition-related contingent consideration of \$35,581 for a total of \$309,889. Pursuant to the purchase agreement, the former owners are entitled to additional payments up to USD \$190,000 subject to meeting specific earnings before interest expense, income taxes, depreciation and amortization (EBITDA) targets up to 2025.

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

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

	<b>Final fair value as at July 19, 2022</b>
	<b>\$</b>
Accounts receivable	5,264
Inventories	20,119
Prepaid expenses and other current assets	1,663
Accounts payable and accrued liabilities	(35,285)
Property, plant and equipment, net	8,143
Goodwill	143,356
Intangible assets	171,054
Other long term liabilities	(4,425)
<b>Total net assets acquired</b>	<b>309,889</b>

The intangible assets acquired include customer relationships and trademarks in the amounts of \$31,100 and \$139,954, respectively. The customer relationships are amortized over 20-25 years and expensed through the consolidated statements of operations and comprehensive income on a straight-line basis over the estimated useful life. The Company expects its trademarks to generate economic benefit in perpetuity, and accordingly, has assigned the trademarks as an indefinite life intangible asset.

The estimated goodwill represents the future economic benefit arising from other assets acquired in the acquisition that are not individually identifiable and separately recognized. The estimated goodwill arising from the acquisition of \$143,356 is attributable to expected future income and cash-flow projections and synergies the Company expects to achieve in combining the acquisition into its operations while leveraging its platform in the United States. Estimated goodwill is expected to be deductible for tax purposes.

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

**4.2.1 Acquisition related adjustments**

As at December 31, 2023, the contingent consideration with respect to the Nutrawise acquisition was revalued to \$22,623. Accordingly, \$13,759 was recorded in acquisition related adjustments in the consolidated statements of operations and comprehensive income, net of post-acquisition working capital adjustments of \$5,896 to reflect acquired liabilities. The contingent consideration was classified as \$2,778 in the current portion of other long-term liabilities and \$19,845 in other long-term liabilities in the Company's consolidated statements of financial position. As at December 31, 2022, the contingent consideration was classified as \$542 in the current portion of other long-term liabilities and \$36,693 in other long-term liabilities in the Annual Financial Statements.

The fair value of contingent consideration is estimated using a Monte-Carlo simulation model. The simulation is revaluated at the end of each reporting period and any changes in fair value are recognized in the consolidated statements of operations and comprehensive income. The fair value for the contingent consideration is an estimate requiring judgment and subject to fluctuations in key assumptions, including EBITDA forecasts until 2025, weighted average cost of capital of 12.5%, risk-free-rate of 4.1%, volatility of 40.0%, and earn-out payment discount rate of 7.2%.

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#### 5. China Operations Strategic Partnership

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

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

The Company's right to purchase DCP's 33% minority interest in the Jamieson-DCP Partnership at a pre-determined multiple of net revenues represents a call option whose value will be driven by the difference, if any, between the fair value of DCP's interest in the China Operations compared to the pre-determined net revenue multiple calculation. The Company will assess the fair value of the call option at each reporting period and has determined the fair values to be \$nil at inception and as at December 31, 2023.

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

In conjunction with DCP's \$47,096 investment in the Company's China Operations on May 16, 2023, DCP also completed its subscription for certain preferred shares and warrants of the Company. Please refer to Note 17 for details of the preferred shares and Note 19 for details of the warrants.

#### 6. Accounts receivable

As at December 31,	<b>2023</b>	2022
	<b>\$</b>	\$
Trade	<b>163,917</b>	156,591
Other miscellaneous receivables	<b>701</b>	4,326
Allowance for expected credit losses	<b>(119)</b>	(119)
	<b>164,499</b>	160,798

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.

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The aging of receivables is as follows:

As at December 31,	<b>2023</b>	2022
	<u>\$</u>	<u>\$</u>
Current	<b>135,607</b>	138,137
Aged 1-30 days past due	<b>20,969</b>	18,257
Aged 31-60 days past due	<b>3,075</b>	3,372
Aged > 60 days past due	<b>4,967</b>	1,151
Allowance for expected credit losses	<b>(119)</b>	(119)
	<u><b>164,499</b></u>	<u>160,798</u>

**7. Inventories**

As at December 31,	<b>2023</b>	2022
	<u>\$</u>	<u>\$</u>
Raw material and packaging	<b>92,026</b>	65,953
Bulk product and work in process	<b>21,384</b>	23,979
Packaged finished goods	<b>73,781</b>	68,114
Inventory provision	<b>(4,735)</b>	(3,558)
	<u><b>182,456</b></u>	<u>154,488</u>
Inventories expensed during the year	<u><b>398,204</b></u>	<u>319,529</u>

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

For the year ended December 31, 2023, inventory write-downs of \$5,243 were expensed through cost of sales (2022 - \$5,529).

