



NEWS RELEASE

Jamieson Wellness Inc. Reports Strong Fourth Quarter and Full Year 2023 Results

3/13/2024

Profitable revenue growth of 23.5% in 2023 demonstrates successful execution of global strategy;

Canadian consumer consumption reaches record levels in Q4

TORONTO--(BUSINESS WIRE)-- Jamieson Wellness Inc. ("Jamieson Wellness" or the "Company") (TSX: JWEL) today reported financial results for its fourth quarter and full year results for the period ended December 31, 2023. All amounts are expressed in Canadian dollars. Certain metrics, including those expressed on an adjusted basis, are non-IFRS and other financial measures. See "Non-IFRS and Other Financial Measures" below.

"2023 was a reflection of success on our strategic journey to become a global vitamin, mineral, and supplement leader," said Mike Pilato, President and CEO of Jamieson Wellness. "We drove growth across all our major markets and business units while successfully completing our 2022 U.S. acquisition integration and taking ownership of the full value chain in China.

"Today, over 40% of our branded revenue is derived outside of Canada, more than double the percentage it was just three years ago. While we continue to expand our leadership position in our domestic market, the success of this diversification strategy positions us as a very different company, with key growth strategies and investment choices tailored for the unique attributes of key markets, globally.

"We are entering 2024 from a position of strength – strategically, operationally, and financially. To harness the full potential of the evolving needs of engaged consumers and significant industry growth tailwinds, we will continue to

prioritize investment in demand generation, innovation, and distribution in all our major markets, while investing aggressively to grow our brands in the U.S. and China, building on the momentum we have coming out of 2023. Looking forward, we are confident in our ability to deliver superior organic growth across all key markets in 2024, while expanding margins within each distinctive business unit and delivering accretive earnings per share in the years ahead."

Fiscal 2023 Performance Highlights

- Expanded leadership position in Canada driven by strong dollar and unit consumption growth outpacing the market, despite some customer level inventory burn; consumers continued to interact with the Company's immune products and increase their purchases across foundational health categories including, sleep, stress and energy
- Successful implementation of the Company's growth strategy in the U.S. delivered approximately 17.4% pro forma revenue growth, driven by innovation and category growth, e-commerce expansion, and increased distribution
- Delivered 45.1% pro forma RMB revenue growth in China as a result of the completion of the Company's acquisition of its former distributor's assets and strategic partnership with DCP Capital; established Jamieson's Chinese headquarters in Shanghai, with a team of more than 45 employees
- Growth across International markets despite global volatility; consumer consumption trends began a return to historical levels in Eastern Europe
- Finalized the Company's annual ESG reporting strategy and implemented a new environmental policy

Fourth Quarter Performance Highlights

- Record-high consumer consumption and shipments drove increased market share in Canada despite retailer level inventory burn beyond expectation
- Growth of the youtheory brand in the U.S led by strong demand for existing products, innovation and progress in e-commerce
- Demand in China was further strengthened in cross border e-commerce with a strong 11/11 promotion window and expanded distribution in brick and mortar retail
- Revenue growth in International was partially offset by volatility in the Middle East
- Exited the quarter with a leverage ratio of approximately 2.1x net debt to Adjusted EBITDA with cash and available borrowings of over \$200.0 million
- Completed the Company's 2023 greenhouse gas inventory report for disclosure in the Company's first formal Impact Report in Q1 2024

Fourth Quarter Financial Performance Highlights (year-over year, unless otherwise noted)

