*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) (the "**United States**"), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

PROSPECTUS

Initial Public Offering and Secondary Offering

June 29, 2017

JAMIESON WELLNESS INC.

$300,037,500
(19,050,000 Common Shares)

This prospectus qualifies the distribution to the public (the "**Offering**") of an aggregate of 19,050,000 common shares (the "**Common Shares**") of Jamieson Wellness Inc. ("**we**", "**us**", "**our**" the "**Company**" or "**Jamieson**"), consisting of a treasury issuance (the "**Treasury Offering**") by the Company of 15,554,755 Common Shares and a secondary offering (the "**Secondary Offering**", and together with the Treasury Offering, the "**Offering**") of 3,495,245 Common Shares held by Jamieson Intermediate Holdings S.à r.l. (the "**CCMP Shareholder**") an entity which is controlled by certain funds to which investment advisory services are provided by CCMP Capital Advisors, LP ("**CCMP**"), Mark Hornick, Christopher Snowden and Headlines Promotions Inc. ("**Headlines**"), an entity controlled by Lorna Vanderhaeghe (collectively, the "**Selling Shareholders**"), at a price of $15.75 per Common Share (the "**Offering Price**"). The Company will not receive any proceeds from the Secondary Offering or the Over-Allotment Option (as defined herein), if exercised by the Underwriters (as defined herein).

Jamieson is Canada's leading branded manufacturer, distributor and marketer of high quality natural health products. We offer consumers a comprehensive and innovative line of branded vitamins, minerals and supplements ("**VMS**"), sports nutrition products and certain over-the-counter remedies. Our Jamieson brand is Canada's #1 overall consumer health brand by sales and Canada's #1 brand in VMS by sales. We have consistently been voted Canada's most trusted brand of vitamins and we believe we are one of the most trusted VMS brands globally. See "*Our Business — Our Branded Business*".

On Closing (as defined herein), the CCMP Shareholder will have an approximate 47.2% interest in our Company through ownership of, or control or direction over, 17,801,760 Common Shares. If the Over-Allotment Option is exercised in full, the CCMP Shareholder, or an affiliate thereof, will have an approximate 39.7% interest in our Company through ownership of, or control or direction over, 14,944,260 Common Shares. As a result, the CCMP Shareholder, or an affiliate thereof, will have significant influence over us and our affairs. See "*Principal and Selling Shareholders*" and "*Risk Factors*".

Price: $15.75 per Common Share

	Price to the Public	Underwriters' Fee	Net Proceeds to the Company[1]	Net Proceeds to the Selling Shareholders[2][3][4]
Per Common Share	$15.75	$0.83	$14.92	$14.92
Total Offering[2]	$300,037,500	$15,751,968	$232,125,553	$52,159,978

Notes:

(1) Before deducting the expenses of the Offering, estimated to be $7.5 million, which, together with our share of the Underwriters' fee, will be paid from the proceeds of the Treasury Offering.

(2) Assumes no exercise of the Over-Allotment Option.

(continued on next page)

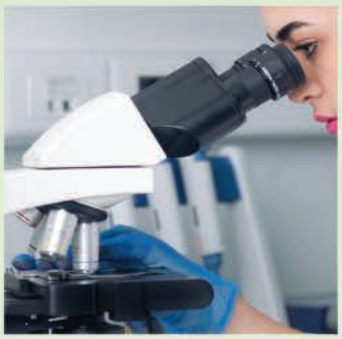
Jamieson™
WELLNESS

Canada's #1 Consumer Health Brand

WHO WE ARE

Established in 1922, Jamieson is recognized as one of Canada's most reputable companies. We develop, manufacture and market the country's #1 selling brand of vitamins and natural health products at our state-of-the-art Canadian facilities. We are consistently voted Canada's most trusted brand of vitamins, and for good reason: in a rapidly growing marketplace, we set ourselves apart with our commitment to providing consumers with innovative products that exceed industry and regulatory standards for purity, safety and efficacy.

quality assured 360 pure qualité assurée



OUR BRANDS

Jamieson™ WELLNESS

Progressive® Live Younger.

Jamieson™ NATURAL SOURCES Since 1922

PRECISION™MC

LVHS Lorna Vanderhaeghe Health Solutions

IRONVEGAN™ FUELLING A NEW GENERATION OF ATHLETES

OUR VISION

To Improve the World's Health & Wellness

OUR MISSION

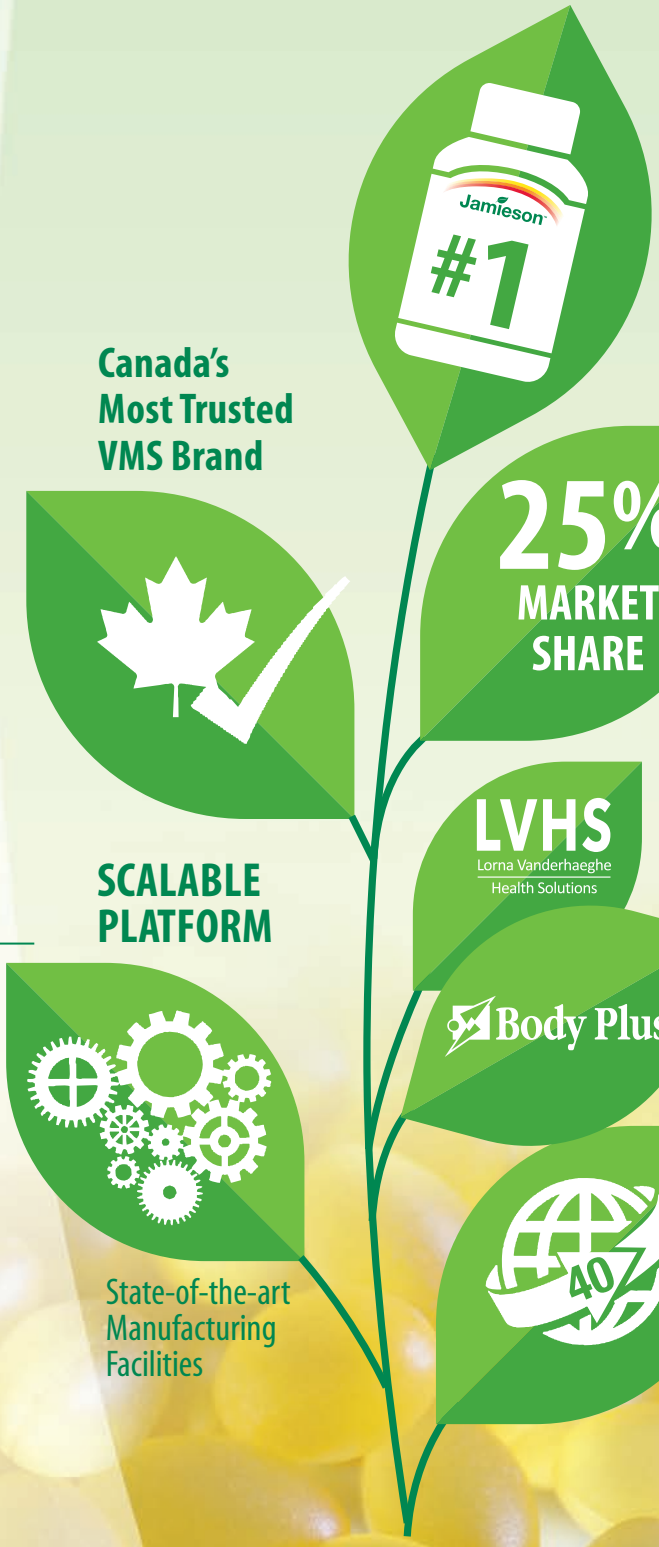
Grow our trusted brands based on quality and innovation. Over time, combine organic brand growth and future acquisitions to become the world's most successful and trusted health and wellness company

OUR VALUES

Teamwork, Entrepreneurship, Achieving Results, Integrity, Transparency and External Focus are at the heart of our company

WHAT WE HAVE DONE

Jamieson has a 95 year history of innovation, growth and deep consumer understanding.



Canada's #1 Consumer Health Brand

Canada's Most Trusted VMS Brand

25% MARKET SHARE

UNDERSTAND CONSUMERS
Strong Total Brand Equity

STRATEGIC ACQUISITIONS

LVHS The #1 Women's Natural Health Focused Brand

BODY PLUS with Iron Vegan, Progressive and Precision Specialty Brands

SCALABLE PLATFORM

State-of-the-art Manufacturing Facilities

GLOBAL OPPORTUNITY
Currently Exporting to 40 Countries & Growing

WHERE WE ARE GOING

With substantial momentum and clear plans for the future, Jamieson is poised for profitable growth – throughout Canada and around the world.

Five Year Financial Growth Targets for 2017 through 2021 (1) (2)

- **Revenue: $390 to $410 million**
  Growth of 31% to 38% from 2016 pro forma revenue of $297 million;
- **Adjusted EBITDA: $95 to $100 million**
  Growth of 67% to 75% from 2016 pro forma Adjusted EBITDA of $57 million
- **Adjusted EBITDA Margin: 23.8% to 25.0%**
  Growth of 460 to 580 basis points from 19.2% in 2016
- **Cumulative cash flow from operations** less capital expenditures for property, plant and equipment of **more than $200 million**
- **Adjusted EPS CAGR of approximately 20%** from 2016 on a pro forma basis to 2021

LARGE INTERNATIONAL MARKET OPPORTUNITY

CHINA

- Enhanced distribution potential
- License up to 50 new products between 2017 – 2020

ADDITIONAL OPPORTUNITIES

- Asia
- Eastern Europe
- Middle East

1. See *"Forward-looking Information"*, *"Non-IFRS Measures"* and *"Our Business – Our Growth Strategy"*.
2. See *"Selected Pro Forma Financial Information"* for a reconciliation of certain of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

(continued from cover)

(3) The CCMP Shareholder has granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part at any time for a period of 30 days after Closing, to purchase from the CCMP Shareholder, or an affiliate thereof, as applicable, up to an additional 15% of the aggregate number of Common Shares issued under the Offering on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee", "Net Proceeds to the Company" and "Net Proceeds to the Selling Shareholders" will be $345,043,125, $18,114,764, $232,125,553 and $94,802,808, respectively. This prospectus also qualifies for distribution the grant of the Over-Allotment Option and sale of the Common Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires such Common Shares under this prospectus, regardless of whether the Underwriters' over allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*" and "*Principal and Selling Shareholders*".

(4) Each of the Selling Shareholders will be responsible for the payment of the Underwriters' fee payable in respect of the Common Shares sold by such Selling Shareholder; however, the Selling Shareholders will not be responsible for any further fees or expenses in connection with the Offering. All such expenses of the Offering will be paid by us pursuant to the requirements of the amended and restated shareholders agreement dated September 1, 2014 between us and our shareholders, which agreement will be terminated in connection with the Pre-Closing Capital Changes described under *"Description of Share Capital — Pre-Closing Capital Changes*".

The following table sets out the number of Common Shares that may be sold by the CCMP Shareholder, or an affiliate thereof, as applicable, to the Underwriters pursuant to the Over-Allotment Option:

Underwriters' position	Maximum size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Up to an additional 15% of the aggregate number of Common Shares issued under the Offering	For a period of 30 days after Closing	$15.75 per Common Share

BMO Nesbitt Burns Inc. ("**BMO Capital Markets**"), RBC Dominion Securities Inc. ("**RBC**"), CIBC World Markets Inc. ("**CIBC**"), Scotia Capital Inc. ("**Scotia**"), National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., and Cormark Securities Inc. (collectively, the "**Underwriters**"), as principals, conditionally offer the Common Shares qualified under this prospectus, subject to prior sale, if, as and when issued by us and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement between us, the Selling Shareholders and the Underwriters referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of us by McCarthy Tétrault LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

In connection with this distribution, the Underwriters have been granted the Over-Allotment Option and may, subject to applicable law, over-allocate or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that otherwise might prevail on the open market. **The Underwriters may offer the Common Shares at a price lower than that stated above. See "*Plan of Distribution*".**

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. The closing of the Offering ("**Closing**") is expected to occur on or about July 7, 2017 or such other date as we, the Selling Shareholders and the Underwriters may agree, but in any event no later than July 21, 2017 (the "**Closing Date**"). The Common Shares offered under this prospectus will be deposited with CDS Clearing and Depository Services Inc. ("**CDS**") in electronic form on the Closing Date. A purchaser of Common Shares pursuant to the Offering will not receive a share certificate on Closing. See "*Plan of Distribution*".

There is currently no market through which the Common Shares may be sold and purchasers may not be able to resell the Common Shares purchased under this prospectus. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation. An investment in the Common Shares is subject to a number of risks that should be considered by a prospective purchaser. Investors should carefully consider the risk factors described under "*Risk Factors*" before purchasing the Common Shares. The Toronto Stock Exchange ("**TSX**") has conditionally approved the listing of the Common Shares under the symbol "JWEL". Listing is subject to us fulfilling all of the requirements of the TSX on or before September 26, 2017. See "*Plan of Distribution*".

BMO Capital Markets, RBC, CIBC and Scotia are affiliates of Canadian chartered banks that are part of a syndicate of lenders that has provided the Credit Facilities (as defined herein) to our subsidiary, Jamieson Laboratories Ltd. ("Jamieson Laboratories"). Consequently, we may be considered a "connected issuer" of BMO Capital Markets, RBC, CIBC and Scotia under applicable Canadian securities laws. See "*Plan of Distribution*".

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ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this prospectus and is not entitled to rely on parts of the information contained in this prospectus to the exclusion of others. None of our Company, the Underwriters and the Selling Shareholders have authorized anyone to provide investors with additional or different information. None of our Company, the Underwriters or the Selling Shareholders are offering to sell the Common Shares in any jurisdiction where the offer or sale of such securities is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus or the date indicated, regardless of the time of delivery of this prospectus or of any sale of the Common Shares.

For investors outside Canada, none of our Company, the Underwriters or the Selling Shareholders have done anything that would permit the Offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this prospectus.

This prospectus includes a summary description of certain material agreements of our Company. See "*Material Contracts*". The summary description discloses all attributes material to an investor in the Common Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on SEDAR. Investors are encouraged to read the full text of such material agreements.

Any graphs and tables demonstrating the historical performance of any entity contained in this prospectus are intended only to illustrate past performance of such entities and are not necessarily indicative of future performance of such entities or our Company.

MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise requires: (i) information contained in this prospectus (a) gives effect to the Pre-Closing Capital Changes as described under *"Description of Share Capital — Pre-Closing Capital Changes*", (b) assumes that the Over-Allotment Option has not been exercised and (c) assumes a 20.81:1 share split will be effected in connection with the Pre-Closing Capital Changes and (ii) all references in this prospectus to the "Company", "Jamieson", "we", "us" or "our" refer to Jamieson Wellness Inc. together with our subsidiaries, on a consolidated basis, as constituted on the Closing Date of the Offering after giving effect to the Pre-Closing Capital Changes.

Words importing the singular number include the plural, and *vice versa*, and words importing any gender include all genders.

Certain capitalized terms and phrases used in this prospectus are defined in the "Glossary".

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

We present our financial statements in Canadian dollars and disclose certain financial information in this prospectus in Canadian dollars and United States dollars. In this prospectus, references to "$" are to Canadian dollars and references to "US$" or "U.S. dollars" are to United States dollars. Amounts are stated in Canadian dollars unless otherwise indicated. Certain totals, subtotals and percentages throughout this prospectus may not reconcile due to rounding.

The following table sets forth, for each period indicated, the low and high exchange rates for United States dollars expressed in Canadian dollars, the exchange rate at the end of such period and the average of such exchange rates for each day during such period, based on the noon rate of exchange as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars:

	Year Ended December 31,			Three-Months Ended March 31,	
	2016	2015	2014	2017	2016
	($)	($)	($)	($)	($)
Low	1.2544	1.1728	1.0614	1.3004	1.2962
High	1.4589	1.3990	1.1643	1.3505	1.4589
Period End	1.3427	1.3840	1.1601	1.3322	1.2971
Average	1.3428	1.2787	1.1045	1.3238	1.3732

On June 27, 2017, the exchange rate for United States dollars expressed in Canadian dollars (as reported by the Bank of Canada) was US$1.00 = C$1.3188.

NON-IFRS MEASURES

This prospectus makes reference to certain non-IFRS measures. These measures are not recognized measures under International Financial Reporting Standards ("**IFRS**") and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income", "EBITDA", "Free Cash Flow" and "Free Cash Flow Conversion". These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

"**Adjusted EBITDA**" is defined as EBITDA, before: (i) share based compensation expense; (ii) amortization of fair value adjustments; (iii) termination benefits and related costs; (iv) acquisition costs; (v) foreign exchange gain (loss); (vi) amortization of deferred financing fee; (vii) purchase consideration accounted for as compensation expense; (viii) preferred share accretion; (ix) trademark claim; (x) public offering costs; (xi) non-recurring consulting services; and (xii) other non-operating, non-recurring and non-cash costs. It is used by management to evaluate and compare our operating performance and cash flow to other companies in the same industry by excluding the effects of interest, taxes, depreciation and amortization costs, expenses that management believes are not reflective of underlying business performance and other one-time, non-recurring or non-cash expenses.

"**Adjusted EBITDA Margin**" is defined as Adjusted EBITDA divided by revenue.

"**Adjusted EPS**" is defined as Adjusted Net Income divided by the number of Common Shares outstanding on a fully diluted basis.

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

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

"**Free Cash Flow**" is defined as Pro Forma Adjusted EBITDA less capital expenditures.

"**Free Cash Flow Conversion**" is defined as Free Cash Flow divided by Pro Forma Adjusted EBITDA.

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

"**Pro Forma Adjusted EBITDA**" is defined as Adjusted EBITDA adjusted for acquisitions occurring after the beginning of the reporting period and in the fiscal year ended December 31, 2014, the calendar year.

See "*Selected Pro Forma Financial Information*" for a reconciliation of certain of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

FORWARD-LOOKING INFORMATION

This prospectus contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives of our Company. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Discussions containing forward-looking information may be found, among other places, under "*Prospectus Summary*", "*Our Business*", *"Investment Highlights",* "*Our Industry*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Principal and Selling Shareholders*", *"Remuneration of Directors", "Use of Proceeds",* "*Selected Summary Financial Information*", "*Dividend Policy*", "*Description of Share Capital*", "*Directors and Management of our Company*", "*Executive Compensation*" and "*Risk Factors*".

This forward-looking information includes, among other things, statements relating to:

- the Offering Price, the completion, size, expenses and intended use of proceeds of the Offering and the timing of Closing;
- expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies;

- expectations regarding our revenue, expenses, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, operations and use of future cash flow;
- our business plans and strategies and the objectives of management including future growth and our ability to enhance future profitability and to continue to generate free cash flow;
- expectations regarding growth of our domestic Branded Business revenue in existing and adjacent categories and growth of our international Branded Business revenue;
- expectations regarding our ability to develop innovative products that resonate with our customers and our expected revenue growth resulting from innovation;
- expectations regarding our ability to maintain and grow our revenue from our Strategic Partners Business;
- expectations regarding brand expansions;
- expectations regarding geographic expansion;
- our competitive position in our industry;
- expectations regarding laws, rules, regulations and global standards that impact our ability to register and distribute our products (domestically and internationally)
- the Pre-Closing Capital Changes;
- expectations regarding future Director and executive compensation levels and plans;
- the market price for the Common Shares; and
- beliefs and intentions regarding the ownership of material trademarks and domain names used in connection with the design, production, marketing, distribution and sale of our products.

In addition, our assessments of, and targets for the next five years for, annual revenue, Adjusted EBITDA and certain other measures are considered forward-looking information. See below and see "*Our Business — Our Growth Strategy*" for additional information concerning our strategies, assumptions and market outlook in relation to these assessments.

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

In addition, we believe that our performance and ability to achieve our growth targets for the next five years depend on a number of factors. These factors are also subject to a number of inherent risks, challenges and assumptions. Certain assumptions in respect of our growth targets include:

- VMS and sports nutrition segment CAGRs (as defined herein) of approximately 2.8% and 7.8%, respectively, as projected by Euromonitor, and with respect to the VMS segment in particular, our ability to retain and grow our market position at a rate at or above the North American VMS segment growth rate.

- Continued growth in our Branded Business (as defined herein) revenue in existing and adjacent categories in Canada at between 5.0% and 6.0% per year for 2018-2021. We have assumed that growth in 2017 in our Branded Business revenue in Canada will be higher than this range due to the acquisition of Body Plus in January 2017. Our expectations for growth rates in our Branded Business in Canada revenue for the next five years are informed in part by our historical growth rates in this line of business, being 6.4% in 2015 (with 3.1% coming from innovation) and 7.4% in 2016 (with 4.4% coming from innovation). Growth in our Branded Business revenue in Canada is expected to come from (i) our innovation pipeline and sales of specific new product introductions, such as Magnesium Mineral Chewable, Pre-Natal Chewable and High-Potency Turmeric, (ii) our entry or expansion into segments of the consumer health industry that are adjacent to the VMS and sports nutrition segments, such as cough and cold and herbal traditional products, and (iii) leveraging the Body Plus (as defined herein) and Sonoma (as defined herein) platforms to develop Jamieson-branded sports nutrition products, such as protein powders enhanced with Jamieson vitamins, for sales in the food, drug, mass and club channels in Canada, a relaunch or redesign of certain Precision and Progressive branded products and broadening the current distribution of Body Plus products in the food, drug, mass and club channel, and (iv) expanding the number of health food and specialty stores in which the LVHS (as defined herein) brand is available. See "*Our Business — Our Growth Strategy — Grow Our Branded Business in Existing and Adjacent Categories*".
- Continued growth in our international Branded Business revenue at between 13.8% to 16.4% per year for the next five years, which growth we expect will be based in part on our growth expectations by country or region including the impact of the planned expansion into new markets in Eastern Europe and Asia by existing distributors. Our expectations for growth rates in our international Branded Business revenue for the next five years are informed in part by our historical growth rates in this line of business, being 50% in 2015 and 20.3% in 2016. We expect and have assumed a lower growth rate in our international Branded Business revenue in 2017 as compared to 2016 due to expectations of sales in certain Asian markets while we expect the remainder of our international markets to grow at rates consistent with previous years. Growth rates in 2018 to 2021 are based on expectations for growth in existing international markets and our expectations for opening new international markets with existing distributors. See "*Our Business — Our Growth Strategy — Capitalize on Large Addressable International Market Opportunities*".
- The development of the products in our existing innovation pipeline of more than 250 products for 2017, 2018 and beyond, and that our innovation pipeline will further benefit from the input from our newly formed Jamieson Scientific Advisory Board (as defined herein). See "*Our Business — Our Growth Strategy — Grow Our Branded Business in Existing and Adjacent Categories*".
- Continued growth in our Strategic Partners Business (as defined herein) revenue at between 5.5% and 10% per year for the next five years, which growth we expect in part to be based on growth in the businesses of our Strategic Partners Business customers, due in part to expected growth in the consumer health industry, and on our expanded product offerings to include powder and protein products as a result of our recent acquisition of Sonoma. However, we expect our 2017 Strategic Partners Business revenue to decline primarily as a result of the transition of one key client from a turnkey manufacturing arrangement to a tolling manufacturing arrangement midway through fiscal 2016. We expect our Strategic Partner Business revenue growth in 2018 and beyond to be supported by baseline consumer health industry growth as our branded customers in our Strategic Partners Business experience similar favourable industry characteristics as those we expect for our Branded Business. See "*Our Business — Our Growth Strategy — Grow Strategic Partners Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Outlook*".
- The current utilization of our operating facilities plus efficiency gains resulting from expected increase in volumes and capital improvement programs. See "*Our Business — Our Growth Strategy — Increase our Operating Income, Gross Profit and Adjusted EBITDA Margins*".
- An increase to our operating leverage over the fixed component of our manufacturing base and our SG&A (as defined herein) costs as we realize incremental sales volume as a result of our growth

strategies. See "*Our Business — Our Growth Strategy — Increase our Operating Income, Gross Profit and Adjusted EBITDA Margins*".

- Maintaining our existing distribution partnerships and entering into additional distribution arrangements in new international markets.
- Current availability and pricing for transportation, raw materials and ingredients.
- Current impact expected inflation has on our fixed operating and overhead cost base.
- The current exchange rate between the U.S. and Canadian dollar whereby U.S.$1.00 = $1.35.
- Current interest rates.
- Taxation rates remaining consistent with historical levels.
- Debt repayments consistent with the terms set out in our MD&A (as defined herein).
- Continuing to generate free cash flow through minimal investment in capital expenditures and maintenance costs.
- Our current understanding and expectation of results from our recent acquisition of Body Plus and Sonoma.