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**8. Property, plant and equipment**

	Land	Buildings	Machinery and equipment	Right-of-use assets (Note 16)	Other	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
<b>At January 1, 2022</b>	2,497	28,273	71,747	30,445	11,184	144,146
Assets acquired through business combinations	-	-	1,401	4,425	2,317	8,143
Additions	-	949	12,162	4,504	822	18,437
Disposals	-	-	(353)	-	-	(353)
Foreign currency translation	-	-	462	205	226	893
<b>At December 31, 2022</b>	2,497	29,222	85,419	39,579	14,549	171,266
Additions	-	827	6,937	1,016	1,071	9,851
Disposals	-	-	(58)	(40)	-	(98)
Foreign currency translation	-	-	(281)	(124)	(135)	(540)
<b>At December 31, 2023</b>	<b>2,497</b>	<b>30,049</b>	<b>92,017</b>	<b>40,431</b>	<b>15,485</b>	<b>180,479</b>
<b>Accumulated Depreciation</b>						
<b>At January 1, 2022</b>	-	8,218	25,544	7,802	5,605	47,169
Depreciation for the year	-	1,008	6,090	3,954	1,101	12,153
Disposals	-	-	(269)	-	-	(269)
Foreign currency translation	-	-	370	8	126	504
<b>At December 31, 2022</b>	-	9,226	31,735	11,764	6,832	59,557
Depreciation for the year	-	1,054	7,236	4,875	1,245	14,410
Disposals	-	-	(52)	(40)	-	(92)
Foreign currency translation	-	-	(223)	(23)	(53)	(299)
<b>At December 31, 2023</b>	-	<b>10,280</b>	<b>38,696</b>	<b>16,576</b>	<b>8,024</b>	<b>73,576</b>
<b>Net book value</b>						
<b>At December 31, 2023</b>	<b>2,497</b>	<b>19,769</b>	<b>53,321</b>	<b>23,855</b>	<b>7,461</b>	<b>106,903</b>
At December 31, 2022	2,497	19,996	53,684	27,815	7,717	111,709

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

**9. Goodwill**

	<b>2023</b>	<b>2022</b>
	\$	\$
Balance, beginning of the year	<b>272,916</b>	122,975
Assets acquired through business combinations (Note 4)	<b>4,867</b>	143,356
Foreign currency translation	<b>(3,372)</b>	6,585
Balance, end of year	<b>274,411</b>	272,916

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 (2022 - 13x - 15x) 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, 2023 and 2022.

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**10. Intangible assets**

	Customer relationships	Trademarks	Registrations, licenses, and other	Total
	\$	\$	\$	\$
<b>Cost</b>				
At January 1, 2022	101,585	115,157	4,016	220,758
Assets acquired through business combinations	31,100	139,954	-	171,054
Additions	-	-	637	637
Foreign currency translation	1,445	6,501	-	7,946
At December 31, 2022	134,130	261,612	4,653	400,395
Assets acquired through business combinations (Note 4)	8,900	-	-	8,900
Additions	-	-	473	473
Foreign currency translation	(877)	(3,307)	-	(4,184)
<b>At December 31, 2023</b>	<b>142,153</b>	<b>258,305</b>	<b>5,126</b>	<b>405,584</b>
<b>Accumulated amortization</b>				
At January 1, 2022	26,370	-	1,712	28,082
Amortization charge for the year	4,218	-	877	5,095
Foreign currency translation	13	-	-	13
At December 31, 2022	30,601	-	2,589	33,190
Amortization charge for the year	4,912	-	1,001	5,913
Foreign currency translation	(40)	-	-	(40)
<b>At December 31, 2023</b>	<b>35,473</b>	<b>-</b>	<b>3,590</b>	<b>39,063</b>
<b>Net book value</b>				
<b>At December 31, 2023</b>	<b>106,680</b>	<b>258,305</b>	<b>1,536</b>	<b>366,521</b>
At December 31, 2022	103,529	261,612	2,064	367,205

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, \$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.) and \$143,148 is allocated to the youththeory sales CGU.