- Consolidated revenue increased by 14.3% to \$220.4 million driven by 16.0% growth in Jamieson Brands and 7.0% growth in Strategic Partners
- Gross profit increased \$7.8 million to \$79.0 million on higher revenues partially offset by the fair value amortization impact of acquisition-related inventories
- Normalized gross profit margin was 37.1%, or 20 bps lower than last year largely due to sales mix; Gross profit margin³ was 35.9% or 100 bps lower
- Adjusted EBITDA¹ increased by \$1.8 million or 3.6% to \$50.6 million, reflecting higher gross profit and higher marketing and infrastructure investments to expand the Company's footprint in China and to support youtheory innovation and channel growth; EBITDA¹ increased \$5.3 million or 12.9% to \$46.5 million
- Adjusted net earnings¹ increased 6.9% to \$28.6 million which included the impact of lower interest on reduced average borrowings; Net earnings increased to \$24.0 million
- Adjusted diluted earnings per share² was \$0.67; Diluted earnings per share was \$0.56
- Cash from operating activities before working capital considerations of \$20.4 million decreased by \$8.7 million compared to Q4 2022 mainly due to investments in marketing, IT infrastructure costs and acquisition related costs
- Cash generated in working capital of \$5.7 million was \$6.0 million lower than prior year, cash generated was impacted by the timing of vendor and income tax payments made
- Net debt¹ at the end of the quarter was \$288.1 million, or 22.9% lower than Q4 2022
- As at December 31, 2023, the Company had approximately \$211.9 million in cash and available borrowings

Fourth Quarter Segment Highlights (year-over-year, unless otherwise noted)

Jamieson Brands

- Revenue increased 16.0% or \$25.0 million to \$181.0 million
 - Jamieson Canada increased 5.8% to \$94.3 million, reflecting record consumption levels which outpaced shipments as retailers reduced inventories below typical levels
 - U.S. business (youtheory) was \$55.0 million, increasing by 8.7% with growth across all channels driven by continued demand for existing products and successful innovations launched throughout the year
 - Jamieson China was \$20.7 million, increasing 151.1% which reflects the seasonal impact of direct sales to consumers under the owned-distribution model beginning April 2023, while pro-forma growth on a local currency basis grew 91.6% driven by strong fourth quarter promotional plans and the successful launch with certain social media platforms through cross border e-commerce
 - Jamieson International was \$11.1 million, increasing by 37.0% on a constant U.S. dollar basis, driven largely by growth in Europe
- Gross profit increased \$7.7 million to \$73.1 million; normalized gross profit increased by \$9.6 million

- Gross profit margin³ decreased by 150 bps; normalized gross profit margin decreased by 60 bps to 41.8% largely driven by sales mix as the Company continued to invest in accelerated growth in China and the U.S.
- Adjusted EBITDA¹ increased \$1.6 million to \$45.4 million reflecting direct investments in brand growth; Adjusted EBITDA margin² decreased by 300 bps to 25.1% due to lower gross profit margin as a result of the business unit mix as noted above, and higher SG&A as a percentage of revenue

Strategic Partners

- Revenue grew 7.0% to \$39.4 million, reflecting timing of shipments and remaining orders on the close-out of a customer account
- Gross profit increased \$0.1 million to \$5.9 million; gross profit margin³ decreased by 80 basis points to 15.1%, with production efficiencies and pricing being offset by customer mix
- Adjusted EBITDA¹ was \$5.2 million representing an Adjusted EBITDA margin² of 13.3%, lower by 40 bps

Fiscal 2023 Financial Performance Highlights (year-over-year, unless otherwise noted)

- Consolidated revenue increased 23.5% to \$676.2 million driven by 25.5% growth in Jamieson Brands and 15.5% growth in Strategic Partners
- Adjusted EBITDA¹ increased by \$14.3 million or 11.6% to \$138.1 million
- Net earnings were \$46.0 million; Adjusted net earnings increased 1.4% to \$66.1 million
- Adjusted diluted earnings per share² was \$1.55; Diluted earnings per share was \$1.08

¹ This is a non-IFRS financial measure. See the “Non-IFRS and Other Financial Measures” section of this press release for more information on each non-IFRS financial measure.

² This is a non-IFRS ratio. See the “Non-IFRS and Other Financial Measures” section of this press release for more information on each non-IFRS ratio.

³ This is a supplementary financial measure. See the “Non-IFRS and Other Financial Measures” section of this press release for more information on each supplementary financial measure.