Management currently believes that the achievement of our growth targets is possible, can be reasonably estimated and is based on underlying assumptions that management believes are reasonable in the circumstances, given the time period for such targets. See "*Our Business — Our Growth Strategy*". However, there can be no assurance that we will be able to continue to grow our Branded Business revenue in existing and adjacent categories in Canada or internationally, deliver on our innovation targets, grow our Strategic Partners Business, achieve our manufacturing efficiency or profitability targets, maintain our existing distribution partnerships or enter into additional distribution arrangements in new international markets or obtain current pricing for transportation, raw materials and ingredients. Furthermore, there can be no assurance that inflation rates, foreign currency exchange rates, taxation rates, interest rates, debt repayment terms, our ability to continue generating free cash flow through minimal investment in capital expenditures and maintenance costs or our expectation of results from our recent acquisition of Body Plus and Sonoma will be consistent with our assumptions as actual rates and levels may vary.

The description of our potential growth opportunities in this prospectus is based on management's current views and strategies, our assumptions and expectations concerning our growth opportunities and our assessment of the opportunities for our business and the consumer health industry as a whole and the VMS and sports nutrition segments of the consumer health industry in particular, and has been calculated using accounting policies that are generally consistent with our current accounting policies. The purpose of disclosing our growth targets is to provide investors with more information concerning the financial impact that management currently believes is achievable based on our growth strategies described elsewhere in this prospectus. The description of our potential growth opportunities is forward-looking information for purposes of applicable securities laws in Canada and readers are therefore cautioned that actual results may vary from those described under the section "*Our Business — Our Growth Strategy*". See above for a description of the assumptions underlying the growth targets, and see the section "*Risk Factors*" for a description of the risks and uncertainties that impact our business and that could cause actual results to vary.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made and is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the following risk factors described in greater detail under the section entitled "*Risk Factors*":

- our success depends upon the continued strength of our reputation and brands, and of the VMS and sports nutrition segments generally;

- there may be claims made against us from time to time, including with respect to the intended health effects of our products, that could result in litigation, distract management from our business activities and result in significant liability or damage to our brand, and we may also experience product recalls;
- because we manufacture a significant amount of the products we sell, disruptions in our manufacturing facilities or losses of our site licenses and other qualifications could adversely affect our sales and customer relationships;
- our success depends on our ability to continue to enhance products and develop new products;
- we may experience difficulty maintaining consistent revenue as a result of fluctuations in demand due to the buying patterns of our customers;
- loss of business or relationships with our Strategic Partners Business customers could impact our results, as could the increased production and sale of private-label competitive products by retailers to whom we currently sell our products;
- we may experience difficulties in maintaining or expanding our sales in our current and targeted international markets and expose us to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular, where the risks may be heightened;
- our success is linked to the size and growth rate of the VMS and sports nutrition segments of the consumer health industry and an adverse change in the size or growth rate of either such segments could have a material adverse effect on us;
- we may not be able to successfully implement our growth strategy on a timely basis or at all;
- if we lose the services of members of our management team, scientists or employees who possess specialized market or regulatory knowledge and technical skills, our ability to compete, to manage our operations, or to develop new successful products could be compromised;
- we operate in a competitive industry and our failure to compete effectively could adversely affect our market share, revenues and growth prospects;
- our suppliers and sources for materials and inputs may fail to support our demand and increasing raw material costs could adversely affect our margins;
- our third party manufacturers may fail to support our demand;
- we may engage in acquisitions, mergers, or dispositions, which may affect the profit, revenues, profit margins or other aspects of our business and we may not realize the anticipated benefits of future acquisitions, mergers or dispositions to the degree anticipated;
- we may not be able to generate sufficient cash flow or raise capital on acceptable terms to meet our future needs;
- we have, and may continue to have and incur, a significant amount of indebtedness and there can be no assurance of consistent or favourable interest rates or that we will be able to pay our indebtedness as it becomes due;
- covenants contained in the Credit Agreement affect and, in some cases, significantly limit or prohibit the manner in which we operate our business;
- we may be adversely affected by currency exchange rate fluctuations;
- we will incur increased expenses as a result of being a public company;
- compliance with changes in legal, regulatory and industry standards may adversely affect our business;
- our products have a limited shelf life;
- if we are unable to protect our intellectual property rights, specifically our trademarks and trade secrets, our ability to compete could be negatively impacted;

- our marketing and advertising strategies may not be successful;
- our retail customers may not adequately support our products or our relationships with such retailers may deteriorate;
- we are dependent on operating subsidiaries;
- uncertainty and adverse changes in general economic conditions may negatively affect consumer spending, which could have a material adverse effect on our revenue and profitability;
- natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events could materially adversely affect our business, results of operations or financial condition;
- parties with whom we do business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to us;
- we rely upon independent third party transportation providers for substantially all of our product shipments;
- a material disruption in or security breach affecting our information technology systems could affect our business and lead to reduced revenue, growth prospects and reputational damage;
- there are risks related to forward-looking information in this prospectus;
- we are subject to insurance-related risks;
- changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition;
- our good labour relations may not continue;
- we may experience seasonal risk;
- many of our business functions are centralized at our Toronto office location and disruptions to the operations at that location could have an adverse effect on our business;
- we may be subject to additional taxes
- potential volatility of Common Share price;
- dilution;
- absence of a prior public market;
- any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Common Shares, which could depress the price of our Common Shares;
- if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline;
- Shareholders will have limited control over our Company's operations;
- financial reporting and other public company requirements; and
- the CCMP Shareholder, or an affiliate thereof, will continue to have significant influence over us after the Offering.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "*Risk Factors*" should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently

known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this prospectus represents our expectations as of the date of this prospectus (or as the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except (i) as required under applicable securities laws in Canada and (ii) to provide updates in our annual MD&A for each financial year up to and including that in respect of 2021 on our growth targets disclosed in this prospectus, including to provide information on our growth targets disclosed in this prospectus, actual results and a discussion of variances from our growth targets.

All of the forward-looking information contained in this prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Common Shares.

MARKET DATA AND INDUSTRY DATA

This prospectus contains statistical data, market research and industry forecasts that were obtained from third-party sources, industry publications, and publicly available information, including: Euromonitor International ("**Euromonitor**"), Statistics Canada, U.S. Census Bureau, Nutrition Business Journal, Council for Responsible Nutrition, A.C. Nielsen Company of Canada ("**Nielsen**"), Mintel Group, Reader's Digest, Millward Brown, DIG Insights, Numeris and NLogic. We believe that the market and industry data presented throughout this prospectus is accurate and with respect to data prepared by us or on our behalf, that our estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this prospectus are not guaranteed and none of us, the Selling Shareholders or the Underwriters make any representation as to the accuracy of such information. Although we believe it to be reliable, none of us, the Selling Shareholders or the Underwriters has independently verified any of the data from third-party sources referred to in this prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources or makes any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. In addition, certain Euromonitor data for 2016 is provisional and based on part year estimates and certain forward looking Euromonitor data is adjusted for an expected rate of inflation. Certain statistical information and market research contained in this prospectus, such as the results of brand image and brand awareness surveys, are based on surveys or consumer studies conducted by independent third parties at our request, for which we pay customary fees. None of Euromonitor, Statistics Canada, U.S. Census Bureau, Nutrition Business Journal, Council for Responsible Nutrition, Mintel Group, Nielsen, Reader's Digest, Millward Brown, DIG Insights, Numeris or NLogic has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Offering. All historical industry data that was prepared in U.S. dollars and is contained in this prospectus has been converted to Canadian dollars at a rate of US$1.00=C$1.35.

TRADEMARKS AND TRADE NAMES

This prospectus includes certain trademarks, such as "Jamieson", "Jamieson Natural Sources", "Progressive", "Precision" and "Iron Vegan", which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names may appear in this prospectus without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

MARKETING MATERIALS

A "template version" of the following "marketing materials" (each such term as defined in National Instrument 41-101 — *General Prospectus Requirements* ("**NI 41-101**")) for this Offering filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada are specifically incorporated by reference into this prospectus:

1. the investor presentation filed on SEDAR on June 13, 2017; and
2. the term sheet filed on SEDAR on June 13, 2017 (the "**June 13 Term Sheet**") and the revised term sheet filed on SEDAR on June 29, 2017 (the "**June 29 Term Sheet**").

The term sheets and investor presentation referred to above are available under our profile on SEDAR at www.sedar.com.

The June 29 Term Sheet revised the June 13 Term Sheet to, among other things, reflect the final Offering Price of $15.75 and update the current status of our listing application with the TSX. These revisions are all reflected in this prospectus. Pursuant to subsection 13.7(7) of NI 41-101, the June 29 Term Sheet, as well as a blackline to the June 13 Term Sheet, are available under our profile on SEDAR at www.sedar.com.

In addition, any template version of any other marketing materials filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with this Offering, after the date hereof, but prior to the termination of the distribution of the Common Shares under this prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), is deemed to be incorporated by reference herein. Any template version of any marketing materials utilized in connection with this Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act, in the opinion of McCarthy Tétrault LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, provided that, at all relevant times, the Common Shares are listed on a "designated stock exchange" as defined in the *Income Tax Act* (Canada) and regulations thereunder (the "**Tax Act**") (which currently includes the TSX), the Common Shares will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), deferred profit sharing plan ("**DPSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), and a tax free savings account ("**TFSA**" and, together with RRSPs, DPSPs, RRIFs, RESPs and RDSPs, "**Deferred Plans**").

Notwithstanding that the Common Shares may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of such TFSA or the annuitant under such RRSP or RRIF, as the case may be, will be subject to a penalty tax in respect of the Common Shares if such Common Shares are a "prohibited investment" for the TFSA, RRSP or RRIF for purposes of the Tax Act. The Common Shares will not be a prohibited investment for a TFSA, RRSP or RRIF provided that the holder of the TFSA or annuitant under the RRSP or RRIF, as the case may be, (i) deals at arm's length with the Company for purposes of the Tax Act and (ii) does not have a "significant interest" (within the meaning of the Tax Act) in the Company. In addition, the Common Shares will not be a prohibited investment if the Common Shares are "excluded property" (as defined in the Tax Act) for trusts governed by a TFSA, RRSP or RRIF.

On March 22, 2017, the Minister of Finance (Canada) announced proposals ("**Tax Proposals**") to amend the Tax Act to extend the "prohibited investment" rules and corresponding provisions, which are currently applicable to TFSAs, RRSPs and RRIFs and the annuitants or holders thereof, as the case may be, to RESPs and RDSPs and the subscribers or holders thereof, as the case may be. The Tax Proposals are intended to apply to transactions occurring and investments acquired after March 22, 2017, subject to certain transitional rules.

Prospective purchasers who intend to hold Common Shares in Deferred Plans should consult their own tax advisors regarding their particular circumstances.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and certain information contained elsewhere in this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus (including "Risk Factors"). This summary does not contain all of the information a potential investor should consider before investing in Common Shares. Please refer to the "Glossary" for a list of defined terms used herein, including certain industry terminology.

OUR BUSINESS

Business Overview

Our Vision:	To improve the world's health and wellness.
Our Mission:	Grow our trusted brands based on quality and innovation. Over time, combine organic brand growth and future acquisitions to become the world's most successful and trusted health and wellness company.
Our Values:	Teamwork. Entrepreneurship. Achieving results. Integrity. Transparency. External focus.

Founded in 1922, Jamieson is Canada's leading branded manufacturer, distributor and marketer of high quality natural health products. We offer consumers a comprehensive and innovative line of branded vitamins, minerals and supplements ("**VMS**") products and certain over-the-counter remedies through our Jamieson and LVHS (as defined herein) brands as well as sports nutrition products through our Progressive, Precision and Iron Vegan brands, all of which we refer to as our "**Branded Business**".

In addition to our Branded Business, we also offer comprehensive manufacturing and product development services on a contract manufacturing basis to select blue-chip consumer health companies and retailers worldwide, which we refer to as our "**Strategic Partners Business**".

Our Branded Business (93% of 2016 Earnings from Operations)

VMS is a large and growing segment of the consumer health industry. Our Jamieson brand is Canada's #1 overall consumer health brand by sales[1] and Canada's #1 brand in VMS by sales.[2] We hold the #1 market share position in the collective VMS categories in which we compete in the Canadian food, drug and mass channels with a 25% market share.[3] Our Canadian market share is at least 2.5 times that of our next closest competitor.[4] In 2016, approximately 74% of Canadian households purchased a VMS product and of those, approximately 48% purchased at least one Jamieson branded product.[5]

We are leading innovators with a strong track record in the development of new products, including new formulations and formats across many product categories and distribution channels. From the first clinically proven, nationally distributed over-the-counter antioxidant in Canada to the first nationally distributed vitamin spray in Canada, we combine deep consumer insights with our extensive research and development ("**R&D**") capabilities to deliver category-leading innovation and growth. Our innovation capabilities and ability to quickly introduce new products for national distribution within Canada are critical competitive advantages and key factors in our continued success.

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1 Source: Euromonitor, Passport — Consumer Health in Canada Report, "LBN Brand Shares of Consumer Health: % Value 2013-2016 based on retail sales price", September 2016.

2 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

3 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

4 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

5 Source: Nielsen Homescan, Market Summary, National All Channels for the 52 weeks ending January 7, 2017.

We believe that our leading market position and powerful portfolio of brands, our focus on quality and innovation and our extensive selection of products make Jamieson the preferred partner for retailers across Canada. Across our Branded Business, we have longstanding and deeply entrenched customer relationships with Canada's top retailers across the food, drug, mass, club, health food store, specialty and online retail channels. Due to the strength and breadth of these retailer relationships, our products are available in approximately 10,000 retail locations across Canada. Jamieson products are sold in stores that represent 96% of VMS segment volume in the Canadian food, drug and mass retail channels, which is more than all other national brands.[6] We believe that consumer trust in and loyalty to our Jamieson brands, along with strong VMS penetration among consumers, drives traffic and boosts sales for retailers, making our products strategically important to our customers.

Our Jamieson brand has been consistently voted Canada's most trusted brand of vitamins.[7] Our trusted reputation is bolstered by our strong industry relationships, including our advisory role with Health Canada on the development of natural health product regulations in Canada, our industry certifications and our commitment to meeting the highest standards of manufacturing and production. We developed and adopted our 360 Pure ("**360 Pure**") program for the manufacture of our Jamieson branded products, which are standards for purity, safety and efficacy that we believe exceed industry standards.

This trusted reputation, strong industry relationships and focus on quality has led to the growth of our Jamieson branded international business and provided opportunities for us to manufacture products for select blue-chip consumer health companies worldwide. Furthermore, our leadership position in Canada, one of the most reputable and well-regulated VMS markets in the world, is an important differentiator for Jamieson branded products in international markets.

As a result of the factors mentioned above, we have more than doubled our international Branded Business sales between 2013 and 2016. Our products are sold in 40 countries worldwide under international distribution arrangements. We offer a selection of products that varies by market and we provide packaging in twelve different languages. The international VMS market remains a top strategic priority for us and we believe Jamieson is well-positioned for continued success in international markets. We are currently pursuing opportunities in Eastern Europe, the Middle East and Asia, each of which we believe represents a sizeable market opportunity due to factors in each market, such as competitiveness, pricing dynamics, growth potential, regulatory environment and the propensity to be attracted to foreign brands.

Our Branded Business portfolio includes the following suite of premium brands:

Jamieson™
NATURAL SOURCES
Since 1922

Jamieson is an iconic global VMS brand. The Jamieson product portfolio is the market leader in the premium VMS segment in Canada. We believe we offer the highest quality, highest efficacy, most trusted and most loved products in this market. In 2016, approximately 74% of Canadian households purchased a VMS product and of those, approximately 48% purchased at least one Jamieson branded product.[8]

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6 Source: Nielsen MarketTrack data for the 52 weeks ending January 7, 2016 based on dollar volume of sales.

7 Source: Reader's Digest.

8 Source: Nielsen Homescan, Market Summary, National All Channels for the 52 weeks ending January 7, 2017.

We hold a leading 25% market share position in the collective VMS categories in which we compete in the Canadian food, drug and mass channels.[9] Our Canadian market share is at least 2.5 times that of our next closest competitor.[10] We also hold the #1 position in ten out of the thirteen measured VMS categories in Canada and hold the #2 position in the remaining three categories.[11] Our comprehensive line of products provides consumers with a brand umbrella they know and trust for their daily needs including single vitamins, minerals, multivitamins, herbals and specialty supplements such as omega oils, probiotics and melatonin. Jamieson branded products are also among the most accessible and widely available VMS products in Canada, sold in approximately 10,000 retail stores across the food, drug, mass and club channels.

We invest in efficient advertising and brand development to create "top-of-mind" unaided brand awareness, which we believe helps drive the largest share of consumer VMS purchases across Canada. Our top of mind unaided brand awareness is over two times greater than the next four national VMS brands combined.[12] Through a combination of in-store, television, print, radio, targeted online advertising and digital/social media campaigns, we believe Jamieson conveys a consistent message that our products are innovative, trustworthy and high-quality. We believe that our cumulative marketing investment over the years and the iconic status of the Jamieson brand represent a substantial competitive advantage in the Canadian VMS industry. Furthermore, we believe these investments have contributed to our industry-leading brand awareness, our #1 market share position and our strong brand equity position in the minds of our Canadian VMS customers which is amongst the top 4% of all brands tested globally in terms of brand equity.[13] We believe this strong brand equity is supported by our 95 year heritage and our 360 Pure quality commitment. We plan to continue to leverage the strength and trust of the Jamieson brand to drive increased category penetration and expand into adjacent categories and new geographic markets through continued innovation and marketing.

LVHS
Lorna Vanderhaeghe
Health Solutions

LVHS is the #1 women's natural health-focused brand in Canada, with a 26% share of retail dollars amongst the top eight women's health-focused brands in Canada.[14] With 52 SKU's, plus 13 to be released in 2017, across categories such as hormone health, skin health, weight loss, minerals and protein, LVHS offers a trusted line of specialized and condition-specific vitamin and supplement products focused on women's health.

The LVHS brand was built on the principle of "women helping women". The brand employs not only traditional marketing strategies but has built a loyal consumer following through direct-to-consumer marketing via newsletters and webinars to its targeted opt-in subscribers, holding in person women's health seminars across Canada while empowering the entirely female LVHS salesforce to educate retail pharmacy and health professionals.

As the category leader in women's health, we believe the LVHS brand is ideally positioned to continue its expansion through distribution and innovation in Canada and penetrate new geographic markets while leveraging brand equity.

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9 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

10 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

11 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales; #2 position in the following categories: Joint Care (22%), Probiotics (15%), Adult Multi (12%).

12 Source: Market assessment study commissioned by us and prepared by third party consultant DIG Insights in March 2015. See "*Investment Highlights — Trusted, Iconic Brand*".

13 Source: Market assessment study commissioned by us and prepared by third party consultant Millward Brown in April 2015.

14 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales. The other top women's health-focused brands are: Materna, New Nordic, Nutrisante, Promensil, Femmed, FemmeCalm and Estroven. According to. Nielsen MarketTrack data for the 52 weeks ending March 4, 2017 based on dollar volume of sales, sales of the top eight women's health-focused brands accounted for 46% of women's SKUs.

Progressive®

Progressive is a broad line of premium, specialized, professionally-formulated supplements targeted to consumers with healthy and active lifestyles. Progressive takes a holistic approach to address the nutritional requirements of the entire body and offers an innovative and comprehensive product portfolio spanning across several categories including super foods, vitamins and minerals, all-in-one formulas, fish oils, probiotics and protein and organic protein blends.

Progressive products are sold primarily through the health food store, specialty and online retail channels, although some Progressive products are also available in certain food and drug stores where the premium price point is suited to the surrounding demographics.

Progressive products are built on premium quality formulations using the latest research and scientific evidence. The Progressive brand enjoys an established 15-year history of consumer trust, enthusiastically supported by a devoted consumer base.

We plan to continue to grow and promote the Progressive brand through continued innovation, including product relaunches, reformulations and packaging improvements and increased marketing efforts.

PRECISION™MC

Precision is a premium sports nutrition brand of highly specialized supplements professionally formulated to meet the physical goals and needs of amateur, semi-professional and professional athletes. This cutting-edge product portfolio includes weight gainers, all-natural whey and vegan protein powders, muscle building and repair supplements, and weight management solutions.

While Precision products are sold mainly through the health food store, specialty and online retail channels, some products are also available in certain food and drug stores where the premium price point is suited to the surrounding demographics.

Our Precision line of products enjoys an established 13-year history of consumer trust. It has recently been reformulated and redesigned and is differentiated by its high-quality ingredients. We plan to continue to expand Precision's consumer reach through new innovation, redesigned product packaging and marketing.

IRONVEGAN™
FUELLING A NEW GENERATION OF ATHLETES

Iron Vegan is a premium sports nutrition brand of highly innovative supplements, professionally formulated for athletes and other consumers with an active lifestyle looking for a plant-based protein solution.

Iron Vegan products are sold through the health food store and speciality retail channels. Launched in May 2015, Iron Vegan has been well-received by our retail customers in Canada and its loyal customer base is expanding rapidly. Given its alignment with fast-growing consumer trends for certified vegan, organic, non-genetically modified and gluten-free products, we believe Iron Vegan is ideally positioned as an all-natural, plant-based sports nutrition solution tailored for discerning, ingredient-conscious consumers. We plan to build Iron Vegan's brand equity through continued investment and product innovation.

Our Strategic Partners Business (7% of 2016 Earnings from Operations)

In addition to our Branded Business, we also offer comprehensive manufacturing and product development services on a contract manufacturing basis to select blue-chip consumer health companies and retailers worldwide through our Strategic Partners Business. We selectively enter into strategic partnerships based on a set of criteria which includes profitable growth, capacity, geography, purchasing and manufacturing synergies and the potential for creating mutually beneficial long-term relationships. We also offer value-added services to our Strategic Partners Business customers, including regulatory advice, new product development and

distribution services and industry insights. Our current Strategic Partners Business customer portfolio includes several longstanding relationships of greater than 15 years.

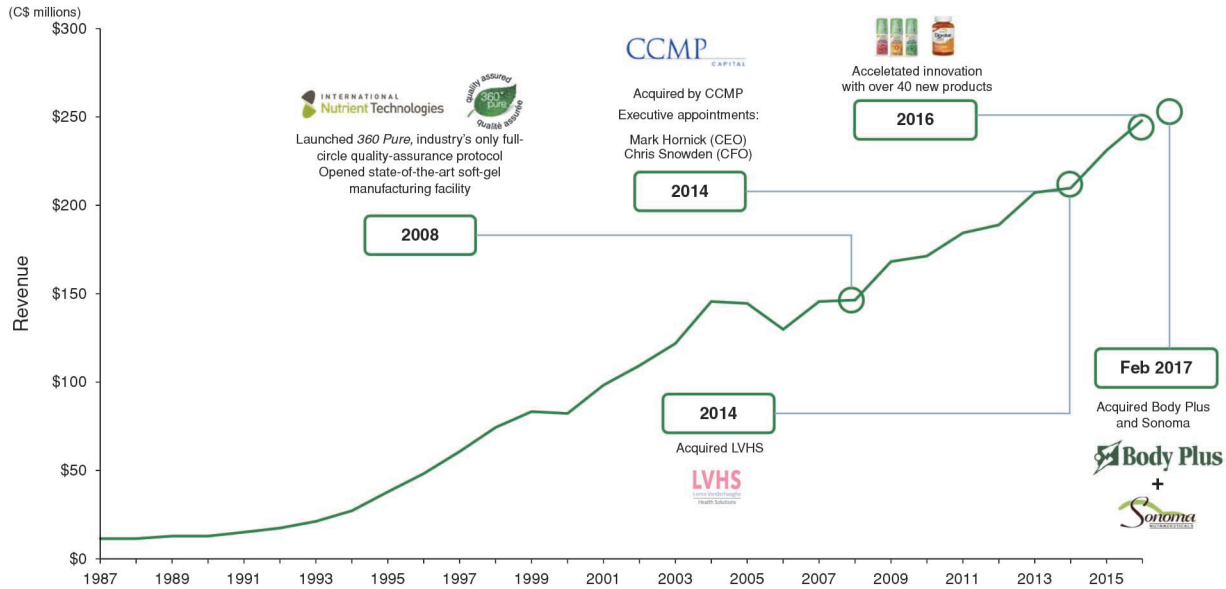
Body Plus and Sonoma Acquisitions

In January 2017, we entered the rapidly growing sports nutrition segment with our acquisition of Body Plus Nutritional Products Inc. ("**Body Plus**"), a leading marketer of sports nutrition products and Sonoma Nutraceuticals Inc. ("**Sonoma**"), a well-established manufacturer of sports nutrition products and supplements, and also a provider of contract manufacturing services. Through these acquisitions, we acquired the Progressive, Precision and Iron Vegan brands. These acquisitions have allowed us to (i) expand into a high-growth adjacent segment, (ii) increase our presence in the health food store and specialty retail channels, and (iii) expand our R&D and manufacturing capabilities. See "*Our Business — Our Growth Strategy — Grow Our Branded Business in Existing and Adjacent Categories*" and "*Our Business — Our Growth Strategy — Capitalize on Large Addressable International Market Opportunities*".