The estimated recoverable amount for the domestic and international sales, specialty brands, youththeory sales, and China CGUs were 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 (2022 - 13x - 15x), 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 analyses are not sensitive to reasonable possible changes to the multiple.

Other 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, 2023 and 2022.

**11. Accounts payable and accrued liabilities**

As at December 31,	2023	2022
	\$	\$
Trade payables and accrued liabilities	76,460	74,584
Trade and promotional accruals	46,758	54,183
Refund liabilities	5,178	3,106
Salaries, commissions and bonuses	6,775	10,394
Termination benefits	-	18
Accrued interest - current	349	281
	<b>135,520</b>	<b>142,566</b>

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**12. 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.

Transactions with former owners of acquired businesses

As at December 31, 2023, the Company has a \$3.3 million (2022 - \$3.4 million) holdback on the purchase price and contingent consideration fair valued at \$22.6 million (2022 - \$37.2 million) payable to the former owners of youtheory.

Share-based compensation

The Company offers its employees a share-based compensation plan. Please refer to Note 20 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,	<b>2023</b>	2022
	\$	\$
Short-term employee benefits	<b>3,986</b>	4,793
Share-based compensation	<b>3,460</b>	2,868
Total remuneration	<b>7,446</b>	7,661

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

**13. Long-term debt**

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

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

For the years ended December 31,	<b>2023</b>	2022
	\$	\$
<u>Credit Facilities</u>		
<i>Drawings</i>	<b>206,019</b>	339,387
<i>Repayments</i>	<b>(281,019)</b>	(88,512)
	<b>(75,000)</b>	250,875

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For the year ended December 31, 2023, the weighted average interest rate on the Credit Facilities was 6.1% (2022 – 3.7%). A portion of the Credit Facilities outstanding is fixed through the interest rate swap (Refer to Note 23). As at December 31, 2023, the interest rate on the Credit Facilities was 6.7% (2022 – 5.9%).

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

Under the terms of the Credit Facilities, the Borrowers are subject to restrictive covenants and must maintain an interest coverage ratio of not less than 3.00:1.00 and a leverage ratio not greater than 4.50:1.00.

The Borrowers are in compliance with all covenants as of December 31, 2023 and 2022.

**14. 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,	<b>2023</b>	2022
	\$	\$
Balance, beginning of the year	<b>929</b>	3,544
Benefits paid	<b>(23)</b>	(25)
Actuarial gain	<b>38</b>	(2,954)
Interest costs	<b>46</b>	106
Current service costs	<b>88</b>	258
Balance, end of the year	<b>1,078</b>	929

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

As at December 31,	<b>2023</b>	2022
	%	%
Benefit obligations		
Discount rate - expense for the year	<b>5.00</b>	3.00
Discount rate - year-end obligation	<b>4.75</b>	5.00
Drug trend rate	<b>4.50</b>	4.50

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

As at December 31,	Accrued benefit obligation		Service cost		Interest cost	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
<b>2023</b>	<b>181</b>	<b>(148)</b>	<b>22</b>	<b>(17)</b>	<b>10</b>	<b>(8)</b>
2022	145	(119)	20	(16)	7	(6)

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

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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 over the next ten years:

As at December 31,	<b>2023</b>	2022
	<b>\$</b>	\$
Within one year	<b>29</b>	23
Between 2 and 5 years	<b>177</b>	153
Between 5 and 10 years	<b>342</b>	317
Total	<b>548</b>	493

As of January 30, 2022, the Company transitioned its current employer-sponsored group RRSP plan for certain production hourly employees to participation in The CAAT Plan.

The Company's contributions to the CAAT Plan during the year amounted to \$1,358, in accordance with the agreed upon contribution schedule:

<b>Contribution Schedule</b>	<b>Participating Member Contributions based on "Annual Earnings"</b>	<b>Employer Contributions based on "Annual Earnings"</b>	<b>Additional Employer Contributions based on "Annual Earnings"</b>
January 29, 2023 to February 3, 2024	2.0%	6.0%	0.0%
February 4, 2024 to February 1, 2025	2.5%	6.0%	0.5%
February 2, 2025 to January 31, 2026	3.0%	6.0%	1.0%
February 1, 2026 to January 30, 2027	3.5%	6.0%	1.5%
On and after January 31, 2027	5.0%	6.0%	0.0%

The Company does not bear any performance risk on plan investments and is not required to fund the plan beyond the required annual contributions. Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates; the deficit or surplus is determined by the Plan's actuarial valuation. Based on the most recent actuarial valuation as at January 1, 2023, the CAAT Plan has a surplus of \$4,713.