Fiscal 2024 Outlook (year-over-year, unless otherwise noted)

The Company is introducing its outlook for fiscal 2024 and anticipates the following:

- Consolidated revenue of between \$720.0 to \$760.0 million, representing growth of 6.5% to 12.5% on another strong year of growth in Jamieson Brands, partially offset by a temporary decline in Strategic Partners
- Jamieson Brands revenue of \$615.0 to \$650.0 million, or growth of between 12% and 18%, with approximately

47% coming from outside of Canada

- Canada: Growth of 4.0% to 7.5%, including consumption growth, lower customer inventories and pricing;
 - U.S. business (youtheory): Growth of between 13% and 20%, building innovation and distribution on strong 2023 double digit growth momentum;
 - China: Growth of between 60% and 80%, building on strong double digit 2023 growth and a strategic decision to rapidly accelerate demand generating and branding building investment behind exceptional recent growth;
 - International: Growth of between 5% and 15% including consumption and expansion to new markets
- Strategic Partners revenue of between \$100.0 and \$113.0 million, or 10% to 20% lower, driven by the impact of a 2023 customer transition partially offset by onboarding new opportunities
 - Adjusted EBITDA of between \$138.0 to \$144.0 million, or growth of up to ~4.5% with Jamieson Brands growth partially offset by a decline in Strategic Partners
 - Adjusted EBITDA margins to decline between 120 and 170 basis points due to increased investment in China and the U.S. to drive accelerated scale and the impact of segment mix
 - Adjusted diluted earnings per share of \$1.55 to \$1.65, or growth of up to ~6.5%

Fiscal 2025 Outlook (year-over-year, unless otherwise noted)

In fiscal 2025, the Company anticipates a return to low double-digit growth with Adjusted EBITDA of between \$155.0 and 165.0 million. Profitability in 2025 is expected to be driven by growth in Jamieson Brands and Strategic Partners volumes, manufacturing efficiencies, along with SG&A and marketing investments consistent with Jamieson Brands revenue growth rates.

For additional details on the Company's fiscal 2024 and 2025 outlook including guidance for the first quarter of 2024, refer to the "Outlook" section in the management's discussion and analysis of financial condition and results of operations ("2023 MD&A") for the three and twelve months ended December 31, 2023.

Fourth Quarter Dividend

On February 22, 2024, the Company announced that the board of directors declared a cash dividend for the fourth quarter of 2023:

- \$0.19 per common share (+11.8% vs Q4 2022), or approximately \$8.0 million in the aggregate
- Paid on March 15, 2024 to all common shareholders of record at the close of business on March 1, 2024
- The Company has designated this dividend as an "eligible dividend" for the purposes of the Income Tax Act (Canada)

Consolidated Financial Statements and Management's Discussion and Analysis

The Company's audited consolidated annual financial statements and accompanying notes as at and for the three and twelve months ended December 31, 2023 and related 2023 MD&A are available under the Company's profile on SEDAR+ at www.sedarplus.com and on the Investor Relations section of the Company's website at <https://investors.jamiesonwellness.com>.

Conference Call

Management will host a conference call to discuss the Company's fourth quarter and full year 2023 results at 5:00 p.m. ET today, March 13, 2024. To access:

- By phone: 1-888-886-7786 from Canada and the U.S. or 1-416-764-8658 from international locations
- Online: <https://investors.jamiesonwellness.com> or https://viaid.webcasts.com/starthere.jsp?ei=1652695&tp_key=adfa7983af

About Jamieson Wellness

Jamieson Wellness is dedicated to improving the world's health and wellness with its portfolio of innovative natural health brands. Established in 1922, the Jamieson brand is Canada's #1 consumer health brand. The Company's youtheory brand, acquired in 2022, is an established and growing lifestyle brand in the U.S. Combined, these global brands are available in more than 50 countries worldwide. The Company also offers a variety of innovative vitamins, minerals and supplements ("VMS") as well as sports nutrition products to consumers in Canada with its Progressive, Smart Solutions, Iron Vegan and Precision brands. The Company is a participant of the United Nations Global Compact and adheres to its principles-based approach to responsible business. For more information please visit www.jamiesonwellness.com.