Financial Highlights

The power of our brands, products, commitment to quality and long-term management approach are reflected in our financial performance. Select financial highlights include the following:

- A consistent history of long-term growth: we grew our revenue at a compounded annual growth rate ("**CAGR**") of 11.2% between 1987 and 2016, reaching $248 million at the end of 2016.[15]



Under current ownership and management, we have achieved the following[16]:

- Our revenue grew from $210 million in 2014 to $248 million in 2016, representing a CAGR of 8.7%.
- Our net losses decreased from $33.2 million in 2014 to $25.2 million in 2016. Such net losses were largely attributable to the preferred share accretion line item in our statement of operations and comprehensive

[15] Revenue figures for the fiscal years 1989-2013 were prepared under a generally accepted accounting framework which is different from IFRS. The revenue figures for the fiscal years 1989-2013 have not been audited for purposes of this prospectus and the financial statements to which these periods relate have not been included in this prospectus. Revenue figures for the fiscal years 2014-2016 were prepared in accordance with IFRS and were derived from our audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 included in this prospectus. Such information includes the financial results of LVHS since the date of our acquisition of assets from LVHS in June 2014.

[16] Figures for fiscal 2014 include the results prior to the acquisition of Jamieson Laboratories by the CCMP Shareholder and our acquisition of LVHS.

income (loss). See our audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 included in this prospectus.

- Our Adjusted EBITDA grew from $35.5 million in 2014 to $46.8 million in 2016, representing a CAGR of 14.8%.
- Our earnings from operations grew from $10.7 million in 2014 to $31.0 million in 2016. See "*— Strong Performance with Significant Free Cash Flow Generation — Net Income and Solid Growth in Earnings from Operations*".
- We expanded our Adjusted EBITDA Margin from 16.9% in 2014 to 18.8% in 2016.
- Attractive Free Cash Flow Conversion of 90% in 2016, stemming from low capital requirements and strong operating cash flow of $29 million in 2016.

For additional information regarding Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Free Cash Flow Conversion, which are non-IFRS measures, including a reconciliation of these non-IFRS measures to net income, see *"Selected Pro Forma Financial Information", "Non-IFRS Measures" and* "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Measures*".

OUR INDUSTRY

Jamieson competes primarily in the VMS and sports nutrition segments of the broader consumer health industry. The 2016 North American VMS and sports nutrition market size estimates are US$29 billion and US$8 billion, respectively, according to Euromonitor. While we currently compete in these segments, we believe our growth strategy will provide opportunities to enter into other market segments within the broader consumer health industry[17], which has an aggregate market size of approximately US$71 billion in North America.[18] The Canadian consumer health market is estimated to be US$4 billion.[19]

Macro Trends Driving Consumer Health Industry Growth

A number of consumer and demographic trends are expected to support strong growth in the consumer health industry, including the VMS and sports nutrition segments.

Health and Wellness Mega Trend

There is a growing interest among health conscious-consumers in taking greater control of their health, driving these consumers to pursue physical activity and consume more nutritious foods. We believe awareness of nutrition, wellness and fitness principles is at an all-time high across all age groups and demographics. As part of this trend, products that contribute to improved health and wellness, such as certain vitamins and supplements, have experienced increased adoption rates.[20]

Supporting the increased consumption of health and wellness products has been rising disposable income available to consumers, particularly in emerging markets, for discretionary purchases and an increase in the awareness of scientific research supporting the benefits of health and wellness products.

Aging Population

Due to increased life expectancy in North America, the proportion of the population over age 65 is expected to increase from 15% in 2015 to 21% by 2030 according to Statistics Canada and the U.S. Census Bureau. According to the Mintel Group, regular usage of a variety of supplements increases with age, with 47% of the Canadian population between the ages of 18 to 24 taking supplements compared to 76% of those aged 65 or older. In addition, globally, VMS products have the highest penetration among American adults, with over two thirds of all adults taking such products.[21] According to the United Nation's World Population Ageing 1950-2050 report, in developed regions of the world, almost one-fifth of the population was aged 60 or older in the year 2000. By 2050, this proportion is expected to reach one-third.[22]

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17 The consumer health industry, as defined by Euromonitor, is the aggregation of over-the-counter, VMS, sports nutrition and weight management and wellbeing products.

18 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

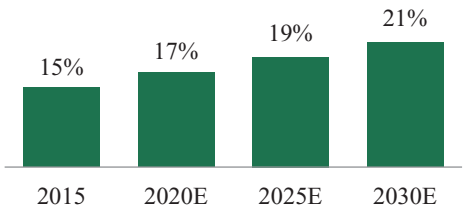
19 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

20 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

21 Source: Council for Responsible Nutrition

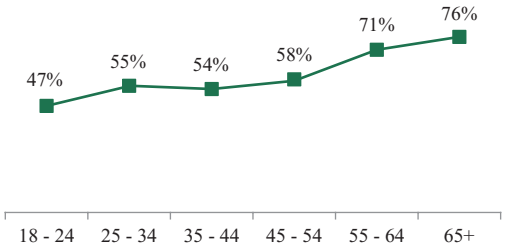
22 Source: World Population Ageing 1950-2050; New York: Department of Economic and Social Affairs Population Division, United Nations, 2002.

North American Population Forecast (% Aged +65)



Source: Statistics Canada and U.S. Census Bureau

Frequency of Vitamins or Supplements Consumed by Canadians Aged 18+ that Consume Vitamins or Supplements Once a Week or More



Source: Mintel Group Ltd., Healthy Lifestyles, July 2014

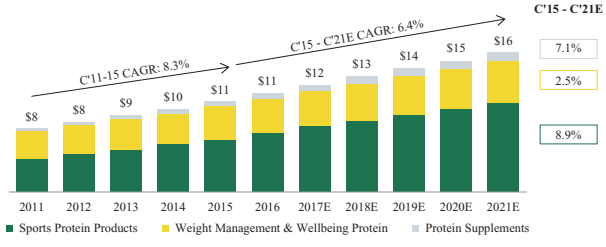
Informed Consumers Demanding Scientific Support and Quality Assurance

As scientific discoveries are made and new findings on health products are released, consumers are increasingly focused on consuming products with higher quality ingredients and proven health benefits. We believe Jamieson's focus on quality positions Jamieson favourably to respond to evolving consumer preferences, particularly as consumers have become more aware, scrutinizing product labels and seeking out product information online. According to the Nutrition Business Journal, scientific evidence has been a driving factor for increased probiotics consumption, a category which, according to Euromonitor, saw one of the highest growth rates in the VMS supplement segment between 2011 and 2015 with an approximate CAGR of 22.2%. Probiotic consumption is expected to continue to grow at a 10.0% CAGR from 2015 to 2021 based on Euromonitor data.

Rising Demand for Protein in Nutritional Supplements

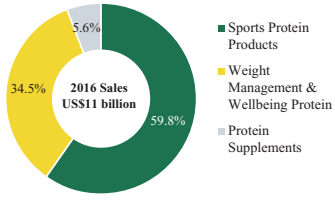
North American demand for protein in nutritional supplements is experiencing rapid growth, with retail sales growing from US$8 billion in 2011 to approximately US$11 billion in 2015, representing a 8.3% CAGR. Protein is an essential component of consumer health, as it promotes bone development and enzyme functioning. There is growing evidence that consumer diets lack sufficient protein levels, with Americans only eating approximately 70% of their recommended daily intake according to the Nutrition Business Journal. Protein consumption growth has also been supported by increased consumer interest in sports and physical activity as protein is required for muscle development and stamina. Protein-centric supplements as a category is expected to continue to grow at a CAGR of 6.4% from 2015 to 2021 according to Euromonitor. Sports nutrition protein products is the highest growing category within the sports nutrition segment, with an expected CAGR of 8.9% from 2015 to 2021.

North American Protein-Centric Supplement Sales (US$ billions)



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Composition of 2016E North American Protein-Centric Supplement Market



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Increasing Regulatory and Quality Standards

The growth of the global economy and trade among countries is leading to the development and adoption of increasing regulatory and quality standards for certain product categories to ensure consistency and credibility. Health Canada's regulatory framework for VMS and sports nutrition products, which requires licensing for individual products and site licenses for manufacturers and other market participants, was developed in collaboration with Jamieson as an advisor. We believe Canadian quality standards for VMS products are regarded as being among the highest in the world. As manufacturing, quality and sourcing standards continue to increase globally, we believe that companies in the VMS and sports nutrition segments who have a reputation for meeting these high standards will benefit from increased demand for their products resulting from higher consumer trust.

Demand in Emerging Markets

Certain of the foregoing trends are especially relevant in emerging markets around the world. In emerging markets that have experienced middle class population growth, the health and wellness mega trend is clearly visible, as rising disposable income available to consumers for discretionary purchases and an increase in scientific research supporting the health benefits of consumer health products has supported the increased consumption of consumer health products. Our high quality standards help us create relationships with potential retailers and distributors in emerging markets, providing a direct marketing opportunity that we use to drive sales.

Vitamin, Mineral and Supplements Segment

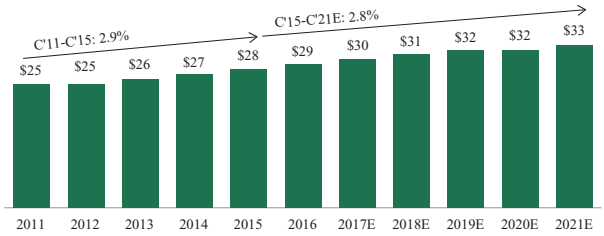
The North American VMS segment is comprised of VMS product categories and includes, but is not limited to, categories such as (i) vitamins including multivitamins and single vitamins (e.g. vitamin A, B and C), (ii) dietary supplements (e.g. herbal or traditional supplements, glucosamine and other minerals), (iii) tonics, such as herbal nutrient mixes and (iv) pediatric vitamins and dietary supplements. Products are typically either branded by a manufacturer or produced under a "white-label" for retailers who then sell the products under their own private label brand.

The North American VMS market has grown from approximately US$25 billion in 2011 to approximately US$28 billion in 2015, representing a 2.9% CAGR.[23] Euromonitor expects the segment to continue growing at a CAGR of 2.8%, reaching US$33 billion by 2021. Probiotic supplements are increasingly seen as important for promoting gastrointestinal health and have become the fastest growing category within dietary supplements, expected to grow at a 10.0% CAGR from 2015 to 2021.[24]

[23] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

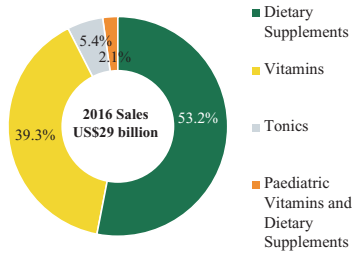
[24] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

North American Vitamin, Mineral and Supplements Market Size (US$ billions)



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Composition of 2016E North American Vitamin, Mineral and Supplements Market



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

The global VMS segment was estimated by Euromonitor to be approximately US$88 billion in 2015, having experienced a CAGR of 4.1% from 2011 to 2015. Euromonitor expects the global VMS segment to grow at a 3.4% CAGR, reaching US$107 billion by 2021, largely driven by robust growth in Asian markets as VMS consumption becomes more widespread.

We believe that consumer health products in general have shown resilience to the performance of the overall economy and that North American demand for such products has been relatively inelastic to measures such as GDP growth. This resilience is believed to be largely due to the fact that the products have attributes that are considered important to consumers irrespective of other macro-economic factors. The VMS segment has demonstrated positive annual growth for nine of the past ten years, despite periods of economic weakness during that time.[25]

Sports Nutrition Segment

The sports nutrition segment is broadly comprised of two categories (i) protein products and (ii) performance enhancing supplements. Protein products come in several forms, including powders, bars and ready-to-drink beverages. Performance enhancing supplements include creatine, amino acids and their derivatives, pre and intra-workout formulas and testosterone support products.

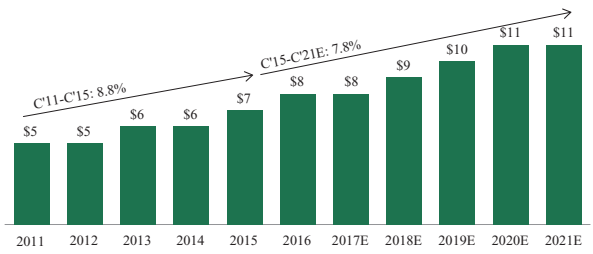
The North American sports nutrition segment was estimated by Euromonitor to be US$7 billion in 2015, having experienced a CAGR of 8.8% from 2011 to 2015. Euromonitor expects the segment to show continued growth at a rate of 7.8% reaching US$11 billion by 2021. Growth in the sports nutrition segment is expected to continue as the appeal of such products continues to expand beyond professional athletes and is increasingly becoming more popular with the general physically active population.

Sports nutrition protein products, including bars, powders and ready-to-drink formats, comprise the largest and fastest growing sub-category, forecasted to grow at a 8.9% CAGR from 2015 to 2021. In comparison, the

[25] Source: Nielsen MarketTrack data from June 9, 2007 to May 28, 2016 based on dollar volume of sales.

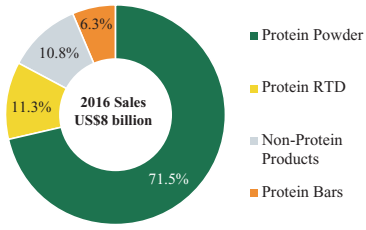
non-protein sports nutrition products category is expected to grow more modestly at a 5.9% CAGR over the same period.

North American Sports Nutrition Market Size (US$ billions)



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Composition of 2016E Sports Nutrition Market



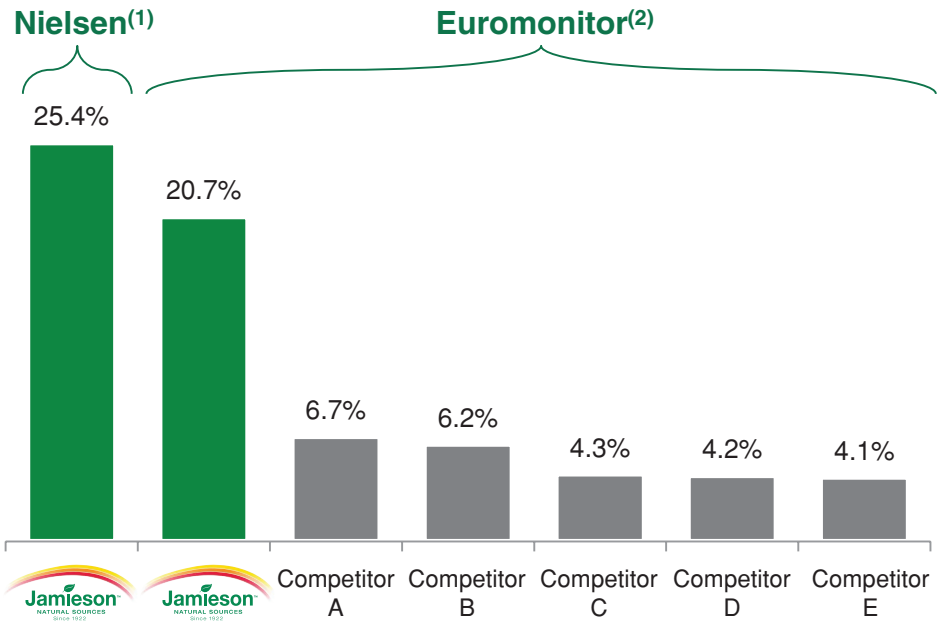
Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

INVESTMENT HIGHLIGHTS

#1 Market Position in Highly Attractive VMS Segment

Jamieson is the #1 brand in the US$1.2 billion Canadian VMS segment[26]. We have a 25% market share in the collective VMS categories in which we compete in the Canadian food, drug and mass channels.[27] Our Canadian market share is at least 2.5 times that of our next closest competitor.[28] We hold the #1 position in ten out of the thirteen measured VMS categories in Canada and hold the #2 position in the remaining three categories.[29] Our LVHS brand is the #1 women's health-focused brand in Canada with a 26% share of retail dollars attributable to the top eight women's health-focused brands in Canada.[30]

#1 Market Share



1 *Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.*

2 *Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.*

The methodology for calculating market share differs between sources.

26 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

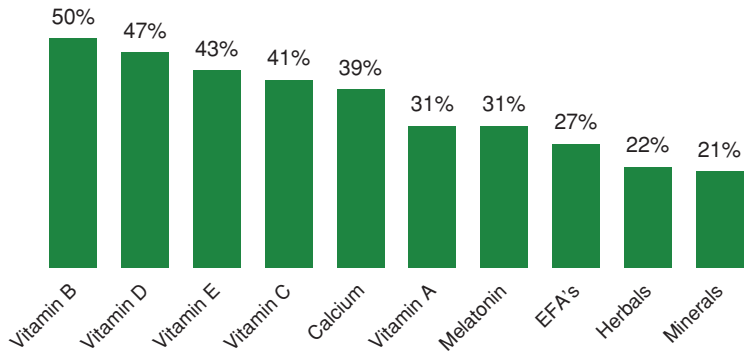
27 Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

28 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

29 Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales; #2 position in the following categories: Joint Care (22%), Probiotics (15%), Adult Multi (12%).

30 Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales. The other top women's health-focused brands are: Materna, New Nordic, Nutrisante, Promensil, Femmed, FemmeCalm and Estroven. According to Nielsen MarketTrack data for the 52 weeks ending March 4, 2017, sales of the top eight women's health-focused brands accounted for 46% of women's SKUs.

Jamieson Holds a #1 Position in 10 of 13 Measured VMS Categories



Source: Nielsen MarketTrack data for the 12 weeks ending February 4, 2017 based on dollar volume of sales.

We have longstanding and deeply entrenched customer relationships with Canada's top retailers across the food, drug, mass, club, health food store, specialty and online retail channels. Due to the strength and breadth of these retailer relationships, our products are available in approximately 10,000 retail locations across Canada.

We believe that Jamieson is considered one of the most trusted VMS brands globally due to our iconic brand status, our focus on quality and the fact that we are a leader in Canada, which is one of the most reputable and well-regulated VMS markets in the world. This has enabled us to sell our products in 40 countries worldwide.

Trusted, Iconic Brand

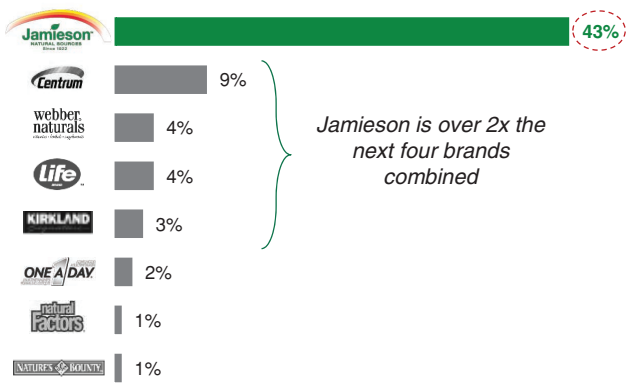
The Jamieson brand scores #1 in both brand image and awareness surveys conducted by third party consultants DIG Insights and Millward Brown. The Jamieson brand also ranks as the 6th most reputable Canadian brand in Canada.[31] Based on these third party consumer surveys, Jamieson is the most loved and trusted brand among major VMS brands in Canada, with a top of mind unaided brand awareness that is over two times the next four national VMS brands combined.

#1 Brand Image Score

	Is a Brand I Love	Is a Brand I Trust
Jamieson	46	58
Centrum	23	40
webber naturals	15	28
SISU	17	24
life	15	25
Nature's Bounty	10	17
MegaRed	8	14
align	7	13

Source: For the three months ending April 2015 according to a brand study commissioned by us and prepared by third party consultant Millward Brown.

Top of Mind Unaided Brand Awareness



Source: Market assessment study commissioned by us and prepared by third party consultant DIG Insights in March 2015. Unaided brand awareness is the ability of a consumer to acknowledge or identify a brand without any reference to specific brands.

[31] Source: Reputation Institute, 2017 Canada RepTrak® 50 Survey.

Positive Secular Industry Trends Support Continued Growth in VMS and Sports Nutrition

We compete in the large and fast-growing VMS and sports nutrition segments of the consumer health industry that are experiencing favourable secular trends.

The North American VMS market has grown from approximately US$25 billion in 2011 to approximately US$28 billion in 2015, representing a 2.9% CAGR.[32] Euromonitor expects the segment to continue growing at a CAGR of 2.8% from 2015, reaching US$33 billion by 2021. Further, the global VMS segment is expected to grow at a 3.4% CAGR over the same period. We have a successful track record of growing revenues faster than the broader VMS segment.

The North American sports nutrition segment was estimated by Euromonitor to be US$7 billion in 2015 and is projected to grow at an 7.8% CAGR, reaching US$11 billion by 2021.

As noted above, trends driving growth in the VMS and sports nutrition segments include:

- Health and wellness mega trend
- Aging population
- Informed consumers demanding scientific support and quality assurance
- Rising demand for protein in nutritional supplements
- Increasing regulatory and quality standards
- Demand in emerging markets

We believe we are well positioned to capitalize on all of the above trends to continue growing our business. See "*Our Industry*".

Strong Track Record of Innovation across a Broad Range of Categories

With our passion for R&D and product development, we have developed a market leading product portfolio of approximately 240 VMS products in our Jamieson branded line of products which address most VMS sub-categories. Our comprehensive line of products provides consumers with a brand umbrella they know and trust for their daily needs including single vitamins, minerals, multivitamins, herbals and specialty supplements such as omega oils, probiotics and melatonin.

We have strong R&D capabilities and a track record of new product development. In fiscal 2016, new products launched over the last three years accounted for 19% of our domestic Jamieson branded sales. In the past 20 years, we have developed over 1,300 individual formulations, including new products and line extensions as well as reformulations. We employ an entrepreneurial, multidisciplinary, cross-functional and market-driven approach to product development, which we believe allows us to increase our success rate, grow our leadership across many product categories and improve speed to market, providing us with the ability to turn concept development into sales in as little as twelve weeks. With input, support and direction from senior management, this collaborative process involves our group of 16 dedicated scientists (in fields spanning chemistry, microbiology, nutrition and medicine), our brand marketing specialists and our sales team which provides real-time feedback from our retail partners. Going forward, our innovation process will be further enhanced through the recent formation of our panel of consumer health industry experts (the "**Jamieson Scientific Advisory Board**"), which will provide insight and guidance regarding new innovations and collaborate on product development. See "*Product Innovation — Jamieson Scientific Advisory Board*".

[32] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

Scalable, Well-Invested Manufacturing Platform Exceeding Regulatory Standards

We operate three state-of-the-art manufacturing facilities and four distribution facilities. We leverage our advanced, highly flexible and demand-driven production facilities to execute our core competencies in R&D, product development and quality control. We believe our facilities exceed the standards implemented by Health Canada and required by Good Manufacturing Practices. In addition, we believe we are one of only two Therapeutic Goods Administration ("**TGA**") cleared manufacturers in Canada.[33] This abiding commitment to quality is the cornerstone of our brand promise and our brand equity.