**15. Income taxes**

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

Years ended December 31,	<b>2023</b>	2022
	<b>\$</b>	\$
Current income tax expense	<b>17,755</b>	16,048
Deferred income tax expense	1,876	1,669
Foreign currency translation	-	(22)
Provision for income taxes	<b>19,631</b>	17,695

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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,	<b>2023</b>	2022
	\$	\$
Income tax expense at combined statutory rate of 26.5% (2022 - 25.4%)	<b>17,431</b>	17,944
Non-deductible expenses	<b>85</b>	61
Preferred share accretion	<b>1,281</b>	-
Share-based compensation	<b>376</b>	(470)
Other and deductible temporary differences not benefited	<b>458</b>	182
Foreign currency translation	<b>-</b>	(22)
	<b>19,631</b>	17,695

Income tax recognized in other comprehensive income

As at December 31,	<b>2023</b>	2022
	\$	\$
Derivative instruments	<b>729</b>	(1,967)
Post-retirement benefit plan	<b>8</b>	(753)
	<b>737</b>	(2,720)

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,	<b>2023</b>	2022
	\$	\$
Non-capital losses carried forward	<b>7,934</b>	5,806
Deferred financing fees	<b>265</b>	465
Post retirement	<b>275</b>	236
Property, plant and equipment	<b>(15,364)</b>	(15,646)
Goodwill and intangible assets	<b>(55,261)</b>	(46,362)
Reserves	<b>1,420</b>	539
Interest Limitation	<b>2,692</b>	863
Other	<b>386</b>	(879)
Total deferred income tax liabilities	<b>(57,653)</b>	(54,978)
Classified in the consolidated financial statements as:		
Deferred income tax assets	<b>2,879</b>	3,029
Deferred income tax liabilities	<b>(60,532)</b>	(58,007)
Net deferred income tax liabilities	<b>(57,653)</b>	(54,978)

The Company has Canadian and foreign based non-capital loss carry forwards as at December 31, 2023 of \$30,016 (2022 - \$24,207) on a pre-tax basis. The Canadian non-capital loss expires in 2038-2043. The foreign

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non-capital loss expires from 2024 to indefinitely.

**16. 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				Lease liabilities
	Property and Plant	Vehicles	Other Equipment	Total	
	\$	\$	\$	\$	\$
As at January 1, 2022	21,662	14	967	22,643	23,748
Additions	4,459	-	45	4,504	4,442
Assets acquired through business combinations	4,425	-	-	4,425	4,425
Depreciation expense	(3,767)	(6)	(181)	(3,954)	-
Interest expense	-	-	-	-	991
Foreign currency and other adjustments	197	-	-	197	272
Payments	-	-	-	-	(4,330)
<b>As at December 31, 2022</b>	<b>26,976</b>	<b>8</b>	<b>831</b>	<b>27,815</b>	<b>29,548</b>
Additions	768	-	248	1,016	1,032
Depreciation expense	(4,702)	(8)	(165)	(4,875)	-
Interest expense	-	-	-	-	1,010
Foreign currency and other adjustments	(101)	-	-	(101)	(90)
Payments	-	-	-	-	(5,546)
<b>As at December 31, 2023</b>	<b>22,941</b>	<b>-</b>	<b>914</b>	<b>23,855</b>	<b>25,954</b>

The following table shows the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at December 31, 2023:

As at December 31,	2023	2022
	\$	\$
Within one year	5,622	5,286
After one year but not more than five years	18,049	18,965
More than five years	5,260	9,047
	<b>28,931</b>	<b>33,298</b>

**17. Preferred shares**

	Preferred shares
	\$
<b>As at December 31, 2022</b>	-
Issuance of preferred shares	86,603
Transaction costs	(2,027)
Accretion expense	4,833
<b>As at December 31, 2023</b>	<b>89,409</b>

In conjunction with DCP's \$47,096 investment in the Company's China Operations on May 16, 2023, DCP also completed its subscription for 2,527,121 Series A Preference Shares of the Company ("Preferred Shares") and 2,527,121 warrants ("Warrants") (refer to Note 19) to purchase common shares of the Company for proceeds of \$101,565 (US\$75,000). The Preferred Shares carry a nominal annual dividend of \$0.01 per share and are redeemable at \$101,565 by DCP between May 15, 2025 and May 15, 2028, representing the second and fifth anniversary from the completion of the agreement.