Forward-Looking Information

This press release may contain forward-looking information within the meaning of applicable securities legislation. Such information includes, but is not limited to, statements related to the Company's anticipated results and its outlook for its 2024 revenue, Adjusted EBITDA and Adjusted diluted earnings per share. Words such as "expect", "anticipate", "intend", "may", "will", "estimate" and variations of such words and similar expressions are intended to identify such forward-looking information. This information reflects the Company's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such

risks and uncertainties include, but are not limited to, the factors discussed under “Risk Factors” in the Company’s Annual Information Form dated March 30, 2023 and under the “Risk Factors” section in the 2023 MD&A filed today, March 13, 2024. This information is based on the Company’s reasonable assumptions and beliefs in light of the information currently available to it and the statements are made as of the date of this press release. The Company does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law or regulatory authority.

The Company cautions that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect the Company’s results. Readers are urged to consider the risks, uncertainties and assumptions associated with these statements carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See “Forward-looking Information” and “Risk Factors” within the 2023 MD&A for a discussion of the uncertainties, risks and assumptions associated with these statements.

Jamieson Wellness Inc.
Selected Consolidated Financial Information
In thousands of Canadian dollars, except share and per share amounts

	Three months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
Revenue	220,365	192,775	676,172	547,369
Cost of sales	141,338	121,586	442,613	349,031
Gross profit	79,027	71,189	233,559	198,338
Gross profit margin	35.9%	36.9%	34.5%	36.2%
Selling, general and administrative expenses	42,300	32,768	140,304	110,239
Acquisition related adjustments	(7,863)	-	(7,863)	-
Share-based compensation	1,534	1,317	5,868	4,910
Earnings from operations	43,056	37,104	95,250	83,189
Operating margin	19.5%	19.2%	14.1%	15.2%
Foreign exchange loss	1,676	978	1,962	269
Interest expense and other financing costs	4,885	5,757	22,784	12,417
Accretion on preferred shares	1,965	-	4,833	-
Earnings before income taxes	34,530	30,369	65,671	70,503
Provision for income taxes	10,530	8,278	19,631	17,695
Net earnings	24,000	22,091	46,040	52,808
Net earnings attributable to:				
Shareholders	24,407	22,091	47,882	52,808
Non-controlling interests	(407)	-	(1,842)	-
Adjusted net earnings	24,000	22,091	46,040	52,808
	28,615	26,759	66,084	65,149
EBITDA	46,516	41,201	113,611	100,168
Adjusted EBITDA	50,628	48,871	138,063	123,761
Adjusted EBITDA margin	23.0%	25.4%	20.4%	22.6%
Weighted average number of shares				
Basic	42,062,117	41,683,753	41,960,516	40,998,065

Diluted	42,766,299	42,817,044	42,650,501	42,116,350
Earnings per share attributable to common shareholders:				
Basic, earnings per share	0.57	0.53	1.10	1.29
Diluted, earnings per share	0.56	0.52	1.08	1.25
Adjusted diluted, earnings per share	0.67	0.62	1.55	1.55

Jamieson Wellness Inc.
Consolidated Statements of Financial Position
In thousands of Canadian dollars

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash	36,863	26,240
Accounts receivable	164,499	160,798
Inventories	182,456	154,488
Derivatives	3,707	6,580
Prepaid expenses and other current assets	5,335	4,298
	<u>392,860</u>	<u>352,404</u>
Non-current assets		
Property, plant and equipment	106,903	111,709
Goodwill	274,411	272,916
Intangible assets	366,521	367,205
Deferred income tax	2,879	3,029
	<u>1,143,574</u>	<u>1,107,263</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	135,520	142,566
Income taxes payable	2,263	7,387
Current portion of other long-term liabilities	7,546	4,852
	<u>145,329</u>	<u>154,805</u>
Long-term liabilities		
Long-term debt	325,000	400,000
Post-retirement benefits	1,078	929
Deferred income tax	60,532	58,007
Redeemable preferred shares	89,409	-
Other long-term liabilities	41,031	61,931
	<u>662,379</u>	<u>675,672</u>
Equity		
Share capital	312,593	307,200
Warrants	14,705	-
Contributed surplus	19,089	17,115
Retained earnings	80,654	85,483
Accumulated other comprehensive income	11,892	21,793
Total shareholders' equity	<u>438,933</u>	<u>431,591</u>
Non-controlling interests	42,262	-
Total equity	<u>481,195</u>	<u>431,591</u>
Total liabilities and equity	<u>1,143,574</u>	<u>1,107,263</u>