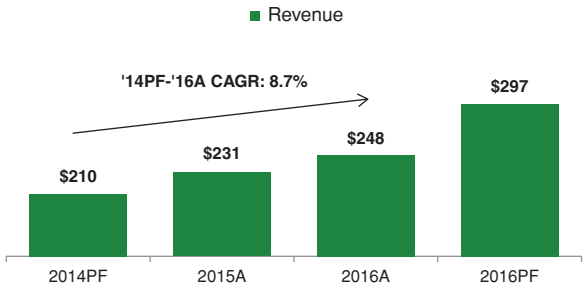
Our manufacturing facilities provide for a broad range of manufacturing formats including capsules, powders, liquids, tablets and soft gels. Our manufacturing assets are maintained for peak efficiency and performance, minimizing down-time. We believe that we have production capacity to accommodate our growth plans over the next five year period and have the ability to further expand our production capacity with modest capital investments. We believe our scalable manufacturing base will enable our continued growth and provide significant operating leverage to expand our profit margin on incremental sales. Currently, we utilize a portion of our available capacity to manufacture products for our Strategic Partners Business, which allows us to increase the efficiency and profitability of each of our manufacturing facilities.

[33] TGA is a part of the Australian Government's Department of Health and is responsible for regulating therapeutic goods, including VMS and sports nutrition products, in Australia.

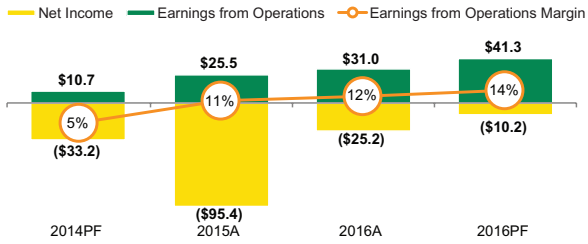
Strong Performance with Significant Free Cash Flow Generation

We believe our extensive range of premium, high-quality, innovative natural products across multiple channels of distribution, unmatched brand awareness and consumer loyalty, highly efficient supply chain and disciplined business and financial management have led to our strong performance as highlighted below:[34]

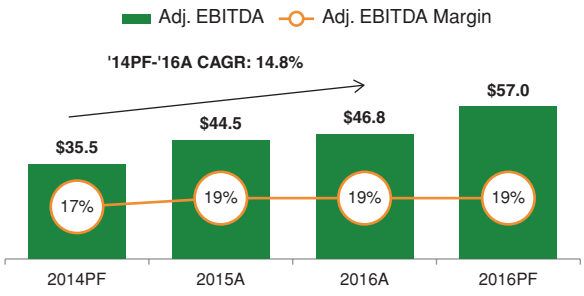
Strong Top-Line Momentum
($ millions)



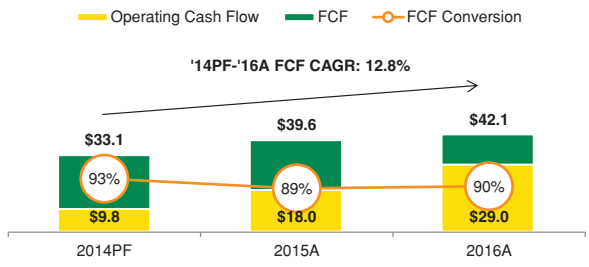
Net Income and Solid Growth in Earnings from Operations
($ millions)



Strong Adjusted EBITDA Margin and Growth[35]
($ millions)



Strong and Growing Cash Flow[36]
($ millions)



Our financial performance is underpinned by a diversified revenue mix and growth across all channels in our Branded Business:

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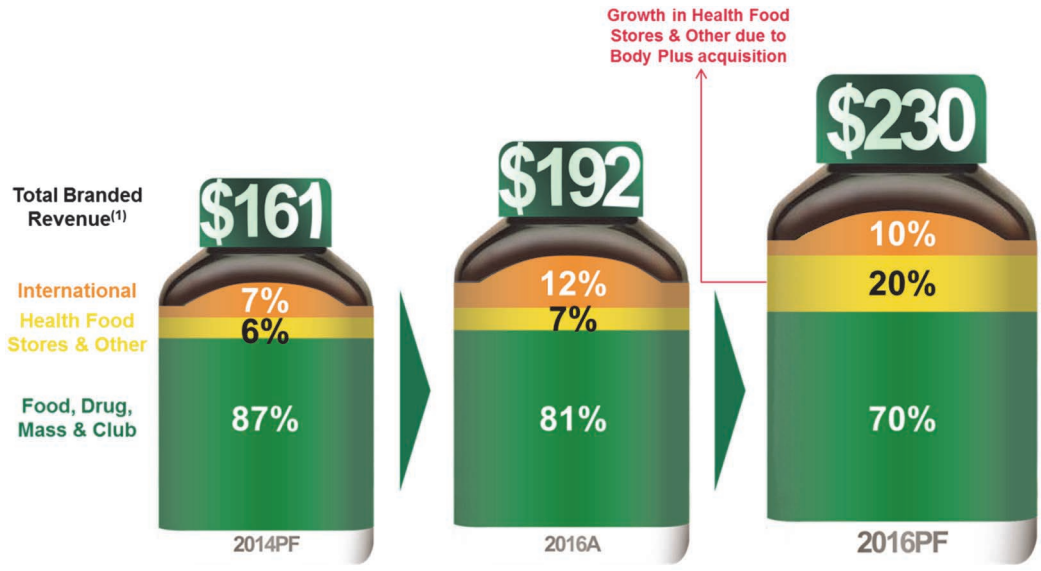
34 Where applicable, pro forma figures for 2016 give effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016. Financial information for Body Plus and Sonoma for 2016 was prepared in accordance with IFRS and was derived from the audited and unaudited financial statements of Body Plus and Sonoma that are included in this prospectus. Financial information for Jamieson for 2014-2016 was prepared in accordance with IFRS and was derived from our audited annual financial statements that are included in this prospectus. Figures for fiscal 2014 include the results prior to the acquisition of Jamieson Laboratories by the CCMP Shareholder and our acquisition of LVHS.

35 See "*Selected Pro Forma Financial Information*" for a reconciliation of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

36 See "*Selected Pro Forma Financial Information*" for a reconciliation of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

Jamieson Branded Business Revenue Growth by Channel[37]
($ millions)



Experienced, Proven Management Team to Support Continued Growth

We have a highly experienced management team with a proven track-record. Our management team is deeply committed to our vision, mission and values and long-term market leadership and actively fosters a collaborative, cross-functional and dynamic professional environment. Our management team has extensive experience in the VMS and sports nutrition segments as well as key strategic functions such as business development and acquisitions (see "*Directors and Management of our Company — Biographical Information Regarding the Executive Officers of our Company*"). Following our acquisition by Jamieson Intermediate Holdings S.à r.l. (the "**CCMP Shareholder**") in 2014, we increased our focus on innovation as a key pillar of our growth. We believe these changes have accelerated our pace of innovation and allowed us to increase our speed to market with the introduction of new products providing us with the ability to turn concept development into sales in as little as twelve weeks. In addition, our team will be further bolstered by our recently formed Jamieson Scientific Advisory Board. See "*Product Innovation — Jamieson Scientific Advisory Board*".

37 Pro forma figures for 2016 give effect to the acquisition of Body Plus as if it had occurred on January 1, 2016. Branded Business sales exclude Strategic Partners Business and Sonoma. Financial information for Body Plus for 2016 was prepared in accordance with IFRS and was derived from the audited and unaudited financial statements of Body Plus that are included in this prospectus. Financial information for Jamieson for 2014-2016 was prepared in accordance with IFRS and was derived from our audited annual financial statements that are included in this prospectus. Figures for fiscal 2014 include the results prior to the acquisition of Jamieson Laboratories by the CCMP Shareholder and our acquisition of LVHS

OUR GROWTH STRATEGY

We have a successful track record of growing revenues faster than the broader VMS segment and are executing a compelling growth strategy we believe will enable us to continue to exceed industry growth rates while increasing our profitability.

Our revenue has grown at a 6.7% CAGR over the past 10 years and at a 8.7% CAGR for the past two fiscal years, compared to estimated North American VMS growth of 4.0% from fiscal 2014 to fiscal 2016.[38] Adjusted EBITDA has grown by a 14.8% CAGR over the same period.

We intend to achieve our sales growth targets for the next 5 years through a combination of (i) growth in our Branded Business in existing and adjacent categories in Canada, (ii) further penetration of our Branded Business into existing and new international markets and (iii) growth in our Strategic Partners Business.

Improved profitability has been targeted for the next 5 years as we will seek to realize operating leverage on our sales growth and increase our gross profit margins and operating expenses as a percent of revenue.

While not included in our current growth targets, we are also developing plans to further penetrate the emerging VMS market in China and pursue strategic acquisition opportunities along the lines of our acquisitions of LVHS, Body Plus and Sonoma.

We believe that we have an opportunity to achieve the following five year financial targets for 2017 through 2021:[39]

- Total revenue of $390 to $410 million, an increase of $93 to $113 million from a pro forma $297 million in 2016, representing a CAGR of 5.6% to 6.7% supported by:
  - An increase in total Branded Business revenue from 2016 to 2021 of $73 million to $93 million, up from pro forma $230 million in 2016, representing a CAGR of 5.7% to 7%.
    - An increase in domestic Branded Business revenue in existing and adjacent categories from 2016 to 2021 of $53 to $68 million, up from pro forma $208 million in 2016, representing a CAGR of 4.6% to 5.8%.
    - An increase in international Branded Business revenue from 2016 to 2021 of $20 to $25 million, up from pro forma $22 million in 2016, representing a CAGR of 13.8% to 16.4%.
  - An increase in Strategic Partners Business revenue from 2016 to 2021 of approximately $20 million, up from pro forma $67 million in 2016, representing a CAGR of 5.4%.
- Total Adjusted EBITDA in 2021 of $95 to $100 million, up from pro forma $57 million in 2016, representing a CAGR of 10.8% to 11.9%.
- Adjusted EBITDA Margin of 23.8% to 25% in 2021, up from 19.2% in 2016, representing a margin improvement of approximately 460 bps to 580 bps.
- Cumulative cash flow from operations less capital expenditures for property, plant and equipment of approximately $200 million generated over the 2017 to 2021 timeframe, which in our plan will be used to fund dividend payments and pay down debt or will be available to fund our pursuit of our potential upside opportunities not presently in our five year growth targets. See "— *Robust Upside Potential*".
- Adjusted EPS CAGR of approximately 20% from 2016 on a pro forma basis to 2021.

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[38] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

[39] All 2016 figures are presented on a pro forma basis to give effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016. Financial information for Jamieson, Body Plus and Sonoma for 2016 was prepared in accordance with IFRS and was derived from our audited financial statements that are included in this prospectus and the audited and unaudited financial statements of Body Plus and Sonoma that are included in this prospectus. See "*Selected Pro Forma Financial Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Outlook*" and "*Non-IFRS Measures*".

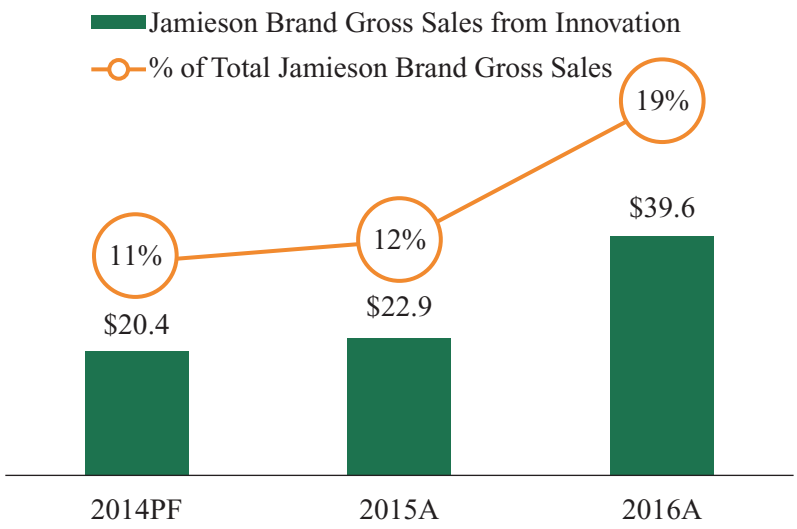
The following are the principal strategies we will employ to drive our profitable growth and cash flow generation:

The foregoing targets constitute forward-looking information within the meaning of applicable Canadian securities laws. See "*Forward-Looking Information*" and "*Risk-Factors*".

Grow Our Branded Business in Existing and Adjacent Categories

As outlined below, we will continue to use innovation to drive growth in existing and adjacent categories in Canada. Over the past 20 years, we have developed more than 1,300 individual formulations. We have consistently increased the number of new products launched each year from 12, 19 and 48 in 2014, 2015 and 2016, respectively, to 100 new products in the pipeline for 2017. In fiscal 2016, new products launched over the last three years accounted for 19% of our domestic Jamieson branded sales. These product launches include new products and line extensions as well as reformulations.

Domestic Jamieson Brand Sales from Innovation — 2014, 2015 and 2016



Note: "% of total Jamieson brand gross sales" represents the percentage of domestic Jamieson brand sales in that year comprised of new products launched in that year and in the prior two fiscal years. Figures for fiscal 2014 include the results prior to the acquisition of Jamieson Laboratories by the CCMP Shareholder and our acquisition of LVHS. The gross sales figures for the fiscal years 2014-2016 have not been audited for purposes of this prospectus and such figures were not derived from our audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 included in this prospectus.

In addition to the large and growing VMS and sports nutrition segments, we believe Jamieson is well positioned to grow in adjacent attractive segments of the consumer health industry, such as cough and cold and herbal/traditional products. These markets are large and growing and complementary to what we do today in our Branded Business (i.e., our brands, core capabilities in product development, distribution channels and supply chain).

Select Canadian Existing and Adjacent Consumer Health Segments

Segments	2016 Market Size (C$mm)[1]	Actionability	Our Pipeline	
			2017[2]	2018[3] and Beyond
Vitamins, Minerals and Supplements[4]	$1,603	✓	• Magnesium Mineral Chewable • Pre-Natal Chewable • Perfect Probiotic for Adults • Beauty Smart Collagen Protein • 59 other SKUs	• 120 SKUs
Herbal / Traditional Products	$714	✓	• High-Potency Turmeric • Maca • Super Liver Detox • Anti Nausea • 8 other SKUs	• 8 SKUs
Sports Nutrition	$285	✓	• Iron Vegan Sprouted Protein Bars • Iron Vegan Athlete's Gainer • Precision I-PLX 2.0 • Precision Amino PLX • 19 other SKUs	• 21 SKUs
Cough & Cold[5]	$261	✓	• Cold Fighter Softgel • Cold Fighter Chewable	• 7 SKUs

Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

1. Please note overlap may exist between categories (e.g. certain products may fit multiple categories).
2. 2017 launches which have not yet been announced to the trade are planned but still subject to change.
3. 2018 launches are at various stage of development from ideation to development and are subject to frequent changes and updates.
4. Includes $9 million tonics category.
5. Cough & Cold category defined as cough remedies, medicated confectionary, pharyngeal preparations and paediatric cough and cold remedies.

We are the market leader in the branded VMS segment and will use continued product innovation to enhance our leadership and growth of this category. Our 2017 pipeline includes 63 new SKUs such as magnesium mineral chewables, pre-natal chewables and Iron Vegan sprouted protein bars.

We have numerous new products in the 2017 pipeline to drive growth in the $714 million herbal/traditional products segment[40] such as high-potency turmeric and super liver detox.

We also have many new products in the 2017 pipeline to further penetrate the $261 million cough and cold segment[41] including cold fighter softgels and cold fighter chewables.

The Body Plus and Sonoma acquisitions provided Jamieson strategic entry into the high growth $285 million sports nutrition segment. These platforms will support several key growth avenues going forward including the opportunity to develop Jamieson-branded sports nutrition products, such as protein powders enhanced with Jamieson vitamins for sales in the food, drug, mass and club channels and internationally, as well as growth expected to come from a relaunch or redesign of certain Precision and Progressive branded products. We intend to seek additional growth from broadening the current distribution of Body Plus products in the food, drug, mass and club channel and expanding the number of health food and specialty stores in which the LVHS brand is available.

40 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

41 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

We believe that we have an opportunity to increase our domestic Branded Business revenue in existing and adjacent categories from 2016 to 2021 by $53 to $68 million, up from pro forma $208 million in 2016, representing a CAGR of 4.6% to 5.8%.

Capitalize on Large Addressable International Market Opportunities

We currently sell Jamieson branded products through distribution arrangements covering 40 international markets outside of North America, including China, Hong Kong, Italy, Spain, Romania, Bulgaria, Jordan and Trinidad and Tobago. We offer a focused selection of existing products for each local market and provide packaging in twelve different languages. We have a fast-growing international Branded Business with sales having doubled between 2013 and 2016.

Jordan

China

Serbia

Saudi Arabia

Hungary

Slovakia

According to Euromonitor, global VMS sales grew from approximately US$75 billion in 2011 to US$88 billion in 2015, implying an approximately 4.1% CAGR. In 2015, markets outside of North America accounted for approximately 68.1% of global sales. Between 2015 and 2016, the global VMS market is estimated to have grown by 3.8%[42], while total revenue from Jamieson branded products grew by 7.2% over the same period (5.6% on a pro forma basis giving effect to the acquisition of Body Plus as if it had occurred on January 1, 2015).

We believe we are considered one of the most trusted VMS brands globally due to our iconic brand status, our focus on quality and the fact that we operate in one of the most reputable and well-regulated VMS markets in the world. We believe that our products resonate strongly with international distributors, retailers and consumers because of the significant value placed on our quality and Health Canada's regulation of VMS products. We expect that our deep customer relationships with several blue-chip retailers will also support geographic expansion. We believe a key growth avenue resulting from the Body Plus acquisition is the opportunity to market the Body Plus brands to our international partners. Key international markets we are currently focused on include Eastern Europe, the Middle East and Asia.

We believe that we have an opportunity to increase international Branded Business revenue from 2016 to 2021 by $20 to $25 million, up from pro forma $22 million in 2016, representing a CAGR of 13.8% to 16.4%.

[42] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

Grow Strategic Partners Business

We expect to continue to grow our Strategic Partners Business by attracting new customers and broadening relationships with our existing customers who entrust the value of their brands to Jamieson and rely on our specialized, high quality, manufacturing capabilities as opposed to high volume, low quality production alternatives.

With our recent acquisition of Sonoma, we expect to provide customers in our Strategic Partners Business with R&D and manufacturing capabilities in new product categories including sports nutrition supplements, protein and weight gain powders and whey protein.

Continued growth in the Strategic Partners Business is expected to support overall efficiency and drive increased profitability through effective capacity utilization, helping us realize our operating leverage and profitability improvement targets.

Over the next five years from 2016 to 2021, we believe that we have an opportunity to increase Strategic Partners Business revenue by approximately $20 million, up from pro forma $67 million in 2016, representing a CAGR of 5.4%.

Increase our Operating Income, Gross Profit and Adjusted EBITDA Margins

We anticipate that one of the primary drivers of gross profit margin expansion will be the operating leverage we realize on sales growth from the execution of our growth strategies as we add incremental sales volume over our existing manufacturing base where a portion of our manufacturing costs are fixed. In addition, we expect that our cost of goods sold as a percentage of revenue will decrease over time, driven by both changes in our product mix (for example, by focusing our growth efforts on channels and categories with higher than average margins) and strengthened supplier relationships as we increase overall sales volumes. We believe that our current manufacturing capacity is sufficient to meet our anticipated volume growth in the medium term and that manufacturing capacity can be added with modest capital expenditures.

We believe we have optimized our trade, marketing and research and development spending to levels that support our brand and our innovation and growth opportunities. We expect to benefit from greater operating leverage on future sales growth, since a portion of our operating expenses, which include sales, general, and administrative ("**SG&A**") and marketing expenses, are fixed and are anticipated to decline as a percentage of revenue over the next 5 years.

We believe that we have an opportunity to grow total Adjusted EBITDA to $95 to $100 million in 2021, up from pro forma $57 million in 2016, representing a CAGR of 10.8% to 11.9% and to grow our Adjusted EBITDA Margin in 2021 to be 23.8% to 25%, up from 19.2% in 2016, representing a margin improvement of approximately 460 bps to 580 bps over the next five years.

We believe that we have an opportunity to use sales growth and operating leverage with modest capital expenditures to generate cash flow from operations less capital expenditures for property, plant and equipment of approximately $200 million over the next five years. We plan to use this cash flow to fund dividend payments and pay down debt or it will be available to fund our pursuit of our potential upside opportunities not presently in our five year growth targets, as discussed in the following section.

Robust Upside Potential

In addition to the growth strategies described above, we believe the following opportunities have the potential to drive incremental growth in our businesses. These opportunities are not included in our five year financial targets presented above in this "*Our Growth Strategy*" section.

Well Positioned for Future Success in China

China remains a strong emerging opportunity for our Company, particularly as VMS related legislation and regulations in China stabilize, allowing us to register additional products for sale in China. Excluding Hong Kong, VMS sales in the Chinese market were approximately US$17 billion in 2015, making China the second largest VMS market in the world. Furthermore, the market has grown at a CAGR of approximately 9.9%

between 2011 and 2015.[43] The target demographic in China for VMS products is comprised of affluent, health conscious individuals aged 25 to 45 living in tier 1 cities (populations over 15 million) and tier 2 cities (populations between 3 and 15 million). We believe that members of this target demographic are also well educated, prefer to shop online and have overseas experience either through education or travel. We believe that our iconic brand status and leadership position in the Canadian VMS market complemented by our 360 Pure program positions us to capture a meaningful share of this target Chinese demographic and continue to earn the trust of more Chinese consumers.

We currently have 60 products available for sale in China in the cross-border e-commerce channel and intend to license up to 50 new products between 2017 and 2020. The Chinese government has stated that the cross-border e-commerce channel will adopt the more stringent regulatory framework that governs the sale of VMS products in "offline" channels through brick and mortar stores. We have three products currently registered for sale offline and will register additional products as the regulatory framework is finalized. This will enable us to continue to sell in both online and offline channels in China. We believe there are significant opportunities to penetrate, expand and grow sales in China by working with distribution partners and through the direct to consumer e-commerce channels.

We will employ a multi-channel strategy in China which will include launching innovative, condition-specific products and partnering with local distributors and large domestic e-commerce players to drive both our brick and mortar and cross-border e-commerce sales. Our initial investments in the Chinese market have delivered strong results as demonstrated by our sales in China increasing by 283% from 2014 to 2016. We believe we are well positioned to develop a meaningful business in China as we enhance our partnerships with local distributors and e-commerce players and the government clarifies and stabilizes regulation of the large and rapidly growing Chinese VMS market.

Examples of Our Specific Health Concern Products Launched in China

M&A Driven Growth Opportunities

We will continue to leverage our relationships and network of industry participants and advisors to actively source and identify acquisition opportunities. Our strategy is to selectively pursue financially attractive and strategically compelling acquisitions that leverage our strengths in sales and marketing, new product innovation, quality, manufacturing and international distribution. In pursuing potential acquisition candidates, we assess several criteria: (i) entry or expansion into high growth markets, (ii) geographic expansion potential, (iii) adjacent category expansion within relevant attractive segments of the consumer health industry and complementary products, (iv) demonstrated innovation capabilities, (v) manufacturing capabilities and integration synergies, (vi) brand, product and/or channel synergies, and (vii) whether financially attractive.

We believe we have demonstrated our ability to successfully acquire, integrate and grow businesses that we acquire. Since 2014, management has successfully made three acquisitions in line with our strategy. Our 2014 acquisition of assets from Lorna Vanderhaeghe Health Solutions Inc. ("**LVHS**") provided us with a premium consumer health brand uniquely targeted to women and our January 2017 acquisition of Body Plus and Sonoma provided us strategic entry into the high growth sports nutrition segment. We anticipate being able to fund

[43] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

future acquisitions through the cash flow expected to be generated by our operations plus, if necessary and appropriate, by raising additional capital.