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At closing, the Preferred Shares were fair valued at \$86,603, less transaction costs of \$2,027, and classified as liability in the consolidated statements of financial position. The Company estimated the fair value of the Preferred Shares by fair valuing the warrants first and assigned the residual value to the Preferred Shares. The Preferred Shares accrete at approximately 9.6% for two years to its redeemable value of \$101,565 as at May 15, 2025. The Preferred Shares accretion expense is \$4,833 for the year ended December 31, 2023.

#### 18. Common shares

	Common Shares	
	#	\$
<b>As at January 1, 2023</b>	<b>41,694,203</b>	<b>307,200</b>
Exercise of stock options	684,901	12,301
Employee stock purchase plan	22,181	591
Repurchase of shares	(849,800)	(7,499)
<b>As at December 31, 2023</b>	<b>41,551,485</b>	<b>312,593</b>

  

	Common Shares	
	#	\$
As at January 1, 2022	40,406,940	268,214
Exercise of stock options	342,655	6,066
Employee stock purchase plan	17,996	572
Issuance of shares to acquire businesses	926,612	32,348
As at December 31, 2022	41,694,203	307,200

As at December 31, 2023 and 2022, 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.

#### Normal Course Issuer Bid

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

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

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

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During the year ended December 31, 2023, Jamieson purchased for cancellation 970,200 Common Shares under its NCIB program for an aggregate consideration of \$28,831 at an average price per Common Share of approximately \$29.72. At December 31, 2023, Jamieson recorded an obligation in liabilities of \$949 for the commitment to purchase Common Shares under the ASPP. For the year ended December 31, 2023, the Company also recorded transaction costs of \$173 as a charge to retained earnings in connection with the NCIB.

#### 19. Warrants

	Warrants	
	#	\$
<b>As at December 31, 2022</b>	-	-
Issuance of warrants	2,527,121	14,962
Transaction costs	-	(257)
<b>As at December 31, 2023</b>	<b>2,527,121</b>	<b>14,705</b>

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

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

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

#### 20. Share-based compensation

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

Range of Exercise Prices	2023 Outstanding Options			2023 Exercisable Options	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price/Share	Number of Options	Weighted Average Exercise Price/Share
\$0.00-\$20.00	494,178	3.26	13.41	494,178	13.41
\$20.01-\$30.00	911,739	2.72	23.64	903,999	23.61
>\$30.01	1,063,956	4.03	33.50	360,113	33.96

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

	2023		2022	
	Number of Shares	Weighted Average Exercise Price/Share	Number of Shares	Weighted Average Exercise Price/Share
Outstanding, beginning of year	2,821,276	23.29	2,576,838	21.77
Granted	242,211	32.48	416,679	32.85
Exercised	(559,523)	15.41	(156,705)	23.13
Forfeited	(34,091)	33.24	(15,536)	29.78
Outstanding, end of year	2,469,873	25.84	2,821,276	23.29
Exercisable, end of year	1,758,290	22.86	1,946,322	19.25

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

	<b>2023</b>		
	<b>PSUs (number of shares)</b>	<b>RSUs (number of shares)</b>	<b>DSUs (number of shares)</b>
Outstanding awards, beginning of year	158,857	838	23,865
Granted	109,105	59,713	23,549
Exercised	(67,937)	(843)	(3,879)
Forfeited	(1,110)	(1,744)	(1,189)
Outstanding awards, end of year	<u>198,915</u>	<u>57,964</u>	<u>42,346</u>
Awards exercisable, end of year	-	-	21,339

  

	<b>2022</b>		
	<b>PSUs (number of shares)</b>	<b>RSUs (number of shares)</b>	<b>DSUs (number of shares)</b>
Outstanding awards, beginning of year	198,036	62	15,563
Granted	52,229	776	12,742
Exercised	(91,408)	-	(4,440)
Forfeited	-	-	-
Outstanding awards, end of year	<u>158,857</u>	<u>838</u>	<u>23,865</u>
Awards exercisable, end of year	-	-	-

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.