Non-IFRS and Other Financial Measures

This press release makes reference to certain financial measures, including non-IFRS financial measures that are historical, non-IFRS measures that are forward-looking, non-GAAP ratios and supplementary financial measures. Management uses these financial measures for purposes of comparison to prior periods and development of

future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing the Company's business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses the following non-IFRS financial measures: "EBITDA", "Adjusted EBITDA" and "Adjusted net earnings", the most directly comparable financial measure for each that is disclosed in its financial statements being "net earnings", "normalized gross profit", "normalized SG&A", "normalized earnings from operations", "cash from operating activities before working capital considerations" and "net debt", the most directly comparable financial measures for each that is disclosed in its financial statements being "gross profit", "SG&A", "earnings from operations", "cash flows from operating activities", and "long-term debt", respectively, the following non-IFRS ratios: "Adjusted EBITDA margin", "Adjusted diluted earnings per share", "normalized gross profit margin", "normalized operating margin", and the following supplementary financial measures: "gross profit margin" and "operating margin" to provide supplemental measures of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also uses non-IFRS and supplementary financial measures in order to prepare annual operating budgets and to determine components of management compensation. For an explanation of the composition of each such measure and the usefulness and additional uses of each by management, see the "How we Assess the Performance of our Business" section of the 2023 MD&A, which is incorporated by reference. See below for a quantitative reconciliation of each non-IFRS financial measure to its most directly comparable financial measure disclosed in the Company's financial statements to which the measure relates.

The following tables provide a quantitative reconciliation of net earnings to EBITDA, Adjusted EBITDA, and Adjusted net earnings, as well as gross profit to normalized gross profit, SG&A to normalized SG&A, earnings from operations to normalized earnings from operations, and net debt, each of which are non-IFRS financial measures (see the "Non-IFRS and Other Financial Measures" of this press release for further information on each non-IFRS financial measure) for the three and twelve months ended December 31, 2023.

Jamieson Wellness Inc.
Segment Information
In thousands of Canadian dollars, except as otherwise noted

Jamieson Brands

Three months ended

	December 31			
	2023	2022	\$ Change	% Change
Revenue	181,007	155,996	25,011	16.0%
Gross profit	73,082	65,345	7,737	11.8%
Amortization of fair value adjustments	2,621	793	1,828	230.5%
Normalized gross profit	75,703	66,138	9,565	14.5%
Gross profit margin	40.4%	41.9%	-	(1.5%)
Normalized gross profit margin	41.8%	42.4%	-	(0.6%)
Share-based compensation (1)	1,534	1,317	217	16.5%
Selling, general and administrative expenses	40,751	31,165	9,586	30.8%
Acquisition and divestiture related costs (2)	(2,846)	(3,165)	319	10.1%
IT system implementation (3)	(3,274)	(1,417)	(1,857)	(131.1%)
Normalized selling, general and administrative expenses	34,631	26,583	8,048	30.3%
Earnings from operations	38,660	32,863	5,797	17.6%
Acquisition and divestiture related costs (2)	2,846	3,165	(319)	(10.1%)
IT system implementation (3)	3,274	1,417	1,857	131.1%
Amortization of fair value adjustments (4)	2,621	793	1,828	230.5%
Acquisition related purchase consideration and post-closing adjustments(5)	(7,863)	-	(7,863)	(100.0%)
Normalized earnings from operations	39,538	38,238	1,300	3.4%
Operating margin	21.4%	21.1%	-	0.3%
Normalized operating margin	21.8%	24.5%	-	(2.7%)
Adjusted EBITDA	45,404	43,832	1,572	3.6%
Adjusted EBITDA margin	25.1%	28.1%	-	(3.0%)