(2014)

Premium vitamin and supplement line focused uniquely on women's natural health

- ✓ Canada's largest branded, premium vitamin and supplement line uniquely focused on women's health
- ✓ Enhanced presence in higher-margin specialty retail channel
- ✓ Top-line and profitability synergies realized
  - Doubled sales
  - Doubled Adjusted EBITDA
- ✓ Considerable cross-channel and operational synergies

(2017)

Leading marketer of innovative, on-trend natural health products

- ✓ Enhanced presence in higher-margin specialty retail channel
- ✓ Access to rapidly growing sports nutrition category
- ✓ 3 leading wellness brands (Progressive, Precision and Iron Vegan)
- ✓ Access to high-margin and growth categories
- ✓ Considerable cross-channel and operational synergies
  - Logistics
  - Maximizing plant efficiency and investment
  - Purchasing

(2017)

Well-established manufacturer of private label supplements

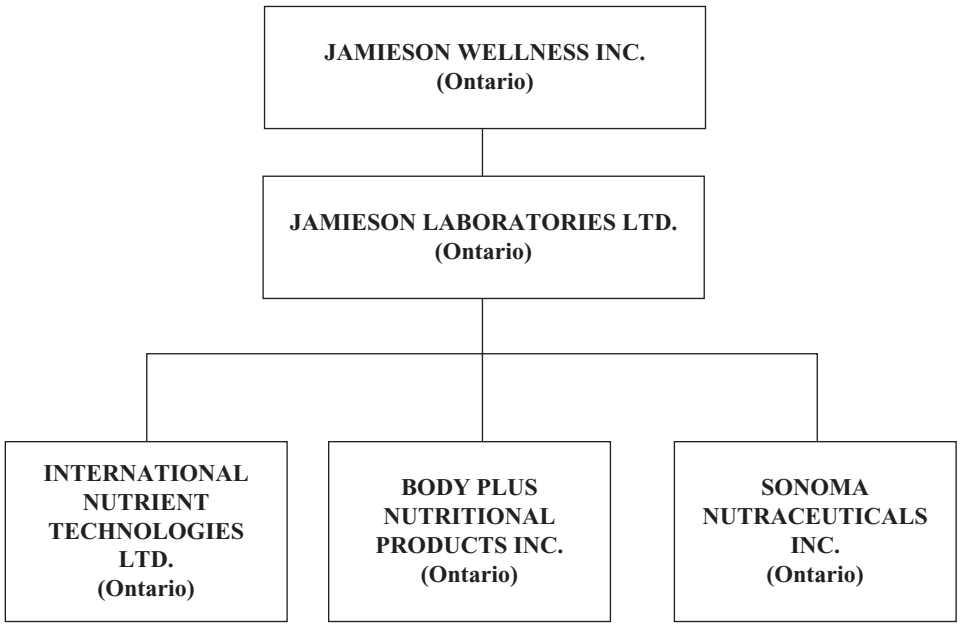
- ✓ Expands our ability to deliver high value-added services to strengthen relationships with key retailers
- ✓ New R&D and manufacturing capabilities in sports nutrition
- ✓ Considerable cross-channel and operational synergies
  - Logistics
  - Maximizing plant efficiency and investment
  - Purchasing

CORPORATE INFORMATION

The Jamieson business was founded in 1922. In 2014, the CCMP Shareholder acquired Jamieson and in connection with such acquisition, Jamieson Intermediate Holdings Ltd. was incorporated under the *Business Corporations Act* (British Columbia) on January 24, 2014. On May 4, 2017 our name was changed from "Jamieson Intermediate Holdings Ltd." to "Jamieson Wellness Inc.". As part of the Pre-Closing Capital Changes, we have been or will be continued under the *Business Corporations Act* (Ontario).

Our principal office is located at 2 St. Clair Avenue West, Toronto, Ontario M4V 1L5 and our registered office is 550 Burrard Street, Suite 2900, Vancouver, B.C., V6C 0A3.

The following chart identifies our material wholly-owned subsidiaries (including jurisdiction of formation, incorporation or continuance of the various entities, after completion of the Pre-Closing Capital Changes):



PRINCIPAL AND SELLING SHAREHOLDERS

Our Company was incorporated on January 24, 2014. On January 30, 2014, the CCMP Shareholder was issued 100,000 Common Shares and Jamieson Finco LP, an affiliate of the CCMP Shareholder, was issued 150,000 Common Shares. The Common Shares held by Jamieson Finco LP were repurchased on February 1, 2014 for a note in the amount of $83,500,590 (the "**Finco PN**"), leaving the CCMP Shareholder as the only Shareholder of our Company at that time. On April 22, 2014, we changed our authorized share structure by creating a class of an unlimited number of voting preferred shares without par value, and on May 28, 2014, we deleted and replaced the special rights and restrictions attaching to such preferred shares. On June 5, 2014, the CCMP Shareholder was issued 3,143.69 additional Common Shares. On June 5, 2014, our Board approved the issuance of 975,000 preferred shares to the CCMP Shareholder in exchange for the Common Shares then held by the CCMP Shareholder. On September 4, 2014, we changed our authorized share structure by creating an unlimited number of class A common shares and by changing the special rights and restrictions attaching to the preferred shares by adding a reference to the class A common shares. On June 8, 2017, we obtained a court order, which had the effect of (i) amending and rectifying certain language in the special rights and restrictions attaching to the preferred shares, (ii) creating 22 classes of preferred shares, and (iii) confirming the particular class of preferred shares that each preferred shareholder held. That order gave effect to all such changes with respect to any preferred share as of the date of its issuance. As of June 26, 2017, the CCMP Shareholder held 975,000 preferred shares, representing 92.54% of the voting shares of our Company, but prior to Closing, the CCMP Shareholder will convert its shares into 975,000 Common Shares. See "*Description of Share Capital — Pre-Closing Capital Changes*".

The CCMP Shareholder is controlled by certain funds to which investment advisory services are provided by CCMP Capital Advisors, LP ("**CCMP**"). CCMP is a leading global private equity firm specializing in buyout and growth equity investments in companies ranging from $200 million to more than $2 billion in size. CCMP's founders have invested over $16 billion since 1984, which includes their activities at J.P. Morgan Partners, LLC (a private equity division of JPMorgan Chase & Co.) and its predecessor firms. CCMP was formed in August 2006 when the buyout and growth equity investment professionals of J.P. Morgan Partners, LLC separated from JPMorgan Chase & Co. to commence operations as an independent firm. The foundation of CCMP's investment approach is to leverage the combined strengths of its deep industry expertise and proprietary operating resources to create value by investing in three targeted industries: consumer/retail, industrials and healthcare.

Immediately following the Closing, the CCMP Shareholder will have an approximate 47.2% interest in our Company through ownership of, or control or direction over, 17,801,760 Common Shares. If the Over-Allotment Option is exercised in full, the CCMP Shareholder, or an affiliate thereof, will have an approximate 39.7% interest in our Company through ownership of, or control or direction over, 14,944,260 Common Shares. As a result, the CCMP Shareholder will have a significant influence over us and our affairs. See "*Risk Factors*" and "*Principal and Selling Shareholders*".

The CCMP Shareholder, Mark Hornick, Christopher Snowden and Headlines will sell 2,488,097 ($39,187,528), 93,742 ($1,476,437), 112,487 ($1,771,670) and 800,919 ($12,614,474) Common Shares, respectively, pursuant to the Secondary Offering. See "*Principal and Selling Shareholders*".

RECENT DEVELOPMENTS

Body Plus and Sonoma Acquisitions

In January 2017, we entered the sports nutrition segment with our acquisition of Body Plus, a leading marketer of sports nutrition products, and Sonoma, a well-established manufacturer of sports nutrition products and supplements, and also a provider of contract manufacturing services. Through these acquisitions, we acquired the Progressive, Precision and Iron Vegan brands described under "*Our Business*". These acquisitions have allowed us to (i) expand into the high-growth adjacent sports nutrition segment, (ii) significantly increase our presence in the health food store and specialty retail channels, and (iii) expand our R&D and manufacturing capabilities in sports nutrition. See "*Our Business — Our Growth Strategy — Grow Our Branded Business In Existing and Adjacent Categories*" and "*Our Business — Our Growth Strategy — Capitalize on Large Addressable International Market Opportunities*".

The Credit Agreement

On January 31, 2017, Jamieson Laboratories entered into a credit agreement with a syndicate of lenders including affiliates of BMO Capital Markets, RBC, CIBC and Scotia (the "**Credit Agreement**"). The Credit Agreement is comprised of a revolving credit facility in the amount of $75 million including a $10 million swingline facility (the "**Revolving Credit Facility**") and a $195 million term loan facility (the "**Term Loan Facility**" and together with the Revolving Credit Facility, the "**Credit Facilities**"), each maturing on January 31, 2021. The Term Loan Facility was advanced to finance Jamieson Laboratories' acquisitions of Body Plus and Sonoma and to pay related fees, costs and expenses and to refinance existing indebtedness of Jamieson Laboratories. Advances under the Revolving Facility may be used to pay for any fees incurred in connection with the Credit Agreement, to partially finance the Body Plus and Sonoma acquisition, for refinancing existing indebtedness of Jamieson Laboratories and for other general corporate purposes. As at April 30, 2017, the aggregate amount outstanding under the Credit Facilities was approximately $231 million ($36 million under the Revolving Credit Facility and $195 million under the Term Loan Facility). See "*Description of Material Indebtedness*".

THE OFFERING

Issuer:	Jamieson Wellness Inc.
Selling Shareholders:	The CCMP Shareholder, Mark Hornick, Christopher Snowden and Headlines Promotions Inc. ("**Headlines**"), an entity controlled by Lorna Vanderhaeghe.
Offering:	19,050,000 Common Shares. If the Over-Allotment Option is exercised in full the CCMP Shareholder, or an affiliate thereof, will sell up to an additional 2,857,500 Common Shares. See "*Plan of Distribution*".
Offering Price:	$15.75 per Common Share.
Treasury Offering	15,554,755 Common Shares.
Secondary Offering	3,495,245 Common Shares.
Over-Allotment Option	The CCMP Shareholder has granted to the Underwriters an Over-Allotment Option solely to cover over-allocations, if any, and for market stabilization purposes. The Over-Allotment Option is exercisable in whole or in part at any time for a period of 30 days after Closing and entitles the Underwriters to purchase from the CCMP Shareholder, or an affiliate thereof, up to 2,857,500 Common Shares in the aggregate at a price of $15.75 per Common Share (being 15% of the number of Common Shares offered hereunder). If the Over-Allotment Option is exercised in full, the total price to the public will be $345,043,125, the Underwriters' fee will be $18,114,764, the net proceeds to the Company will be $232,125,553 and the net proceeds to the Selling Shareholders will be $94,802,808. See "*Plan of Distribution*".
Shares Outstanding:	On Closing (and following any exercise of the Over-Allotment Option) an aggregate of 37,685,116 Common Shares will be outstanding and no preferred shares will be outstanding.
Principal and Selling Shareholders:	Immediately following the Closing, the CCMP Shareholder will have an approximate 47.2% interest in our Company through ownership of, or control or direction over, 17,801,760 Common Shares. If the Over-Allotment Option is exercised in full, the CCMP Shareholder, or an affiliate thereof, will have an approximate 39.7% interest in our Company through ownership of, or control or direction over, 14,944,260 Common Shares. As a result, the CCMP Shareholder, or an affiliate thereof, will have a significant influence over us and our affairs. See "*Risk Factors*" and "*Principal and Selling Shareholders*". The CCMP Shareholder, Mark Hornick, Christopher Snowden and Headlines will sell 2,488,097 ($39,187,528), 93,742 ($1,476,437), 112,487 ($1,771,670) and 800,919 ($12,614,474) Common Shares, respectively, pursuant to the Secondary Offering. See "*Principal and Selling Shareholders*".
Use of Proceeds:	The estimated net proceeds to us of the Treasury Offering will be approximately $224,613,847, after deducting our share of the Underwriters' fee and the estimated expenses of the Offering (the "**Net Proceeds of the Treasury Offering**"). We intend to use the Net Proceeds of the Treasury Offering to: (i) repay a portion of Jamieson Laboratories' outstanding indebtedness under the Term Loan Facility in the amount of $50,000,000; and (ii) repay approximately $173,125,557 of notes issued in connection with (A) the repayment of the Finco PN ($83,500,590 principal and approximately $14,788,883 interest), (B) the payment of dividends in the amount of

	approximately $9,604,651 to the preferred shareholders, and (C) a return of capital to the preferred shareholders in the amount of $65,231,433, all as part of the Pre-Closing Capital Changes. See "*Description of Share Capital — Pre-Closing Capital Changes*". The payments set out in the foregoing description of the proposed use of the Net Proceeds of the Treasury Offering are expected to be made in conjunction with Closing and will result in a decrease of our debt obligations. We will not receive any proceeds from the sale of Common Shares pursuant to the Secondary Offering or the Over-Allotment Option, if exercised by the Underwriters. See "*Use of Proceeds*" and "*Plan of Distribution*".
Lock-up Arrangements:	Each of us, our Directors and executive officers, the Selling Shareholders (other than Headlines) and certain of our other shareholders have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld, issue, offer or sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our Common Shares, or other securities convertible or exchangeable into or otherwise exercisable into our Common Shares or agree or publicly announce any intention to do any of the foregoing for a period commencing on the date hereof and ending 180 days after the Closing Date, subject to certain limited exceptions, including the issuance of our securities pursuant to or in connection with our equity incentive compensation plans. Holders of approximately 93.5% of our issued and outstanding shares prior to the completion of the Pre-Closing Capital Changes will be subject to these lock-up arrangements.
Dividend Policy:	Holders of Common Shares will be entitled to receive dividends out of the assets of our Company legally available for the payment of dividends at such times and in such amount and form as our Board may determine. We anticipate paying quarterly cash dividends, with annualized aggregate dividend payments of approximately $12 million initially. The first dividend that would be payable to investors in the Offering would be the dividend for the period beginning on the Closing Date and ending on September 30, 2017. We expect the first dividend would be equal to an aggregate amount of approximately $3 million (or $0.08 per Common Share). Dividends will be declared and paid in arrears. The amount and timing of the payment of any dividends are not guaranteed and are subject to the discretion of our Board. See "*Dividend Policy*" and "*Risk Factors*".
Risk Factors:	An investment in Common Shares is subject to a number of risk factors that should be carefully considered by prospective investors. These risks include, but are not limited to: • our success depends upon the continued strength of our reputation and brands, and of the VMS and sports nutrition segments generally; • there may be claims made against us from time to time, including with respect to the intended health effects of our products, that could result in litigation, distract management from our business activities and result in significant liability or damage to our brand, and we may also experience product recalls; • because we manufacture a significant amount of the products we sell, disruptions in our manufacturing facilities or losses of our site licenses and

other qualifications could adversely affect our sales and customer relationships;

- our success depends on our ability to continue to enhance products and develop new products;
- we may experience difficulty maintaining consistent revenue as a result of fluctuations in demand due to the buying patterns of our customers;
- loss of business or relationships with our Strategic Partners Business customers could impact our results, as could the increased production and sale of private-label competitive products by retailers to whom we currently sell our products;
- we may experience difficulties in maintaining or expanding our sales in our current and targeted international markets and expose us to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular, where the risks may be heightened;
- our success is linked to the size and growth rate of the VMS and sports nutrition segments of the consumer health industry and an adverse change in the size or growth rate of either such segments could have a material adverse effect on us;
- we may not be able to successfully implement our growth strategy on a timely basis or at all;
- if we lose the services of members of our management team, scientists or employees who possess specialized market or regulatory knowledge and technical skills, our ability to compete, to manage our operations, or to develop new successful products could be compromised;
- potential volatility of Common Share price;
- dilution; absence of a prior public market;
- any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Common Shares, which could depress the price of our Common Shares;
- if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline;
- Shareholders will have limited control over our Company's operations;
- financial reporting and other public company requirements; and
- The CCMP Shareholder will continue to have significant influence over us after the Offering.

See "*Risk Factors*" and the other information included in this prospectus for a discussion of the risks that an investor should carefully consider before deciding to invest in Common Shares.

SELECTED PRO FORMA FINANCIAL INFORMATION

The following selected historical financial information for our Company as at and for the fiscal year ended December 31, 2016 has been derived from our audited consolidated financial statements which have been prepared in accordance with IFRS, and are included elsewhere in this prospectus. The following selected unaudited pro forma condensed financial information for our Company for the fiscal year ended December 31, 2016 has been derived from our unaudited pro forma condensed consolidated statement of operations and comprehensive income (loss) included elsewhere in this prospectus and gives effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016.

The following selected unaudited pro forma condensed financial information for our Company for the fiscal year ended December 31, 2016 gives effect to the expected continuing impact on the combined results subsequent to the following transactions (i) the Credit Facilities, assuming $251 million is outstanding thereunder, (ii) the acquisition of Body Plus and Sonoma, and (iii) consolidation eliminations. The following selected unaudited pro forma condensed financial information of our Company is unaudited, is provided for informational purposes only and is not necessarily indicative of the results of operations that would have occurred in the year ended December 31, 2016 had the acquisition of Body Plus and Sonoma and the Credit Facilities been effective as of January 1, 2016, or of the results of operations expected in 2017 and future years. The following selected unaudited pro forma condensed financial information has been prepared by management and this information is not intended to be a forecast or a projection of future results. The actual results of operations of the combined entity for any period, whether before or after the acquisition of Body Plus and Sonoma, will likely vary from the amounts set forth in the following analysis and such variation may be material.

Prospective investors should review this information in conjunction with the consolidated financial statements including the notes thereto, as well as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Consolidated Capitalization*", "*Description of Material Indebtedness*", "*Description of Share Capital*", "*Risk Factors*" and "*Non-IFRS Measures*" included elsewhere in this prospectus.

($ 000's, except for share and per share data)	Jamieson Audited 12 months ended Dec. 31, 2016	Body Plus Unaudited 12 months ended Jan. 31, 2017	Sonoma Unaudited 12 months ended Jan. 31, 2017	Unaudited Adjustments For the acquisition of Body Plus and Sonoma	Unaudited Adjustments Acquisition Financing	Unaudited Adjustments Elimination	Pro Forma Unaudited 12 months ended Dec. 31, 2016
Consolidated Statement of Operations							
Revenue	248,331	37,811	26,973	—	—	(16,461)[1]	296,654
Cost of sales	167,519	24,009	22,093	45[3]	—	(16,461)[1]	197,205
Selling, general and administrative expenses	44,837	6,924	1,438	—	—	—	53,199
Stock-based compensation	4,934	—	—	—	—	—	4,934
Earnings from operations	**31,041**	**6,878**	**3,442**	**(45)**	**—**	**—**	**41,316**
Foreign exchange (gain) loss	(192)	217	(333)	—	—	—	(308)
Termination benefits and related costs	1,420	—	—	—	—	—	1,420
Acquisition costs	789	5,176	1,003	(6,968)[2]	—	—	—
Other (income) expense	(2,876)	(3)	—	—	—	—	(2,879)
Preferred share accretion	30,434	—	—	—	—	—	30,434
Interest expense and other financing costs	22,926	162	120	—	(10,128)[4]	—	13,080
Income (loss) before income taxes	**(21,460)**	**1,326**	**2,652**	**6,923**	**10,128**	**—**	**(431)**
Provision for (recovery of) income taxes	3,706	681	909	1,835[6]	2,684[6]	—	9,815
Net income (loss)	**(25,166)**	**645**	**1,743**	**5,088**	**7,444**	**—**	**(10,246)**
				Unaudited			
Earnings per share							
Basic	(48.37)[5]						(19.69)[5]
Diluted	(48.37)[5]						(19.69)[5]
Weighted average number of common shares outstanding							
Basic	520,250[5]						520,250[5]
Diluted	520,250[5]						520,250[5]
Other Financial and Operating Metrics							
Adjusted EBITDA	46,794	6,469	3,695	—	—	—	56,958
Adjusted EBITDA Margin	18.8%	17.1%	13.7%	—	—	—	19.2%
Total debt/Adjusted EBITDA	3.3x						4x
Adjusted Net Income	10,910	4,278	2,235	(33)	7,444	—	24,834
Adjusted Net Income per share (diluted)	0.48[5]						1.09[5]

Notes: All debt balances are presented net of unamortized financing fees.

(1) Intercompany sales of $16,461 between Sonoma and Body Plus have been eliminated.

(2) A total of $6,968 of acquisition expenses have been adjusted. $789 of acquisition related expenses incurred by our Company prior to December 31, 2016, and $6179 of purchase consideration, which in accordance with IFRS 3 "Business Combinations", has been accounted for as acquisition expenses incurred by Body Plus and Sonoma prior to January 31, 2017, attributable to the acquisition, have been eliminated from the Pro Forma Statement of Operations as they are nonrecurring in nature and would not reflect expenses of the combined entity on an ongoing basis.

(3) Adjusted for reduced depreciation of $112, as a result of reduced depreciation due to an increase in the estimated useful lives of the acquired property, plant and equipment offset by incremental amortization from a fair value adjustment, and incremental amortization $157 as a result of the fair value adjustment to customer lists.

(4) On January 31, 2017, we extinguished our existing term loan facilities and entered into the Credit Facilities. The proceeds from this refinancing were used to pay the purchase price of the acquisition of Body Plus and Sonoma. As a result, our cost of borrowing was impacted by a reduction in our effective interest rate from 8.39% to 4.5%. The refinancing will result in a reduction of interest expense of $10,128 after considering the amortization of the financing costs on the refinanced debt.

(5) Assumes a 20.81:1 share split in connection with the Pre-Closing Capital Changes.

(6) Income tax relating to the acquisition of Body Plus and Sonoma and related financing adjustments have been reflected at 26.5% of the net adjustments.

Reconciliation of Non-IFRS Measures

The following table reconciles net income to Adjusted EBITDA and net income to Adjusted Net Income based on the historical financial information of our Company, Body Plus and Sonoma for the periods indicated.

($ 000's)	Jamieson Unaudited 12 months ended Dec. 31, 2016	Body Plus Unaudited 12 months ended Jan. 31, 2017	Sonoma Unaudited 12 months ended Jan. 31, 2017	Unaudited Adjustments For the acquisition of Body Plus and Sonoma	Unaudited Adjustments Acquisition Financing	Pro Forma Unaudited 12 months ended Dec. 31, 2016
Reconciliation of Net Income to Adjusted EBITDA:						
Net income (loss)	(25,166)	645	1,743	5,088	7,444	(10,246)
Provision for (recovery of) income taxes	3,706	681	909	1,835	2,684	9,815
Interest expense and other financing costs	22,926	162	120	—	(10,128)[1]	13,080
Depreciation of property, plant and equipment	4,316	38	253	(112)[2]	—	4,495
Amortization of intangible assets	3,230	—	—	157	—	3,387
Preferred share accretion	30,434	—	—	—	—	30,434
EBITDA	**39,446**	**1,526**	**3,025**	**6,968**	**—**	**50,965**
Adjustments:						
Foreign exchange (gain) loss	(192)	217	(333)	—	—	(308)
Termination benefits and related costs	1,420	—	—	—	—	1,420
Acquisition costs	789	5,176	1,003	(6,968)[3]	—	—
Share based compensation	4,934	—	—	—	—	4,934
Other adjustments[4]	397	(450)[5]	—	—	—	(53)
Adjusted EBITDA	**46,794**	**6,469**	**3,695**	**—**	**—**	**56,958**

($ 000's, except for share and per share data)	Jamieson Unaudited 12 months ended Dec. 31, 2016	Body Plus Unaudited 12 months ended Jan. 31, 2017	Sonoma Unaudited 12 months ended Jan. 31, 2017	Unaudited Adjustments For the acquisition of Body Plus and Sonoma	Unaudited Adjustments Acquisition Financing	Pro Forma Unaudited 12 months ended Dec. 31, 2016
Reconciliation of Net Income to Adjusted Net Income:						
Net income (loss)	(25,166)	645	1,743	5,088	7,444	(10,246)
Adjustments:						
Preferred share accretion	30,434	—	—	—	—	30,434
Foreign exchange (gain) loss	(192)	217	(333)	—	—	(308)
Termination benefits and related costs	1,420	—	—	—	—	1,420
Acquisition costs	789	5,176	1,003	(6,968)[3]	—	—
Non-deductible non-cash share compensation (LVHS)	3,651[6]	—	—	—	—	3,651
Other adjustments	397	(450)[5]	—	—	—	(53)
Tax impact of above	(423)	(1,310)[7]	(178)[7]	1,847[7]	—	(64)
Adjusted Net Income	10,910	4,278	2,235	(33)	7,444	24,834
Adjusted EPS						
Basic	20.97[8]					47.74[8]
Diluted	0.48[8]					1.09[8]

Notes: All debt balances are presented net of unamortized financing fees.

(1) On January 31, 2017, we extinguished our existing term loan facilities and entered into the Credit Facilities. The proceeds from this refinancing were used to pay the purchase price of the acquisition of Body Plus and Sonoma. As a result, our cost of borrowing was impacted by a reduction in our effective interest rate from 8.39% to 4.5%. The refinancing will result in a reduction of interest expense of $10,128 after considering the amortization of the financing costs on the refinanced debt.

(2) Adjusted for the acquisition of Body Plus and Sonoma. Reduced depreciation of $112 and incremental amortization $157 as a result of the fair value adjustment to property, plant and equipment and customer lists. The decrease in depreciation is due to the estimated remaining useful lives of the acquired assets.