	<b>2023</b>			
	<b>Options</b>	<b>PSUs</b>	<b>DSUs</b>	<b>RSUs</b>
Type of compensation				
Weighted average share price at the measurement date	\$ 32.48	\$ 33.75	\$ 32.48	\$ 32.60
Weighted average fair value at the grant date	\$ 7.52	\$ 39.83	\$ 32.48	\$ 32.60
Expected volatility (i)	29.0%	n/a	n/a	n/a
Risk-free interest rate (ii)	3.5%	4.3%	n/a	n/a
Expected life (in years) (iii)	4-5.5	3.0	n/a	n/a
Expected dividend yield	2.1%-2.8%	n/a	n/a	n/a
Pricing Model	<b>Black-Scholes</b>	<b>Monte Carlo</b>	<b>Market Value</b>	<b>Market Value</b>

  

	<b>2022</b>			
	<b>Options</b>	<b>PSUs</b>	<b>DSUS</b>	<b>RSUs</b>
Type of compensation				
Weighted average share price at the measurement date	\$ 32.85	\$ 33.06	\$ 32.85	\$ 32.85
Weighted average fair value at the grant date	\$ 7.18	\$ 37.05	\$ 32.85	\$ 32.85
Expected volatility (i)	30.0%	n/a	n/a	n/a
Risk-free interest rate (ii)	1.8%	2.1%	n/a	n/a
Expected life (in years) (iii)	4.0	3.0	n/a	n/a
Expected dividend yield	1.8%	n/a	n/a	n/a
Pricing Model	<b>Black-Scholes</b>	<b>Monte Carlo</b>	<b>Market Value</b>	<b>Market Value</b>

- (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.

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(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, 2023 is \$5,868 (2022 - \$4,910), of which \$5,651 (2022 - \$4,756) is classified as contributed surplus in the Company's consolidated financial statements and \$217 (2022 - \$154) is related to employment taxes paid on exercise of options.

**21. 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,	<b>2023</b>	2022
	\$	\$
Salaries, wages and bonus	<b>93,065</b>	84,271
Other employee benefits	<b>21,224</b>	18,085
Post-retirement benefits (Note 14)	<b>134</b>	364
	<b>114,423</b>	102,720

Additionally, the Company recognized termination benefits for the year ended December 31, 2023 of \$741 (2022 - \$592) related to reorganization. The costs related to both years are mainly comprised of severance costs and salary continuances.

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

As at December 31,	<b>2023</b>	2022
	\$	\$
Interest on debt and borrowings	<b>21,774</b>	11,426
Interest on lease liabilities (Note 16)	<b>1,010</b>	991
	<b>22,784</b>	12,417

**23. 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.

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

As at December 31,	2023				2022			
	Notional	Notional	Fair Value		Notional	Notional	Fair Value	
	Amount	Amount	Asset	Liability	Amount	Amount	Asset	Liability
	\$CAD	\$USD	\$	\$	\$CAD	\$USD	\$	\$
Foreign currency forward contract designated as hedging instruments (forecast sales)	-	(7,000)	412	-	-	-	-	-
Interest rate swaps designated as hedging instruments	110,000	-	3,295	-	120,000	-	6,580	-
	110,000	(7,000)	3,707	-	120,000	-	6,580	-

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 \$110,000 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 the Preferred Shares and long-term debt as at December 31, 2023 and December 31, 2022 approximates their fair value. The fair value of the Company's Preferred Shares and 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 values of the Preferred Shares and long-term debt have been classified as Level 2 in the fair value hierarchy.

The call option entered into as part of the China Operations (refer to Note 5) has been valued using the discounted cash flow approach and a methodology that incorporates similar recent market transactions and market multiples of comparable peer companies. 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.

The fair values of the contingent consideration related to the Nutrawise acquisition (refer to Note 4) and the call option entered into as part of the China Operations (refer to Note 5) have been classified as Level 3 in the fair value hierarchy.

There were no transfers between levels during 2023 and 2022.

#### 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.

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#### Credit risk

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

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

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

#### Market risk

##### *Foreign exchange risk*

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

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposure in U.S. dollars. As of December 31, 2023, \$9,655 (December 31, 2022 - \$nil) of anticipated U.S. dollar denominated sales have been hedged with underlying foreign exchange forward contracts.

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 \$
<b>2023</b>	5	4,439	350
2022	5	4,694	-

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.