Strategic Partners

	Three months ended			
	December 31			
	2023	2022	\$ Change	% Change
Revenue	39,358	36,779	2,579	7.0%
Gross profit	5,945	5,844	101	1.7%
Gross profit margin	15.1%	15.9%	-	(0.8%)
Selling, general and administrative expenses	1,549	1,603	(54)	(3.4%)
Other	(24)	-	(24)	-
Normalized selling, general and administrative expenses	1,525	1,603	(78)	(4.9%)
Earnings from operations	4,396	4,241	155	3.7%
Other	24	-	24	-
Normalized earnings from operations	4,420	4,241	179	4.2%
Operating margin	11.2%	11.5%	-	(0.3%)
Normalized operating margin	11.2%	11.5%	-	(0.3%)
Adjusted EBITDA	5,224	5,039	185	3.7%
Adjusted EBITDA margin	13.3%	13.7%	-	(0.4%)

Jamieson Wellness Inc.
Segment Information (continued)
In thousands of Canadian dollars, except as otherwise noted

Jamieson Brands

Twelve months ended

December 31

	2023	2022	\$ Change	% Change
Revenue	551,171	439,147	112,024	25.5%
Gross profit	214,293	184,039	30,254	16.4%
Amortization of fair value adjustments (4)	8,440	793	7,647	964.3%
Normalized gross profit	222,733	184,832	37,901	20.5%
Gross profit margin	38.9%	41.9%	-	(3.0%)
Normalized gross profit margin	40.4%	42.1%	-	(1.7%)
Share-based compensation (1)	5,868	4,910	958	19.5%
Selling, general and administrative expenses	133,951	103,996	29,955	28.8%
Acquisition and divestiture related costs (2)	(8,385)	(12,919)	4,534	35.1%
IT system implementation (3)	(7,743)	(4,527)	(3,216)	(71.0%)
Other	179	(127)	306	240.9%
Normalized selling, general and administrative expenses	118,002	86,423	31,579	36.5%
Earnings from operations	82,337	75,133	7,204	9.6%
Acquisition and divestiture related costs (2)	8,385	12,919	(4,534)	(35.1%)
IT system implementation (3)	7,743	4,527	3,216	71.0%
Amortization of fair value adjustments (4)	8,440	793	7,647	964.3%
Acquisition related purchase consideration and post-closing adjustments(5)	(7,863)	-	(7,863)	(100.0%)
Other	(179)	127	(306)	(240.9%)
Normalized earnings from operations	98,863	93,499	5,364	5.7%
Operating margin	14.9%	17.1%	-	(2.2%)
Normalized operating margin	17.9%	21.3%	-	(3.4%)
Adjusted EBITDA	121,836	113,088	8,748	7.7%
Adjusted EBITDA margin	22.1%	25.8%	-	(3.7%)

Strategic Partners

Twelve months ended				
December 31				
	2023	2022	\$ Change	% Change
Revenue	125,001	108,222	16,779	15.5%
Gross profit	19,266	14,299	4,967	34.7%
Gross profit margin	15.4%	13.2%	-	2.2%
Selling, general and administrative expenses	6,353	6,243	110	1.8%
Other	(96)	(48)	(48)	(100.0%)
Normalized selling, general and administrative expenses	6,257	6,195	62	1.0%
Earnings from operations	12,913	8,056	4,857	60.3%
Other	96	48	48	100.0%
Normalized earnings from operations	13,009	8,104	4,905	60.5%
Operating margin	10.3%	7.4%	-	2.9%
Normalized operating margin	10.4%	7.5%	-	2.9%
Adjusted EBITDA	16,227	10,673	5,554	52.0%
Adjusted EBITDA margin	13.0%	9.9%	-	3.1%

Reconciliation of Non-IFRS Financial Measures

In thousands of Canadian dollars

Three months ended December 31		Twelve months ended December 31	
2023	2022	2023	2022