(3) A total of $6,968 of acquisition expenses have been adjusted. $789 of acquisition related expenses incurred by our Company prior to December 31, 2016, and $6,179 of purchase consideration, which in accordance with IFRS 3 "Business Combinations", has been accounted for as acquisition expenses incurred by Body Plus and Sonoma prior to January 31, 2017, attributable to the acquisition, have been eliminated from the Pro Forma Statement of Operations as they are nonrecurring in nature and would not reflect expenses of the combined entity on an ongoing basis.

(4) Other adjustments is comprised of non-recurring consulting services, legal fees, audit and advisory fees, loss on disposal of equipment and indemnity settlements relating to the acquisition of Jamieson Laboratories by the CCMP Shareholder on January 31, 2014 as well as our acquisition of LVHS on June 12, 2014.

(5) Adjusted to normalize executive compensation of Body Plus and Sonoma.

(6) Adjusted to reflect deferred compensation in conjunction with the acquisition of the assets of LVHS.

(7) Income tax relating to the acquisition of Body Plus and Sonoma and related financing adjustments have been reflected at 26.5% of the net adjustments.

(8) Assumes a 20.81:1 share split in connection with the Pre-Closing Capital Changes.

SELECTED SUMMARY FINANCIAL INFORMATION

The following selected historical financial information for our Company as at and for the fiscal years ended December 31, 2016, 2015 and 2014 has been derived from our audited consolidated financial statements, which, in each case, have been prepared in accordance with IFRS and are included elsewhere in this prospectus. The following selected consolidated financial information of our Company as at and for each of the three-month periods ended March 31, 2017 and 2016 (which includes the financial results for Body Plus and Sonoma from the date we acquired such entities on January 31, 2017) has been derived from our unaudited interim consolidated financial statements which have been prepared in accordance with IFRS applicable to the preparation of interim financial statements and are included elsewhere in this prospectus.

The unaudited interim condensed consolidated financial information presented has been prepared on a basis consistent with our audited consolidated financial statements. In the opinion of our management, such unaudited financial data reflects all adjustments necessary for the fair presentation of results for those periods. The selected unaudited pro forma condensed financial information included below for our Company for the fiscal year ended December 31, 2016 has been derived from our unaudited pro forma condensed consolidated statement of operations and comprehensive income (loss) included elsewhere in this prospectus and gives effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016.

The selected pro forma condensed financial information included below is unaudited and is provided for informational purposes only. The selected pro forma condensed financial information included below is not necessarily indicative of what our results of operations would have been had such transaction been completed as at the date indicated and does not purport to represent what our results of operations might be for any future period.

Prospective investors should review this information in conjunction with the consolidated financial statements including the notes thereto, as well as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Consolidated Capitalization*", "*Description of Material Indebtedness*", "*Description of Share Capital*", "*Risk Factors*" and "*Non-IFRS Measures*" included elsewhere in this prospectus.

Summary Consolidated Financial Information
(in $000's except share and per share data)

	Three Months Ended March 31,		Fiscal Year Ended December 31,			
	Unaudited 2017	Unaudited 2016	Unaudited Pro Forma	2016	2015	2014
Revenue	64,901	60,357	296,654	248,331	230,865	193,218
Cost of sales	42,692	42,113	197,205	167,519	152,966	141,565
Selling, general and administrative expenses	13,441	13,048	53,199	44,837	45,867	36,887
Share-based compensation	746	1,233	4,934	4,934	6,505	4,078
Earnings from operations	8,022	3,963	41,316	31,041	25,527	10,688
Foreign exchange (gain) loss	232	93	(308)	(192)	(915)	35
Termination benefits and related costs	2,499	609	1,420	1,420	1,959	3,435
Change in value of derivatives	—	—	—	—	—	(853)
Acquisition costs	1,857	—	—	789	—	7,649
Other (income) expense	1,934	8	(2,879)	(2,876)	634	(50)
Preferred share accretion	15,385	14,392	30,434	30,434	93,420	15,030
Interest expense and other financing costs	8,312	5,787	13,080	22,926	23,867	21,804
Income (loss) before income taxes	(22,197)	(16,926)	(431)	(21,460)	(93,438)	(36,362)
Provision for (recovery of) income taxes	(546)	(346)	9,815	3,706	1,944	(3,186)
Net income (loss)	(21,651)	(16,580)	(10,246)	(25,166)	(95,382)	(33,176)

Reconciliation of net income (loss) to EBITDA and Adjusted EBITDA
(in $000's)

	Unaudited					
	Three Months Ended March 31,		Fiscal Year Ended December 31,			
	2017	2016	Pro Forma	2016	2015	2014
Net income (loss)	(21,651)	(16,580)	(10,246)	(25,166)	(95,382)	(33,176)
Provision for (recovery of) income taxes	(546)	(346)	9,815	3,706	1,944	(3,186)
Interest expense and other financing costs	8,312	5,787	13,080	22,926	23,867	21,804
Depreciation of property, plant and equipment	1,271	1,220	4,495	4,316	4,030	3,650
Amortization of intangible assets	834	807	3,387	3,230	3,230	2,861
Preferred share accretion	15,385	14,392	30,434	30,434	93,420	15,030
EBITDA	3,605	5,280	50,965	39,446	31,109	6,983
Foreign exchange (gain) loss	232	93	(308)	(192)	(915)	35
Termination benefits and related costs	2,499	609	1,420	1,420	1,959	3,435
Acquisition costs	1,857	—	—	789	—	7,649
IPO Costs	231	—	—	—	—	—
Share-based compensation	746	1,233	4,934	4,934	6,505	4,078
Amortization of fair value adjustments	565	—	—	—	1,019	9,126
Purchase consideration accounted for as compensation expense	1,476[1]	—	—	—	—	—
Other adjustments[2]	213	1,500	(53)	397	4,846	969
Adjusted EBITDA	11,424	8,715	56,958	46,794	44,523	32,275
Pro forma EBITDA — Jamieson	—	—	—	—	—	1,860[4]
Pro forma EBITDA — LVHS	—	—	—	—	—	1,406[5]
Pro forma EBITDA — Body Plus and Sonoma	584[3]	2,573[3]	—	—	—	—
Pro Forma Adjusted EBITDA	**12,008**	**11,288**	**56,958**	**46,794**	**44,523**	**35,541**
Less capital expenditures	704	892	5,001	4,710	4,870	1,947
Free cash flow	**11,304**	**10,396**	**51,957**	**42,084**	**39,653**	**33,594**
Free cash flow conversion	**94%**	**92%**	**91%**	**90%**	**89%**	**95%**
Revenue by Operating Segment						
Branded Business Sales	52,920	44,402	230,307	192,496	177,033	146,610
Strategic Partners Business Sales	20,565	21,307	103,301	76,328	73,387	76,448
Elimination	(8,584)	(5,352)	(36,954)	(20,493)	(19,555)	(29,840)
Total Revenue	**64,901**	**60,357**	**296,654**	**248,331**	**230,865**	**193,218**

Notes:

(1) Adjusted to eliminate purchase consideration directly attributable to the acquisition of Body Plus and Sonoma classified as deferred compensation. Deferred compensation is payable on January 31, 2018 and has been accounted for as compensation expense under the provisions of IFRS 3 "Business Combinations". The payable is recognized straight-line over the life of the liability.

(2) Other adjustments is comprised of non-recurring consulting services, legal fees, audit and advisory fees, loss on disposal of equipment and indemnity settlements relating to the acquisition of Jamieson Laboratories by the CCMP Shareholder on January 31, 2014 as well as our acquisition of LVHS on June 12, 2014.

(3) Adjusted to include January 1, 2017 to January 31, 2017 and January 1, 2016 to March 31, 2016 for the respective three-month period ended March 31, 2017 and 2016.

(4) Adjusted to include the one month period prior to acquisition January 1, 2014 to January 31, 2014.

(5) Adjusted to include the 6.5 month period prior to acquisition January 1, 2014 to June 14, 2014.

Reconciliation of net income (loss) to Adjusted Net Income (Loss)
(in $000's)

	Three Months Ended March 31,		Fiscal Year Ended December 31,			
	Unaudited 2017	Unaudited 2016	Unaudited Pro Forma	2016	2015	2014
Net income (loss)	(21,651)	(16,580)	(10,246)	(25,166)	(95,382)	(33,176)
Preferred share accretion	15,385	14,392	30,434	30,434	93,420	15,030
Foreign exchange (gain) loss	232	93	(308)	(192)	(915)	35
Termination benefits and related costs	2,499	609	1,420	1,420	1,959	3,435
Acquisition costs	1,857	—	—	789	—	7,649
IPO costs	231	—	—	—	—	—
Non-deductible non-cash share compensation (LVHS)	441	912	3,651	3,651	5,504	3,764
Non-deductible financing fee write-off	3,078	—	—	—	—	—
Amortization of fair value adjustments	565	—	—	—	1,019	9,126
Purchase consideration accounted for as compensation expense	1,476	—	—	—	—	—
Other adjustments[1]	213	1,500	(53)	397	4,846	969
Tax Impact of Above	(2,156)	(573)	(64)	(423)	(1,796)	(3,527)
Adjusted Net Income	2,170	353	24,834	10,910	8,655	3,305
Adjusted EPS						
Basic	4.17[2]	0.68[2]	47.74[2]	20.97[2]	16.64[2]	11.00[2]
Diluted	0.09[2]	0.02[2]	1.09[2]	0.48[2]	0.38[2]	0.24[2]

(1) Other adjustments is comprised of non-recurring consulting services, legal fees, audit and advisory fees, loss on disposal of equipment and indemnity settlements relating to the acquisition of Jamieson Laboratories by the CCMP Shareholder on January 31, 2014 as well as our acquisition of LVHS on June 12, 2014.

(2) Assumes a 20.81:1 share split in connection with the Pre-Closing Capital Changes.

Consolidated Statement of Financial Position Data
(in $000's)

	Unaudited			
	As at March 31, 2017	2016	2015	2014
Cash	8,395	15,881	2,325	6,850
Working capital	43,075	37,235	47,419	44,678
Goodwill and intangibles	333,129	252,541	255,771	259,001
Property, plant and equipment	44,726	43,901	43,551	42,718
Total Assets	504,683	405,179	403,867	403,506
Net current deferred tax liability (asset)	51,997	39,430	39,278	36,629
Total debt	222,431	152,777	165,168	182,307
Total shareholders' equity (deficiency)	(172,938)	(151,602)	(125,092)	(33,046)

Consolidated Statement of Cash Flows Data
(in $000's)

	Unaudited				
	Three Months Ended March 31,		Fiscal Year Ended December 31,		
	2017	2016	2016	2015	2014
Cash (utilized in) generated from					
Operating activities	3,936	238	29,009	18,009	9,847
Investing activities	(82,846)	(892)	(4,710)	(4,870)	(324,760)
Financing activities	67,604	1,000	(10,743)	(17,664)	321,763

OUR BUSINESS

Business Overview

Our Vision: To improve the world's health and wellness.

Our Mission: Grow our trusted brands based on quality and innovation. Over time, combine organic brand growth and future acquisitions to become the world's most successful and trusted health and wellness company.

Our Values: Teamwork. Entrepreneurship. Achieving results. Integrity. Transparency. External focus.

Founded in 1922, Jamieson is Canada's leading branded manufacturer, distributor and marketer of high quality natural health products. We offer consumers a comprehensive and innovative line of branded VMS products and certain over-the-counter remedies through our Jamieson and LVHS (as defined herein) brands as well as sports nutrition products through our Progressive, Precision and Iron Vegan brands, all of which we refer to as our "**Branded Business**".

In addition to our Branded Business, we also offer comprehensive manufacturing and product development services on a contract manufacturing basis to select blue-chip consumer health companies and retailers worldwide, which we refer to as our "**Strategic Partners Business**").

Our Branded Business (93% of 2016 Earnings from Operations)

VMS is a large and growing segment of the consumer health industry. Our Jamieson brand is Canada's #1 overall consumer health brand by sales[44] and Canada's #1 brand in VMS by sales.[45] We hold the #1 market share position[46] in the collective VMS categories in which we compete in the Canadian food, drug and mass channels with a 25% market share.[47] Our Canadian market share is at least 2.5 times that of our next closest competitor.[48] In 2016, approximately 74% of Canadian households purchased a VMS product and of those, approximately 48% purchased at least one Jamieson branded product.[49]

We are leading innovators with a strong track record in the development of new products, including new formulations and formats across many product categories and distribution channels. From the first clinically proven, nationally distributed over-the-counter antioxidant in Canada to the first nationally distributed vitamin spray in Canada, we combine deep consumer insights with our extensive research and development ("**R&D**") capabilities to deliver category-leading innovation and growth. Our innovation capabilities and ability to quickly introduce new products for national distribution within Canada are critical competitive advantages and key factors in our continued success.

We believe that our leading market position and powerful portfolio of brands, our focus on quality and innovation and our extensive selection of products make Jamieson the preferred partner for retailers across Canada. Across our Branded Business, we have longstanding and deeply entrenched customer relationships with Canada's top retailers across the food, drug, mass, club, health food store, specialty and online retail channels. Due to the strength and breadth of these retailer relationships, our products are available in approximately 10,000 retail locations across Canada. Jamieson products are sold in stores that represent 96% of VMS segment volume in the Canadian food, drug and mass retail channels, which is more than all other national brands.[50] We believe that consumer trust in and loyalty to our Jamieson brands, along with strong VMS penetration among consumers, drives traffic and boosts sales for retailers, making our products strategically important to our

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44 Source: Euromonitor, Passport — Consumer Health in Canada Report, "LBN Brand Shares of Consumer Health: % Value 2013-2016 based on retail sales price", September 2016.

45 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

46 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

47 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

48 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

49 Source: Nielsen Homescan, Market Summary, National All Channels for the 52 weeks ending January 7, 2017.

50 Source: Nielsen MarketTrack data for the 52 weeks ending January 7, 2016 based on dollar volume of sales.

customers. We work closely with our consumers, suppliers and retail partners to develop new products, packaging and in-store displays to promote multiple purchasing opportunities within the store. These activities strengthen our relationships with our retail partners, provide helpful consumer insights and ultimately contribute to the success of both Jamieson and our retail partners. Our longstanding retail partners in Canada include Amazon, Body Energy Club, Co-op, Costco, Familiprix, GNC, Jean Coutu, Lawtons Drugs, Loblaws, London Drugs, Metro, Overwaitea, Popeye's, Purity Life Health Products, Rexall, Safeway, Shoppers Drug Mart, Sobey's, Walmart and Well.ca.

Our Jamieson brand has been consistently voted Canada's most trusted brand of vitamins.[51] Our trusted reputation is bolstered by our strong industry relationships, including our advisory role with Health Canada on the development of natural health product regulations in Canada, our industry certifications and our commitment to meeting the highest standards of manufacturing and production. We developed and adopted our 360 Pure ("**360 Pure**") program for the manufacture of our Jamieson branded products, which are standards for purity, safety and efficacy that we believe exceed industry standards.

This trusted reputation, strong industry relationships and focus on quality has led to the growth of our Jamieson branded international business and provided opportunities for us to manufacture products for select blue-chip consumer health companies worldwide. Furthermore, our leadership position in Canada, one of the most reputable and well-regulated VMS markets in the world, is an important differentiator for Jamieson branded products in international markets.

As a result of the factors mentioned above, we have more than doubled our international Branded Business sales between 2013 and 2016. Our products are sold in 40 countries worldwide under international distribution arrangements. We offer a selection of products that varies by market and we provide packaging in twelve different languages. The international VMS market remains a top strategic priority for us and we believe Jamieson is well-positioned for continued success in international markets. We are currently pursuing opportunities in Eastern Europe, the Middle East and Asia, each of which we believe represents a sizeable market opportunity due to factors in each market, such as competitiveness, pricing dynamics, growth potential, regulatory environment and the propensity to be attracted to foreign brands.

Our Branded Business portfolio includes the following suite of premium brands:

Jamieson™
NATURAL SOURCES
Since 1922

Jamieson is an iconic global VMS brand. The Jamieson product portfolio is the market leader in the premium VMS segment in Canada. We believe we offer the highest quality, highest efficacy, most trusted and most loved products in this market. In 2016, approximately 74% of Canadian households purchased a VMS product and of those, approximately 48% purchased at least one Jamieson branded product.[52]

[51] Source: Reader's Digest

[52] Source: Nielsen Homescan, Market Summary, National All Channels for the 52 weeks ending January 7, 2017.

We hold a leading 25% market share position in the collective VMS categories in which we compete in the Canadian food, drug and mass channels.[53] Our Canadian market share is at least 2.5 times that of our next closest competitor.[54] We also hold the #1 position in ten out of the thirteen measured VMS categories in Canada and hold the #2 position in the remaining three categories.[55] Our comprehensive line of products provides consumers with a brand umbrella they know and trust for their daily needs including single vitamins, minerals, multivitamins, herbals and specialty supplements such as omega oils, probiotics and melatonin. Jamieson branded products are also among the most accessible and widely available VMS products in Canada, sold in approximately 10,000 retail stores across the food, drug, mass and club channels.

We invest in efficient advertising and brand development to create "top-of-mind" unaided brand awareness, which we believe helps drive the largest share of consumer VMS purchases across Canada. Our top of mind unaided brand awareness is over two times greater than the next four national VMS brands combined.[56] Through a combination of in-store, television, print, radio, targeted online advertising and digital/social media campaigns, we believe Jamieson conveys a consistent message that our products are innovative, trustworthy and high-quality. Marketing messages are repeated frequently, with consistent elements with an emphasis on quality, purity and potency. We believe that our cumulative marketing investment over the years and the iconic status of the Jamieson brand represent a substantial competitive advantage in the Canadian VMS industry. Furthermore, we believe these investments have contributed to our industry-leading brand awareness, our #1 market share position and our strong brand equity position in the minds of our Canadian VMS customers which is amongst the top 4% of all brands tested globally in terms of brand equity.[57] We believe this strong brand equity is supported by our 95 year heritage and our 360 Pure quality commitment. We plan to continue to leverage the strength and trust of the Jamieson brand to drive increased category penetration and expand into adjacent categories and new geographic markets through continued innovation and marketing.

LVHS
Lorna Vanderhaeghe
Health Solutions

LVHS is the #1 women's natural health-focused brand in Canada, with a 26% share of retail dollars amongst the top eight women's health-focused brands in Canada.[58] With 52 SKU's, plus 13 to be released in 2017, across categories such as hormone health, skin health, weight loss, minerals and protein, LVHS offers a trusted line of specialized and condition-specific vitamin and supplement products focused on women's health.

The LVHS brand was founded by Lorna Vanderhaeghe, an expert in natural health and wellness with over 30 years of experience in the industry. The brand was purchased by our Company in 2014. Since then, Lorna Vanderhaeghe has remained with our Company as President, LVHS and has partnered with us to lead LVHS' continued growth.

The LVHS brand was built on the principle of "women helping women". The brand employs not only traditional marketing strategies but has built a loyal consumer following through direct-to-consumer marketing via newsletters and webinars to its targeted opt-in subscribers, holding in person women's health seminars across

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53 Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

54 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

55 Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales; #2 position in the following categories: Joint Care (22%), Probiotics (15%), Adult Multi (12%).

56 Source: Market assessment study commissioned by us and prepared by third party consultant DIG Insights in March 2015. See "*Investment Highlights — Trusted, Iconic Brand*".

57 Source: Market assessment study commissioned by us and prepared by third party consultant Millward Brown in April 2015.

58 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales. The other top women's health-focused brands are: Materna, New Nordic, Nutrisante, Promensil, Femmed, FemmeCalm and Estroven. According to. Nielsen MarketTrack data for the 52 weeks ending March 4, 2017 based on dollar volume of sales, sales of the top eight women's health-focused brands accounted for 46% of women's SKUs.

Canada while empowering the entirely female LVHS salesforce to educate retail pharmacy and health professionals.

As the category leader in women's health, we believe the LVHS brand is ideally positioned to continue its expansion through distribution and innovation in Canada and penetrate new geographic markets while leveraging brand equity.

Progressive®

Progressive is a broad line of premium, specialized, professionally-formulated supplements targeted to consumers with healthy and active lifestyles. Progressive takes a holistic approach to address the nutritional requirements of the entire body and offers an innovative and comprehensive product portfolio spanning across several categories including super foods, vitamins and minerals, all-in-one formulas, fish oils, probiotics and protein and organic protein blends.

Progressive products are sold primarily through the health food store, specialty and online retail channels, although some Progressive products are also available in certain food and drug stores where the premium price point is suited to the surrounding demographics.

Progressive products are built on premium quality formulations using the latest research and scientific evidence. The Progressive brand enjoys an established 15-year history of consumer trust, enthusiastically supported by a devoted consumer base.

We plan to continue to grow and promote the Progressive brand through continued innovation, including product relaunches, reformulations and packaging improvements and increased marketing efforts.

PRECISION™/MC

Precision is a premium sports nutrition brand of highly specialized supplements professionally formulated to meet the physical goals and needs of amateur, semi-professional and professional athletes. This cutting-edge product portfolio includes weight gainers, all-natural whey and vegan protein powders, muscle building and repair supplements, and weight management solutions.

While Precision products are sold mainly through the health food store, specialty and online retail channels, some products are also available in certain food and drug stores where the premium price point is suited to the surrounding demographics.

Our Precision line of products enjoys an established 13-year history of consumer trust. It has recently been reformulated and redesigned and is differentiated by its high-quality ingredients. We plan to continue to expand Precision's consumer reach through new innovation, redesigned product packaging and marketing.

IRONVEGAN™
FUELLING A NEW GENERATION OF ATHLETES

Iron Vegan is a premium sports nutrition brand of highly innovative supplements, professionally formulated for athletes and other consumers with an active lifestyle looking for a plant-based protein solution.

Iron Vegan products are sold through the health food store and speciality retail channels. Launched in May 2015, Iron Vegan has been well-received by our retail customers in Canada and its loyal customer base is expanding rapidly. Given its alignment with fast-growing consumer trends for certified vegan, organic, non-genetically modified and gluten-free products, we believe Iron Vegan is ideally positioned as an all-natural, plant-based sports nutrition solution tailored for discerning, ingredient-conscious consumers. We plan to build Iron Vegan's brand equity through continued investment and product innovation.

Our Strategic Partners Business (7% of 2016 Earnings from Operations)

In addition to our Branded Business, we also offer comprehensive manufacturing and product development services on a contract manufacturing basis to select blue-chip consumer health companies and retailers worldwide through our Strategic Partners Business. We selectively enter into strategic partnerships based on a set of criteria which includes profitable growth, capacity, geography, purchasing and manufacturing synergies and the potential for creating mutually beneficial long-term relationships. We also offer value-added services to our Strategic Partners Business customers, including regulatory advice, new product development and distribution services and industry insights. Our current Strategic Partners Business customer portfolio includes several longstanding relationships of greater than 15 years.

Body Plus and Sonoma Acquisitions

In January 2017, we entered the rapidly growing sports nutrition segment with our acquisition of Body Plus, a leading marketer of sports nutrition products and Sonoma, a well-established manufacturer of sports nutrition products and supplements, and also a provider of contract manufacturing services. Through these acquisitions, we acquired the Progressive, Precision and Iron Vegan brands. These acquisitions have allowed us to (i) expand into a high-growth adjacent segment, (ii) increase our presence in the health food store and specialty retail channels, and (iii) expand our R&D and manufacturing capabilities. See "*Our Business — Our Growth Strategy — Grow Our Branded Business in Existing and Adjacent Categories"* and "*Our Business — Our Growth Strategy — Capitalize on Large Addressable International Market Opportunities*".