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

As at December 31,	<b>Increase/decrease in basis points</b>	<b>Effect on earnings (loss) before tax</b>
	+/-	\$
<b>2023</b>	<b>100</b>	<b>2,576</b>
2022	100	1,559

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, 2023, the Company had \$211,863 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,	<b>2023</b>	2022
	\$	\$
Amounts payable in more than 12 months	<b>369,232</b>	465,634
Amounts payable in less than 12 months	<b>143,920</b>	148,394
	<b>513,152</b>	614,028

Impact of global conflict

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

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

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#### Capital

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

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

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

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

The Company is subject to capital requirements under its Credit Facilities, as described in Note 13.

#### **24. Commitments and contingencies**

##### Lease commitments

The Company does not have any lease contracts that have not yet commenced as at December 31, 2023.

##### General contingencies

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.

#### **25. Segment information**

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

- 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.

**Jamieson Wellness Inc.**  
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	<b>For the year ended December 31, 2023</b>		
	<b>Jamieson Brands</b>	<b>Strategic Partners</b>	<b>Total</b>
	\$	\$	\$
Revenue	<u>551,171</u>	<u>125,001</u>	<u>676,172</u>
Earnings from operations	<u>82,337</u>	<u>12,913</u>	<u>95,250</u>
Foreign exchange loss			1,962
Accretion on preferred shares			4,833
Interest expense and other financing costs			22,784
Provision for income taxes			<u>19,631</u>
Net earnings			<b>46,040</b>

	<b>For the year ended December 31, 2022</b>		
	<b>Jamieson Brands</b>	<b>Strategic Partners</b>	<b>Total</b>
	\$	\$	\$
Revenue	<u>439,147</u>	<u>108,222</u>	<u>547,369</u>
Earnings from operations	<u>75,133</u>	<u>8,056</u>	<u>83,189</u>
Foreign exchange loss			269
Interest expense and other financing costs			12,417
Provision for income taxes			<u>17,695</u>
Net earnings			52,808

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

Geographic information

The following table provides the proportion of revenue based on the location of the customer.

For the years ended December 31,	<u>2023</u>	<u>2022</u>
Canada	<b>55.1%</b>	68.9%
USA	<b>30.2%</b>	18.3%
China	<b>7.8%</b>	5.2%
Other	<b>6.9%</b>	7.6%
	<u>100.0%</u>	<u>100.0%</u>

Information about major customers

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

For the years ended December 31,	<u>2023</u>	<u>2022</u>
Customer 1	<b>14.6%</b>	8.9%
Customer 2	<b>13.1%</b>	13.2%
Customer 3	<b>10.7%</b>	16.0%
Customer 4	<b>9.1%</b>	10.8%
	<u>47.5%</u>	<u>48.9%</u>

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.

**Jamieson Wellness Inc.**  
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**26. 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,	<b>2023</b>	<b>2022</b>
	<u>\$</u>	<u>\$</u>
Domestic operations	<b>314,121</b>	309,554
China operations	<b>51,296</b>	28,465
International operations	<b>33,499</b>	32,971
U.S. operations	<b>152,255</b>	68,157
Total revenue from contracts with customers	<b>551,171</b>	439,147

Revenue from international operations and U.S. operations are primarily denominated in U.S. dollars. Revenue from China operations are primarily denominated in Chinese yuan. Both are subject to fluctuations in foreign exchange (see Note 23 - Financial instruments and risk management activities) on the conversion to Canadian dollars.

**27. Net change in non-cash working capital**

For the years ended December 31,	<b>2023</b>	<b>2022</b>
	<u>\$</u>	<u>\$</u>
Accounts receivable	<b>(3,701)</b>	(51,347)
Inventories	<b>(14,271)</b>	(15,363)
Prepaid expenses and other current assets	<b>(1,035)</b>	2,460
Accounts payable and accrued liabilities	<b>(7,995)</b>	32,747
Taxes	<b>(5,124)</b>	4,491
Net change in non-cash working capital	<b>(32,126)</b>	(27,012)

**28. 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, DSUs and warrants.

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

Year ended December 31,	<b>2023</b>			<b>2022</b>		
	Net earnings available to common shareholders	Weighted average number of shares	EPS \$	Net earnings available to common shareholders	Weighted average number of shares	EPS \$
<i>Basic</i>						
Continuing operations	<b>46,040</b>	<b>41,960,516</b>	<b>1.10</b>	52,808	40,998,065	1.29
<i>Diluted</i>						
Continuing operations	<b>46,040</b>	<b>42,650,501</b>	<b>1.08</b>	52,808	42,116,350	1.25