Net earnings:	24,000	22,091	46,040	52,808
Add:				
Provision for income taxes	10,530	8,278	19,631	17,695
Interest expense and other financing costs	4,885	5,757	22,784	12,417
Accretion on preferred shares	1,965	-	4,833	-
Depreciation of property, plant, and equipment	3,589	3,579	14,410	12,153
Amortization of intangible assets	1,547	1,496	5,913	5,095
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	46,516	41,201	113,611	100,168
Share-based compensation (1)	1,534	1,317	5,868	4,910
Foreign exchange loss	1,676	978	1,962	269
Acquisition and divestiture related costs (2)	2,846	3,165	8,385	12,919
IT system implementation (3)	3,274	1,417	7,743	4,527
Amortization of fair value adjustments (4)	2,621	793	8,440	793
Acquisition related purchase consideration and post-closing adjustments (5)	(7,863)	-	(7,863)	-
Other	24	-	(83)	175
Adjusted EBITDA	50,628	48,871	138,063	123,761
Provision for income taxes	(10,530)	(8,278)	(19,631)	(17,695)
Interest expense and other financing costs	(4,885)	(5,757)	(22,784)	(12,417)
Depreciation of property, plant, and equipment	(3,589)	(3,579)	(14,410)	(12,153)
Amortization of intangible assets	(1,547)	(1,496)	(5,913)	(5,095)
Share-based compensation (6)	(1,411)	(1,317)	(5,458)	(4,910)
Tax deduction from vesting of certain share-based awards (7)	-	-	(1,022)	(1,399)
Tax effect of normalization adjustments	(51)	(1,685)	(2,761)	(4,943)
Adjusted net earnings	28,615	26,759	66,084	65,149
	Three months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
Gross profit	79,027	71,189	233,559	198,338
Amortization of fair value adjustments	2,621	793	8,440	793
Normalized gross profit	81,648	71,982	241,999	199,131
Normalized gross profit margin	37.1%	37.3%	35.8%	36.4%
Selling, general and administrative expenses	42,300	32,768	140,304	110,239
Acquisition and divestiture related costs	(2,846)	(3,165)	(8,385)	(12,919)
IT system implementation	(3,274)	(1,417)	(7,743)	(4,527)
Other	(24)	-	83	(175)
Normalized selling, general and administrative expenses	36,156	28,186	124,259	92,618
Earnings from operations	43,056	37,104	95,250	83,189
Acquisition and divestiture related cost	2,846	3,165	8,385	12,919
IT system implementation	3,274	1,417	7,743	4,527
Amortization of fair value adjustments	2,621	793	8,440	793
Acquisition related purchase consideration and post-closing adjustments (5)	(7,863)	-	(7,863)	-
Other	24	-	(83)	175
Normalized earnings from operations	43,958	42,479	111,872	101,603
Normalized operating margin	19.9%	22.0%	16.5%	18.6%

(1)The Company's share-based compensation expense pertains to its long-term incentive plan ("LTIP" (refer to "Share-based compensation"), with stock options, performance-based share unit ("PSU"), time-based restricted share unit ("RSU"), and deferred share unit ("DSU") expenses, along with associated payroll taxes.

(2)Current period expense mainly pertains to legal, consulting and integration costs associated with the acquisition and integration of a former distributor partner in China on April 28, 2023, and the acquisition of youtheory in the U.S. on July 19, 2022.

(3)Current period expense mainly pertains to development costs associated with IT system implementation to augment the Company's system infrastructure. Unlike other system improvement projects with costs capitalized, due to its cloud-based nature, these system implementation costs are expensed accordingly.

(4)This cost represents the post-closing amortization of the fair value increase of acquired inventories related to the April 28, 2023 transaction with a former distribution partner in China.

(5)To adjust for the fair value of purchase consideration accounted for as compensation on the 2022 youtheory acquisition, net of post-acquisition working capital adjustments to reflect acquired liabilities.

(6) Costs pertaining to LTIP, excluding PSUs granted to certain employees relating to business combinations.
(7) The vesting of share-based compensation provides a tax benefit during the period in which the awards are settled.

Reconciliation of Net Debt		
In thousands of Canadian dollars		
(\$ in 000's)	As at	As at
	December 31, 2023	December 31, 2022
Long-term debt	325,000	400,000
Cash	(36,863)	(26,240)
Net debt	288,137	373,760

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Source: Jamieson Wellness Inc.