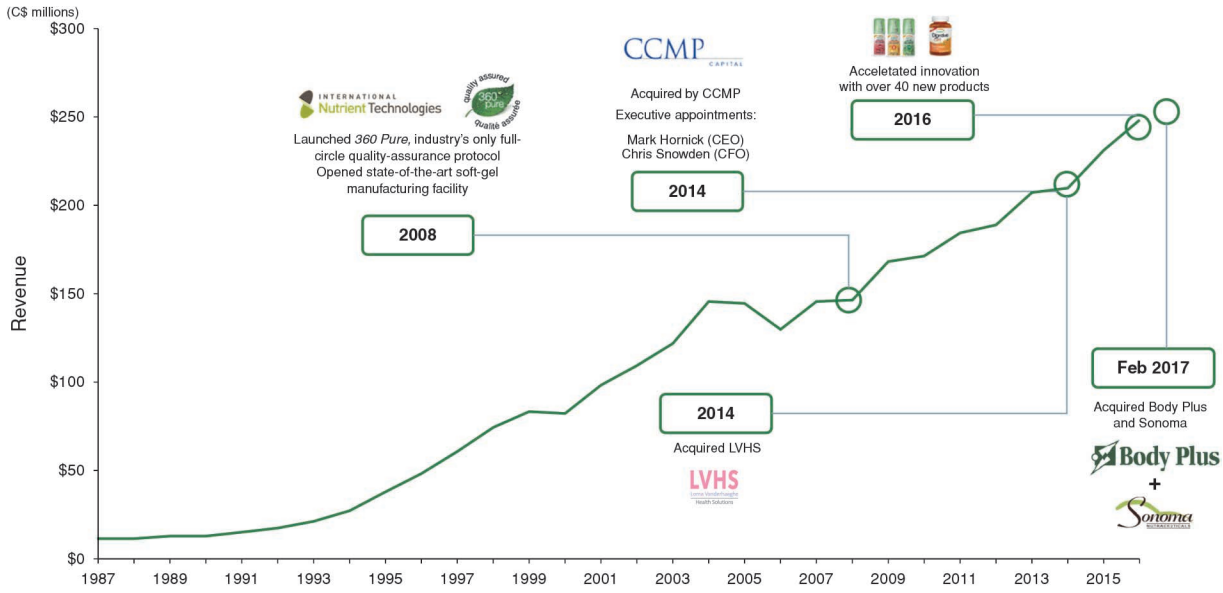
Sonoma, Body Plus and its brands were created by Norman Danniels, an expert in sports nutrition and natural health with over 30 years of experience in the industry. We purchased the brands and assets in 2017. Mr. Danniels has since elected to remain with our Company and is partnering with us to lead Body Plus and Sonoma's continued growth.

Company History

Founded in 1922, Jamieson is Canada's leading branded manufacturer, distributor and marketer of high quality natural health products. We were founded in Detroit, Michigan by Dr. Claire Edwin Jamieson and originally focused on manufacturing analgesics. In 1930, Dr. Jamieson moved his company to Windsor, Ontario. Under the direction of Dr. Jamieson and his family, we introduced Canada's first vitamin C, multivitamin and children's vitamins between the late 1930s and early 1940s and in 1951, we became one of the first natural VMS manufacturers globally.

The Company remained in the Jamieson family until the 1960s when the family's estate sold the Company to one of the founding members of Diner's Club, Henry Margolis, who carried on the Company's strong tradition of R&D with a focus on producing high quality natural health products. Henry, and later his son Eric Margolis, who inherited the Company in 1989, oversaw the international expansion of Jamieson in the 1980's. In the 1980's, we became the first branded VMS company to enter the food, drug, mass and club channel in Canada and in 1983, we became one of Canada's first VMS companies to expand internationally. Eric sold the Company to the CCMP Shareholder in 2014.

We grew our revenue at a compounded annual growth rate ("**CAGR**") of 11.2% between 1987 and 2016, reaching $248 million at the end of 2016.[59]



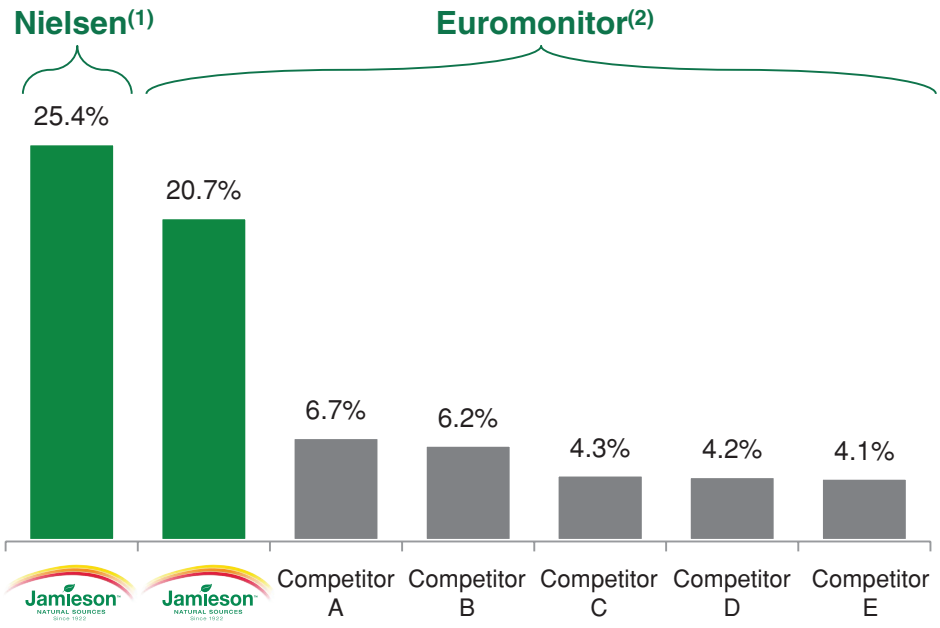
[59] Revenue figures for the fiscal years 1989-2013 were prepared under a generally accepted accounting framework which is different from IFRS. The revenue figures for the fiscal years 1989-2013 have not been audited for purposes of this prospectus and the financial statements to which these periods relate have not been included in this prospectus. Revenue figures for the fiscal years 2014-2016 were prepared in accordance with IFRS and were derived from our audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 included in this prospectus. Such information includes the financial results of LVHS since the date of our acquisition of assets from LVHS in June 2014.

Investment Highlights

#1 Market Position in Highly Attractive VMS Segment

Jamieson is the #1 brand in the US $1.2 billion Canadian VMS segment[60]. We have a 25% market share in the collective VMS categories in which we compete in the Canadian food, drug and mass channels.[61] Our Canadian market share is at least 2.5 times that of our next closest competitor.[62] We hold the #1 position in ten out of the thirteen measured VMS categories in Canada and hold the #2 position in the remaining three categories.[63] Our LVHS brand is the #1 women's health-focused brand in Canada with a 26% share of retail dollars attributable to the top eight women's health-focused brands in Canada.[64]

#1 Market Share



(1) *Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.*

(2) *Source: Euromonitor, Passport — Consumer Health, May 2017.*

The methodology for calculating market share differs between sources.

60 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

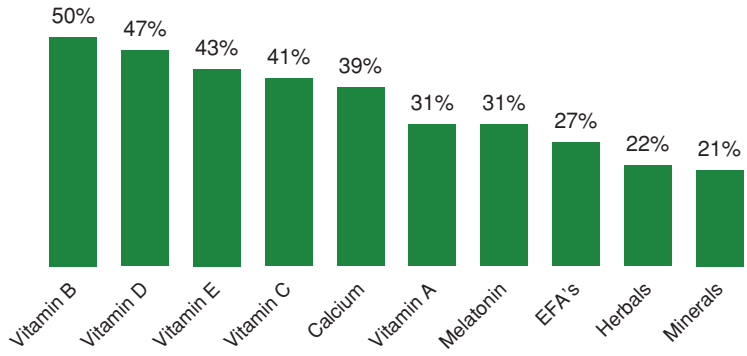
61 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

62 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

63 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales; #2 position in the following categories: Joint Care (22%), Probiotics (15%), Adult Multi (12%).

64 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales. The other top women's health-focused brands are: Materna, New Nordic, Nutrisante, Promensil, Femmed, FemmeCalm and Estroven. According to Nielsen MarketTrack data for the 52 weeks ending March 4, 2017 based on dollar volume of sales, sales of the top eight women's health-focused brands accounted for 46% of women's SKUs.

Jamieson Holds a #1 Position in 10 of 13 Measured VMS Categories



Source: Nielsen MarketTrack data for the 12 weeks ending February 4, 2017 based on dollar volume of sales.

We have longstanding and deeply entrenched customer relationships with Canada's top retailers across the food, drug, mass, club, health food store, specialty and online retail channels. Due to the strength and breadth of these retailer relationships, our products are available in approximately 10,000 retail locations across Canada. Jamieson products are sold in stores that represent 96% of VMS segment volume in the Canadian food, drug and mass retail channels, which is more than all other national brands.[65]. In addition, 74% of Canadian households purchased a VMS product in 2016.[66] We believe that consumer trust in and loyalty to Jamieson, along with strong VMS penetration among consumers, drives traffic and boosts sales for retailers, making Jamieson products strategically important to our customers. Our longstanding retail partners include Amazon, Body Energy Club, Co-op, Costco, Familiprix, GNC, Jean Coutu, Lawtons Drugs, Loblaws, London Drugs, Metro, Overwaitea, Popeye's, Purity Life Health Products, Rexall, Safeway, Shoppers Drug Mart, Sobey's, Walmart and Well.ca.

We believe that Jamieson is considered one of the most trusted VMS brands globally due to our iconic brand status, our focus on quality and the fact that we are a leader in Canada, which is one of the most reputable and well-regulated VMS markets in the world. This has enabled us to sell our products in 40 countries worldwide.

[65] Source: Nielsen MarketTrack data for the 52 weeks ending January 7, 2016 based on dollar volume of sales.

[66] Source: Nielsen Homescan, Market Summary, National All Channels for the 52 weeks ending January 7, 2017.

Trusted, Iconic Brand

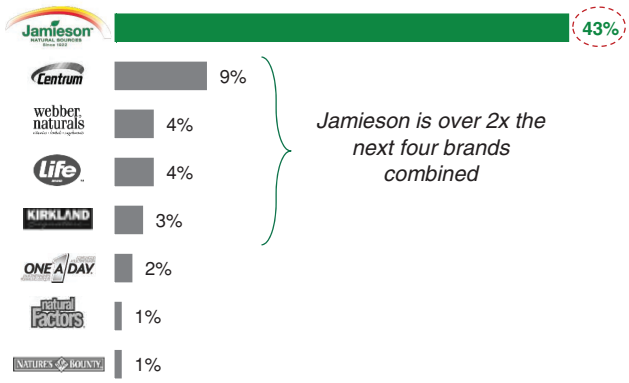
The Jamieson brand scores #1 in both brand image and awareness surveys. The Jamieson brand also ranks as the 6th most reputable Canadian brand in Canada.[67] Based on third party consumer surveys commissioned by us, Jamieson is the most loved and trusted brand among major VMS brands in Canada, with a top of mind unaided brand awareness that is over two times the next four national VMS brands combined.

#1 Brand Image Score

	Is a Brand I Love	Is a Brand I Trust
Jamieson	46	58
Centrum	23	40
webber naturals	15	28
SISU	17	24
Life	15	25
Nature's Bounty	10	17
MegaRed	8	14
align	7	13

Source: For the three months ending April 2015 according to a brand study commissioned by us and prepared by third party consultant Milward Brown.

Top of Mind Unaided Brand Awareness



Source: Market assessment study commissioned by us and prepared by third party consultant DIG Insights in March 2015. Unaided brand awareness is the ability of a consumer to acknowledge or identify a brand without any reference to specific brands.

We support the Jamieson brand with trade support and a focused consumer marketing strategy, including an increasing digital social media and online marketing footprint. In addition to our trade support and consumer marketing efforts, we believe our strong presence across retail channels in Canada further enhances our brand awareness.

As the market leader with a 95 year heritage in the consumer health industry, we believe the Jamieson brand has become synonymous with consumer health in Canada. The iconic Jamieson brand has been built through our dedicated focus on providing natural products with superior quality, purity and potency. We were among the first VMS manufacturers to work with Health Canada to obtain natural product numbers for certain of our products, before they became mandatory under the current form of natural health product regulations in Canada, the *Natural Health Products Regulations*. We were one of a group of industry advisors to Health Canada as it developed the *Natural Health Products Regulations* and we continue to actively work with Health Canada as a member of a group of industry advisors to raise regulatory standards to ensure the safety and integrity of the natural health products industry. Our association with Health Canada has provided us with industry credibility which, combined with our market leadership in the VMS segment, has allowed us to grow our international business. We believe our long-standing association with Health Canada has reinforced consumer trust in the Jamieson brand. For example, in each year between 2011 and 2016, Jamieson was voted as "Canada's Most Trusted Vitamin Brand".[68]

67 Source: Reputation Institute, 2017 Canada RepTrak® 50 Survey.

68 Source: Reader's Digest.

Positive Secular Industry Trends Support Continued Growth in VMS and Sports Nutrition

We compete in the large and fast-growing VMS and sports nutrition segments of the consumer health industry that are experiencing favourable secular trends.

The North American VMS market has grown from approximately US$25 billion in 2011 to approximately US$28 billion in 2015, representing a 2.9% CAGR.[69] Euromonitor expects the segment to continue growing at a CAGR of 2.8% from 2015, reaching US$33 billion by 2021. Further, the global VMS segment is expected to grow at a 3.4% CAGR over the same period. We have a successful track record of growing revenues faster than the broader VMS segment.

The North American sports nutrition segment was estimated by Euromonitor to be US$7 billion in 2015 and is projected to grow at an 7.8% CAGR, reaching US$11 billion by 2021.

The VMS segment has demonstrated positive annual growth for nine of the past ten years, despite periods of economic weakness during that time.[70]

As noted above, trends driving growth in the VMS and sports nutrition segments include:

- Health and wellness mega trend
- Aging population
- Informed consumers demanding scientific support and quality assurance
- Rising demand for protein in nutritional supplements
- Increasing regulatory and quality standards
- Demand in emerging markets

We believe we are well positioned to capitalize on all of the above trends to continue growing our business. See "*Our Industry*".

Strong Track Record of Innovation across a Broad Range of Categories

With our passion for R&D and product development, we have developed a market leading product portfolio of approximately 240 VMS products in our Jamieson branded line of products which address most VMS sub-categories. Our comprehensive line of products provides consumers with a brand umbrella they know and trust for their daily needs including single vitamins, minerals, multivitamins, herbals and specialty supplements such as omega oils, probiotics and melatonin.

We have strong R&D capabilities and a track record of new product development. In fiscal 2016, new products launched over the last three years accounted for 19% of our domestic Jamieson branded sales. In the past 20 years, we have developed over 1,300 individual formulations, including new products and line extensions as well as reformulations. In 2014, we continued our penetration of the growing Canadian VMS gummy market with the introduction of gummy launches that included calcium, omega-3 and women's multivitamins. In 2015, our product launches focused on the natural sleep and digestion categories of the VMS Segment. In 2016, we re-launched ten adult and two kids multivitamin SKUs, introduced new forms of L-glutamine and BCAA supplements and launched vitamin D, melatonin and vitamin B12 sprays.

We employ an entrepreneurial, multidisciplinary, cross-functional and market-driven approach to product development, which we believe allows us to increase our success rate, grow our leadership across many product categories and improve speed to market, providing us with the ability to turn concept development into sales in as little as twelve weeks. With input, support and direction from senior management, this collaborative process involves our group of 16 dedicated scientists (in fields spanning chemistry, microbiology, nutrition and medicine), our brand marketing specialists and our sales team which provides real-time feedback from our retail partners. Going forward, our innovation process will be further enhanced through the recent formation of our panel of consumer health industry experts (the "**Jamieson Scientific Advisory Board**"), which will provide insight and guidance regarding new innovations and collaborate on product development. See "*Product Innovation — Jamieson Scientific Advisory Board*".

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[69] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

[70] Source: Nielsen MarketTrack data from June 9, 2007 to May 28, 2016 based on dollar volume of sales.

Scalable, Well-Invested Manufacturing Platform Exceeding Regulatory Standards

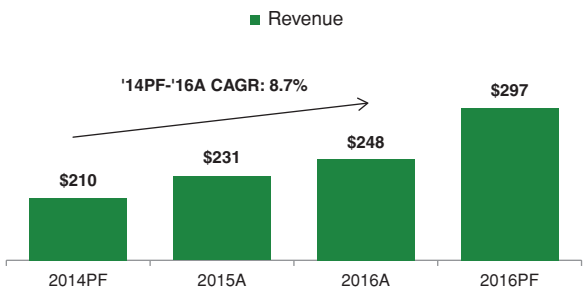
We operate three state-of-the-art manufacturing facilities and four distribution facilities. We leverage our advanced, highly flexible and demand-driven production facilities to execute our core competencies in R&D, product development and quality control. With scientific validity and product quality as core principles, we employ a multi-disciplinary and cross-functional approach in product development, manufacturing and quality control, including our unique 360 Pure program. We believe our facilities exceed the standards implemented by Health Canada and required by Good Manufacturing Practices. In addition, we believe we are one of only two Therapeutic Goods Administration ("**TGA**") cleared manufacturers in Canada.[71] This abiding commitment to quality is the cornerstone of our brand promise and our brand equity.

Our manufacturing facilities provide for a broad range of manufacturing formats including capsules, powders, liquids, tablets and soft gels. Our manufacturing assets are maintained for peak efficiency and performance, minimizing down-time. We believe that we have production capacity to accommodate our growth plans over the next five year period and have the ability to further expand our production capacity with modest capital investments. We believe our scalable manufacturing base will enable our continued growth and provide significant operating leverage to expand our profit margin on incremental sales. Currently, we utilize a portion of our available capacity to manufacture products for our Strategic Partners Business, which allows us to increase the efficiency and profitability of each of our manufacturing facilities.

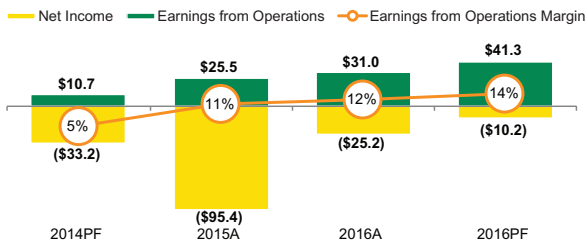
Strong Performance with Significant Free Cash Flow Generation

We believe our extensive range of premium, high-quality, innovative natural products across multiple channels of distribution, unmatched brand awareness and consumer loyalty, highly efficient supply chain and disciplined business and financial management have led to our strong performance as highlighted below:[72]

Strong Top-Line Momentum
($ millions)



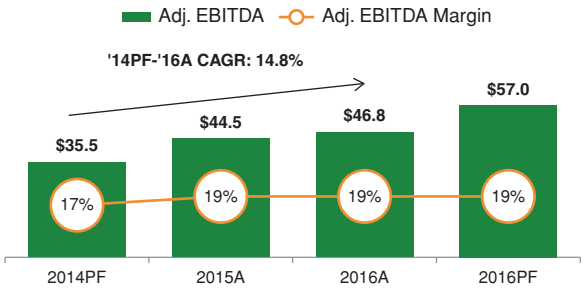
Net Income and Solid Growth in Earnings from Operations
($ millions)



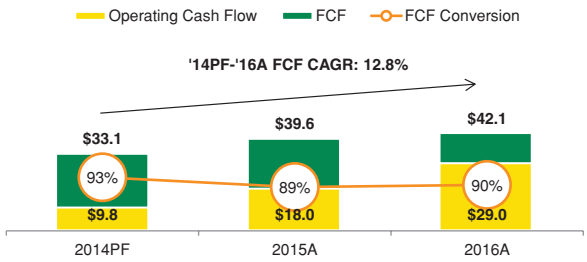
71 TGA is a part of the Australian Government's Department of Health and is responsible for regulating therapeutic goods, including VMS and sports nutrition products, in Australia.

72 Where applicable, pro forma figures for 2016 give effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016. Financial information for Body Plus and Sonoma for 2016 was prepared in accordance with IFRS and was derived from the audited and unaudited financial statements of Body Plus and Sonoma that are included in this prospectus. Financial information for Jamieson for 2014-2016 was prepared in accordance with IFRS and was derived from our audited annual financial statements that are included in this prospectus. Figures for fiscal 2014 include the results prior to the acquisition of Jamieson Laboratories by the CCMP Shareholder and our acquisition of LVHS.

Strong Adjusted EBITDA Margin and Growth[73]
($ millions)

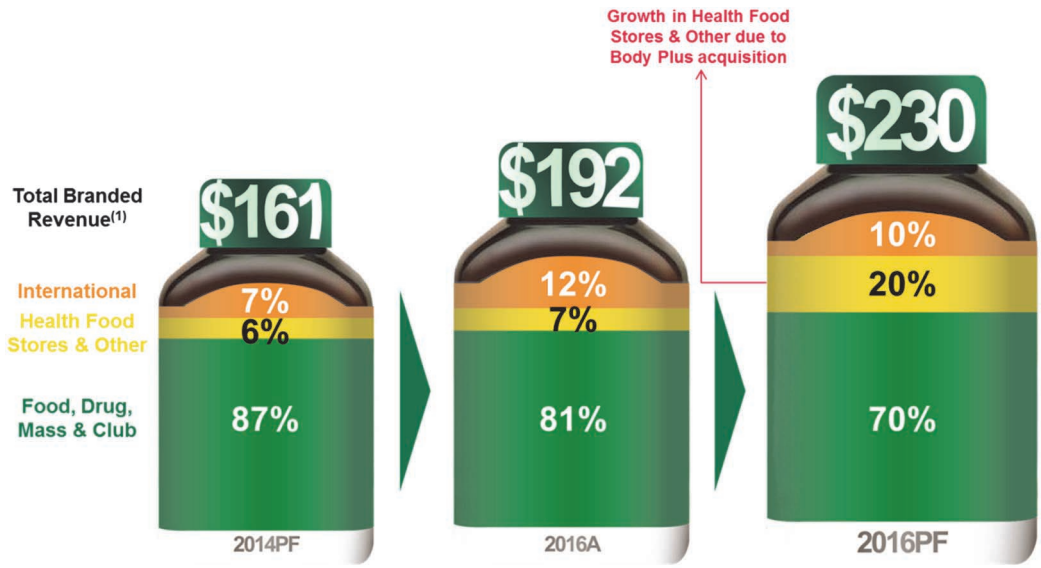


Strong and Growing Cash Flow[74]
($ millions)



Our financial performance is underpinned by a diversified revenue mix and growth across all channels in our Branded Business:

Jamieson Branded Business Revenue Growth by Channel[75]
($ millions)



Experienced, Proven Management Team to Support Continued Growth

We have a highly experienced management team with a proven track-record. Our management team is deeply committed to our vision, mission and values and long-term market leadership and actively fosters a collaborative, cross-functional and dynamic professional environment. Our management team has extensive experience in the VMS and sports nutrition segments as well as key strategic functions such as business

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73 See "*Selected Pro Forma Financial Information*" for a reconciliation of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

74 See "*Selected Pro Forma Financial Information*" for a reconciliation of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

75 Pro forma figures for 2016 give effect to the acquisition of Body Plus as if it had occurred on January 1, 2016. Branded Business sales exclude Strategic Partners Business and Sonoma. Financial information for Body Plus for 2016 was prepared in accordance with IFRS and was derived from the audited and unaudited financial statements of Body Plus that are included in this prospectus. Financial information for Jamieson for 2014-2016 was prepared in accordance with IFRS and was derived from our audited annual financial statements that are included in this prospectus. Figures for fiscal 2014 include the results prior to the acquisition of Jamieson Laboratories by the CCMP Shareholder and our acquisition of LVHS

development and acquisitions (see "*Directors and Management of our Company — Biographical Information Regarding the Executive Officers of our Company*"). Following our acquisition by the CCMP Shareholder in 2014, we increased our focus on innovation as a key pillar of our growth. We changed our organizational structure to reflect the importance of innovation to Jamieson and we continually reassess our innovation processes and structure. We believe these changes have accelerated our pace of innovation and allowed us to increase our speed to market with the introduction of new products, providing us with the ability to turn concept development into sales in as little as twelve weeks. In addition, our team will be further bolstered by our recently formed Jamieson Scientific Advisory Board. See "*Product Innovation — Jamieson Scientific Advisory Board*".

Our Growth Strategy

We have a successful track record of growing revenues faster than the broader VMS segment and are executing a compelling growth strategy we believe will enable us to continue to exceed industry growth rates while increasing our profitability.

Our revenue has grown at a 6.7% CAGR over the past 10 years and at a 8.7% CAGR for the past two fiscal years, compared to estimated North American VMS growth of 4.0% from fiscal 2014 to fiscal 2016.[76] Adjusted EBITDA has grown by a 14.8% CAGR over the same period.

We intend to achieve our sales growth targets for the next 5 years through a combination of (i) growth in our Branded Business in existing and adjacent categories in Canada, (ii) further penetration of our Branded Business into existing and new international markets and (iii) growth in our Strategic Partners Business.

Improved profitability has been targeted for the next 5 years as we will seek to realize operating leverage on our sales growth and increase our gross profit margins and operating expenses as a percent of revenue.

While not included in our current growth targets, we are also developing plans to further penetrate the emerging VMS market in China and pursue strategic acquisition opportunities along the lines of our acquisitions of LVHS, Body Plus and Sonoma.

We believe that we have an opportunity to achieve the following five year financial targets for 2017 through 2021:[77]

- Total revenue of $390 to $410 million, an increase of $93 to $113 million from a pro forma $297 million in 2016, representing a CAGR of 5.6% to 6.7% supported by:
    - An increase in total Branded Business revenue from 2016 to 2021 of $73 million to $93 million, up from pro forma $230 million in 2016, representing a CAGR of 5.7% to 7%.
        - An increase in domestic Branded Business revenue in existing and adjacent categories from 2016 to 2021 of $53 to $68 million, up from pro forma $208 million in 2016, representing a CAGR of 4.6% to 5.8%.
        - An increase in international Branded Business revenue from 2016 to 2021 of $20 to $25 million, up from pro forma $22 million in 2016, representing a CAGR of 13.8% to 16.4%.
    - An increase in Strategic Partners Business revenue from 2016 to 2021 of approximately $20 million, up from pro forma $67 million in 2016, representing a CAGR of 5.4%.
- Total Adjusted EBITDA in 2021 of $95 to $100 million, up from pro forma $57 million in 2016, representing a CAGR of 10.8% to 11.9%.
- Adjusted EBITDA Margin of 23.8% to 25% in 2021, up from 19.2% in 2016, representing a margin improvement of approximately 460 bps to 580 bps.

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[76] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

[77] All 2016 figures are presented on a pro forma basis to give effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016. Financial information for Jamieson, Body Plus and Sonoma for 2016 was prepared in accordance with IFRS and was derived from our audited financial statements that are included in this prospectus and the audited and unaudited financial statements of Body Plus and Sonoma that are included in this prospectus. See "*Selected Pro Forma Financial Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Outlook*" and "*Non-IFRS Measures*".

- Cumulative cash flow from operations less capital expenditures for property, plant and equipment of approximately $200 million generated over the 2017 to 2021 timeframe, which in our plan will be used to fund dividend payments and pay down debt or will be available to fund our pursuit of our potential upside opportunities not presently in our five year growth targets. See "— *Robust Upside Potential*".
- Adjusted EPS CAGR of approximately 20% from 2016 on a pro forma basis to 2021.

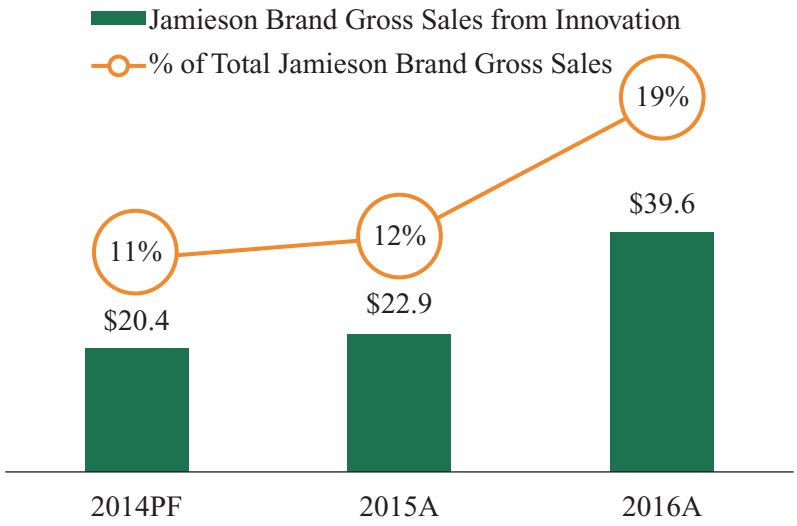
The following are the principal strategies we will employ to drive our profitable growth and cash flow generation:

Grow Our Branded Business in Existing and Adjacent Categories

As new findings on health products are released, consumers are increasingly focused on products with proven health benefits. Following our acquisition by the CCMP Shareholder in 2014, we increased our focus on innovation as a key pillar of our growth. We changed our organizational structure to reflect the importance to us of innovation and we continually reassess our innovation processes and structure. We believe these changes have thus far accelerated our pace of innovation and allowed us to increase our speed to market with the introduction of new products, providing us with the ability to turn concept development into sales in as little as twelve weeks. We have invested significantly to build a market and data driven product development team that effectively positions us to capitalize on these emerging health trends.

As outlined below, we will continue to use innovation to drive growth in existing and adjacent categories in Canada. Over the past 20 years, we have developed more than 1,300 individual formulations. We have consistently increased the number of new products launched each year from 12 (all from Jamieson), 19 (comprised of 12 from Jamieson and 7 from Body Plus) and 48 (comprised of 34 from Jamieson and 14 from Body Plus) in 2014, 2015 and 2016, respectively, to 100 new products in the pipeline for 2017 (approximately 35 from Jamieson, 52 from Body Plus and 13 from LVHS). In fiscal 2016, new products launched over the last three years accounted for 19% of our domestic Jamieson branded sales. These product launches include new products and line extensions as well as reformulations.

Domestic Jamieson Brand Sales from Innovation — 2014, 2015 and 2016



Note: "% of total Jamieson brand gross sales" represents the percentage of domestic Jamieson brand sales in that year comprised of new products launched in that year and in the prior two fiscal years. Figures for fiscal 2014 include the results prior to the acquisition of Jamieson Laboratories by the CCMP Shareholder and our acquisition of LVHS. The gross sales figures for the fiscal years 2014-2016 have not been audited for purposes of this prospectus and such figures were not derived from our audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 included in this prospectus.

In addition to the large and growing VMS and sports nutrition segments, we believe Jamieson is well positioned to grow in adjacent attractive segments of the consumer health industry, such as cough and cold and herbal traditional products. These markets are large and growing and complementary to what we do today in our Branded Business (i.e., our brands, core capabilities in product development, distribution channels and supply chain).

Select Canadian Existing and Adjacent Consumer Health Segments

Segments	2016 Market Size (C$mm)[1]	Actionability	Our Pipeline	
			2017[2]	2018[3] and Beyond
Vitamins, Minerals and Supplements[4]	$1,603	✓	• Magnesium Mineral Chewable • Pre-Natal Chewable • Perfect Probiotic for Adults • Beauty Smart Collagen Protein • 59 other SKUs	• 120 SKUs
Herbal / Traditional Products	$714	✓	• High-Potency Turmeric • Maca • Super Liver Detox • Anti Nausea • 8 other SKUs	• 8 SKUs
Sports Nutrition	$285	✓	• Iron Vegan Sprouted Protein Bars • Iron Vegan Athlete's Gainer • Precision I-PLX 2.0 • Precision Amino PLX • 19 other SKUs	• 21 SKUs
Cough & Cold[5]	$261	✓	• Cold Fighter Softgel • Cold Fighter Chewable	• 7 SKUs

Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

1. Please note overlap may exist between categories (e.g. certain products may fit multiple categories).
2. 2017 launches which have not yet been announced to the trade are planned but still subject to change.
3. 2018 launches are at various stage of development from ideation to development and are subject to frequent changes and updates.
4. Includes $9 million tonics category.
5. Cough & Cold category defined as cough remedies, medicated confectionary, pharyngeal preparations and paediatric cough and cold remedies.

We are the market leader in the branded VMS segment and will use continued product innovation to enhance our leadership and growth of this category. Our 2017 pipeline includes 63 new SKUs such as magnesium mineral chewables, pre-natal chewables and Iron Vegan sprouted protein bars.

We have numerous new products in the 2017 pipeline to drive growth in the $714 million herbal/traditional products segment[78] such as high-potency turmeric and super liver detox.

We also have many new products in the 2017 pipeline to further penetrate the $261 million cough and cold segment[79] including cold fighter softgels and cold fighter chewables.

The Body Plus and Sonoma acquisitions provided Jamieson strategic entry into the high growth $285 million sports nutrition segment. These platforms will support several key growth avenues going forward including the opportunity to develop Jamieson-branded sports nutrition products, such as protein powders enhanced with Jamieson vitamins, for sales in the food, drug, mass and club channels and internationally as well as growth expected to come from a relaunch or redesign of certain Precision and Progressive branded products. We intend to seek additional growth from broadening the current distribution of Body Plus products in the food,

78 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

79 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

drug, mass and club channel and expanding the number of health food and specialty stores in which the LVHS brand is available.

Jamieson is one of Canada's leading consumer health companies, holding a 25% market share in the collective VMS categories in which we compete in the Canadian food, drug and mass channels.[80] Our Canadian market share is at least 2.5 times that of our next closest competitor.[81] We believe we are well positioned to retain and grow our existing market position at a rate at or above the North American VMS industry growth rate, which according to Euromonitor, is expected to grow at a 2.8% CAGR from 2015 to 2021, due to our leading brand recognition, superior quality and longstanding, tenured relationships with blue-chip clients across the food, drug, mass, club, health food store, specialty and online retail channels. Further, we expect to continue to grow sales of LVHS products.

We believe that we have an opportunity to increase our domestic Branded Business revenue in existing and adjacent categories from 2016 to 2021 by $53 to $68 million, up from pro forma $208 million in 2016, representing a CAGR of 4.6% to 5.8%.

Capitalize on Large Addressable International Market Opportunities

We currently sell Jamieson branded products through distribution arrangements covering 40 international markets outside of North America, including China, Hong Kong, Italy, Spain, Romania, Bulgaria, Jordan and Trinidad and Tobago. We offer a focused selection of existing products for each local market and provide packaging in twelve different languages. We have a fast-growing international Branded Business with sales having doubled between 2013 and 2016.

Jordan

China

Serbia

Saudi Arabia

Hungary

Slovakia

According to Euromonitor, global VMS sales grew from approximately US$75 billion in 2011 to US$88 billion in 2015, implying an approximately 4.1% CAGR. In 2015, markets outside of North America accounted for approximately 68.1% of global sales. Between 2015 and 2016, the global VMS market is estimated to have grown by 3.8%, while total revenue from Jamieson branded products grew by 7.2% over the same period (5.6% on a pro forma basis giving effect to the acquisition of Body Plus as if it had occurred on January 1, 2015).

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80 Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

81 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

We believe we are considered one of the most trusted VMS brands globally due to our iconic brand status, our focus on quality and the fact that we operate in one of the most reputable and well-regulated VMS markets in the world. We have received numerous awards in international markets including the Superbrands Seal in Slovakia for each of the last three years. The Superbrands Seal is awarded to brands with exceptional reputation in recognition of their outstanding brand position in the local market.

We have a strategic approach to entering international markets, which includes evaluating certain factors in each market, such as competitiveness, pricing dynamics, growth potential, regulatory environment and the propensity to be attracted to foreign brands. In markets that we seek to enter, we leverage our brand and trusted reputation and seek to partner with strong distributors whose interests align with ours. We believe that our products resonate strongly with international distributors, retailers and consumers because of the significant value placed on our quality and Health Canada's regulation of VMS products. We expect that our deep customer relationships with several blue-chip retailers will also support geographic expansion. We believe a key growth avenue resulting from the Body Plus acquisition is the opportunity to market the Body Plus brands to our international partners. Key international markets we are currently focused on include Eastern Europe, the Middle East and Asia.

We believe that we have an opportunity to increase international Branded Business revenue from 2016 to 2021 by $20 to $25 million, up from pro forma $22 million in 2016, representing a CAGR of 13.8% to 16.4%.

Grow Strategic Partners Business

We expect to continue to grow our Strategic Partners Business by attracting new customers and broadening relationships with our existing customers who entrust the value of their brands to Jamieson and rely on our specialized, high quality, manufacturing capabilities as opposed to high volume, low quality production alternatives.

With our recent acquisition of Sonoma, we expect to provide customers in our Strategic Partners Business with R&D and manufacturing capabilities in new product categories including sports nutrition supplements, protein and weight gain powders and whey protein.

Continued growth in the Strategic Partners Business is expected to support overall efficiency and drive increased profitability through effective capacity utilization, helping us realize our operating leverage and profitability improvement targets.

Over the next five years from 2016 to 2021, we believe that we have an opportunity to increase Strategic Partners Business revenue by approximately $20 million, up from pro forma $67 million in 2016, representing a CAGR of 5.4%.

Increase our Operating Income, Gross Profit and Adjusted EBITDA Margins

We anticipate that one of the primary drivers of gross profit margin expansion will be the operating leverage we realize on sales growth from the execution of our growth strategies as we add incremental sales volume over our existing manufacturing base where a portion of our manufacturing costs are fixed. In addition, we expect that our cost of goods sold as a percentage of revenue will decrease over time, driven by both changes in our product mix (for example, by focusing our growth efforts on channels and categories with higher than average margins which will also help drive improved purchasing power in these channels and categories) and strengthened supplier relationships as we increase overall sales volumes. We believe that our current manufacturing capacity is sufficient to meet our anticipated volume growth in the medium term and that manufacturing capacity can be added with modest capital expenditures.

We believe we have optimized our trade, marketing and research and development spending to levels that support our brand and our innovation and growth opportunities. We expect to benefit from greater operating leverage on future sales growth, since a portion of our operating expenses, which include SG&A and marketing expenses, are fixed and are anticipated to decline as a percentage of revenue over the next 5 years.

Growth realized through LVHS and through the Body Plus and Sonoma acquisitions will also continue to improve profitability (see "*M&A Driven Growth Opportunities*"). With respect to LVHS, we have doubled the

brand's sales since the acquisition in 2014, with EBITDA also more than doubling during the period. With respect to Body Plus and Sonoma, we expect that infrastructure synergies will emerge from optimizing the manufacturing and distribution of our health food brands, which will drive increased profitability.

Additional current and ongoing initiatives that we are undertaking to further enhance our margins include: (i) distribution process consolidation; (ii) manufacturing process consolidation and optimization; and (iii) enhanced scale and more efficient utilization of our existing Jamieson Laboratories facility in Windsor, Ontario (including packaging, layout and surge capacity).

We believe that we have an opportunity to grow total Adjusted EBITDA to $95 to $100 million in 2021, up from pro forma $57 million in 2016, representing a CAGR of 10.8% to 11.9% and to grow our Adjusted EBITDA Margin in 2021 to be 23.8% to 25%, up from 19.2% in 2016, representing a margin improvement of approximately 460 bps to 580 bps over the next five years.

We believe that we have an opportunity to use sales growth and operating leverage with modest capital expenditures to generate cash flow from operations less capital expenditures for property, plant and equipment of approximately $200 million over the next five years. We plan to use this cash flow to fund dividend payments and pay down debt or it will be available to fund our pursuit of our potential upside opportunities not presently in our five year growth targets, as discussed in the following section.

Robust Upside Potential

In addition to the growth strategies described above, we believe the following opportunities have the potential to drive incremental growth in our businesses. These opportunities are not included in our five year financial targets presented above in this "*Our Growth Strategy*" section.

Well Positioned for Future Success in China

China remains a strong emerging opportunity for our Company, particularly as VMS related legislation and regulations in China stabilize, allowing us to register additional products for sale in China. Excluding Hong Kong, VMS sales in the Chinese market were approximately US$17 billion in 2015, making China the second largest VMS market in the world. Furthermore, the market has grown at a CAGR of approximately 9.9% between 2011 and 2015.[82] The target demographic in China for VMS products is comprised of affluent, health conscious individuals aged 25 to 45 living in tier 1 cities (populations over 15 million) and tier 2 cities (populations between 3 and 15 million). We believe that members of this target demographic are also well educated, prefer to shop online and have overseas experience either through education or travel. We believe that our iconic brand status and leadership position in the Canadian VMS market complemented by our 360 Pure program positions us to capture a meaningful share of this target Chinese demographic and continue to earn the trust of more Chinese consumers.

We currently have 60 products available for sale in China in the cross-border e-commerce channel and intend to license up to 50 new products between 2017 and 2020 including 10 SKUs focused on joint health, sleep aids and adult care. The Chinese government has stated that the cross-border e-commerce channel will adopt the more stringent regulatory framework that governs the sale of VMS products in "offline" channels through brick and mortar stores. We have three products currently registered for sale offline and will register additional products as the regulatory framework is finalized. This will enable us to continue to sell in both online and offline channels in China. We believe there are significant opportunities to penetrate, expand and grow sales in China by working with distribution partners and through the direct to consumer e-commerce channels.

We will employ a multi-channel strategy in China which will include launching innovative, condition-specific products and partnering with local distributors and large domestic e-commerce players to drive both our brick and mortar and cross-border e-commerce sales. Our initial investments in the Chinese market have delivered strong results as demonstrated by our sales in China increasing by 283% from 2014 to 2016. We believe we are well positioned to develop a meaningful business in China as we enhance our partnerships with local distributors and e-commerce players and the government clarifies and stabilizes regulation of the large and rapidly growing Chinese VMS market.

[82] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

Examples of Our Specific Health Concern Products Launched in China

M&A Driven Growth Opportunities

We will continue to leverage our relationships and network of industry participants and advisors to actively source and identify acquisition opportunities. Our strategy is to selectively pursue financially attractive and strategically compelling acquisitions that leverage our strengths in sales and marketing, new product innovation, quality, manufacturing and international distribution. In pursuing potential acquisition candidates, we assess several criteria: (i) entry or expansion into high growth markets, (ii) geographic expansion potential, (iii) adjacent category expansion within relevant attractive segments of the consumer health industry and complementary products, (iv) demonstrated innovation capabilities, (v) manufacturing capabilities and integration synergies, (vi) brand, product and/or channel synergies, and (vii) whether financially attractive. We offer founders and management of potential acquisition targets a structure which enables them to partner and continue to grow their business, which we believe makes us an acquirer or investor of choice. We actively monitor the market and evaluate potential acquisition opportunities.

We believe we have demonstrated our ability to successfully acquire, integrate and grow businesses that we acquire. Since 2014, management has successfully made three acquisitions in line with our strategy. Our 2014 acquisition of assets from Lorna Vanderhaeghe Health Solutions Inc. ("**LVHS**") provided us with a premium consumer health brand uniquely targeted to women and our January 2017 acquisition of Body Plus and Sonoma provided us strategic entry into the high growth sports nutrition segment. We anticipate being able to fund future acquisitions through the cash flow expected to be generated by our operations plus, if necessary and appropriate, by raising additional capital.

LVHS Lorna Vanderhaeghe Health Solutions

(2014)

Premium vitamin and supplement line focused uniquely on women's natural health

- ✓ Canada's largest branded, premium vitamin and supplement line uniquely focused on women's health
- ✓ Enhanced presence in higher-margin specialty retail channel
- ✓ Top-line and profitability synergies realized
  - Doubled sales
  - Doubled Adjusted EBITDA
- ✓ Considerable cross-channel and operational synergies

Body Plus

(2017)

Leading marketer of innovative, on-trend natural health products

- ✓ Enhanced presence in higher-margin specialty retail channel
- ✓ Access to rapidly growing sports nutrition category
- ✓ 3 leading wellness brands (Progressive, Precision and Iron Vegan)
- ✓ Access to high-margin and growth categories
- ✓ Considerable cross-channel and operational synergies
  - Logistics
  - Maximizing plant efficiency and investment
  - Purchasing

Sonoma Nutraceuticals

(2017)

Well-established manufacturer of private label supplements

- ✓ Expands our ability to deliver high value-added services to strengthen relationships with key retailers
- ✓ New R&D and manufacturing capabilities in sports nutrition
- ✓ Considerable cross-channel and operational synergies
  - Logistics
  - Maximizing plant efficiency and investment
  - Purchasing

Products

With our passion for R&D and product development, we have developed a market leading product portfolio of approximately 240 VMS products in our Jamieson branded line of products which address most VMS sub-categories. Our comprehensive line of products provides consumers with a brand umbrella they know and trust for their daily needs including single vitamins, minerals, multivitamins, herbals and specialty supplements such as omega oils, probiotics and melatonin.

Jamieson develops, manufactures and markets under several brands an award-winning portfolio of natural products, using high-quality ingredients and proprietary formulations. Jamieson-branded products are aimed at all consumers, while our LVHS and Body Plus brands (Progressive, Precision and Iron Vegan) are strategically targeted towards more focused segments of the market, including women (LVHS), healthy and active lifestyle enthusiasts (Progressive), amateur, semi-professional and professional athletes (Precision) and athletes and other consumers with an active lifestyle looking for a plant-based protein solution (Iron Vegan). The premium pricing of our products reflects the care and quality we invest in every product produced. Our extensive selection of products ranges from preventative care to specialized treatment to seasonal/periodic solutions.

Below is a summary of our product offerings:

Product Category	Select Products	Description	SKU Count
Single Vitamins		• Vitamins A, B, B Complex C, D and E • Various delivery forms including tablets, soft-gels, chewables, capsules, time release, strips, droplets, gummies and sprays	82
Specialty Supplements		• CoQ10, omega oils, digestive health, beauty and natural sleep aids • Advanced nutrition, women's and condition-specific formulations	195
Minerals		• Magnesium, potassium, calcium, iron and other minerals • Various delivery forms including tablets, drink mixes and timed-release	46
Herbals		• Broad range of ingredients including echinacea, ginseng and cranberry • Formulated to address a variety of health concerns including vision. • Mood, liver health and immune support	36
Multivitamins		• A full lineup of multivitamins formulated specifically for different genders, ages and life stages • Includes the Jamieson 100% Complete line formulated to provide 100% of Health Canada's recommended daily vitamin intake • A variety of delivery formats including gummies, drink mixes, chewable tablets and powders	43
Sports Nutrition		• Protein, testosterone, fat-burning and performance supporting products for athletes and bodybuilders • Includes the Iron Vegan line of certified vegan protein products	68
Cough and Cold		• Products to help fight colds and flu and shorten the duration of symptoms • Zinc lozenges in delicious flavours to help soothe a sore throat	5

Product Category	Select Products	Description	SKU Count
Joint Care		• A variety of products to help prevent and manage joint pain • Includes products formulated with natural eggshell membrane, collagen and curcumin • Several glucosamine based formulas in delivery forms including drink mix, liquid, caplets and capsules	17
Weight Management		• Products that naturally support weight loss, formulated with natural ingredients such as green tea and CLA	15

Product Innovation

We believe that product innovation is integral to our success and, following our acquisition by the CCMP Shareholder in 2014, we increased our focus on innovation as a key pillar of our growth. We believe these efforts have thus far accelerated our pace of innovation and allowed us to increase our speed to market with the introduction of new products, providing us with the ability to turn concept development into sales in as little as twelve weeks. Furthermore, in the past 20 years, we have developed over 1,300 individual formulations. In fiscal 2016, new products launched over the last three years accounted for 19% of our domestic Jamieson branded sales. In 2017, in response to a request from one of our Branded Business customers, we are launching 20 new SKUs in twelve weeks from concept development to shipment. We believe our pace of innovation and speed to market with the introduction of new products provide us with a competitive advantage in the categories and channels in which we compete.

R&D

We believe we have established world-class R&D and product development expertise. We employ an entrepreneurial, multidisciplinary, cross-functional and market-driven approach to product development, which allows us to maintain our market leadership and drive continued growth in our business. With input, support and direction from senior management, this collaborative process involves our group of 16 dedicated scientists (in fields spanning chemistry, microbiology, nutrition and medicine), our brand marketing specialists and our sales team which provides real-time feedback from our retail partners.

Our extensive R&D capabilities allow us to commercialize theoretical product ideas. From formula development through prototype creation, stability testing and scale-up of production, we believe we employ industry-leading practices that allow us to adjust the level of process qualification depending on product complexity and customer needs. Even after a new product is successfully developed, we continuously undergo process verification and product optimization to ensure the highest quality standards are being maintained and to identify future cost saving opportunities.

This collaborative and dynamic R&D process enables us to identify and quickly respond to market trends, allowing us to rapidly bring new products to market.

Jamieson Scientific Advisory Board

We believe our innovation process will be further enhanced by our newly-formed Jamieson Scientific Advisory Board which has a mandate focused on innovation. Members of the Jamieson Scientific Advisory Board are experts or researchers in their respective field of science, which are correlated to certain of our key product areas, including weight loss, herbal, omega nutrition, sports nutrition and gastrointestinal products. The Jamieson Scientific Advisory Board will harness the expertise and influence of its "industry heavyweight" members to help us generate proprietary ideas and provide us with insights on emerging products and areas for

R&D, based on the latest scientific developments. Each board member's knowledge and awareness of emerging technologies within each of their respective fields will assist us by providing insights that will help shape our future product developments.

Below are the current members of the Jamieson Scientific Advisory Board:

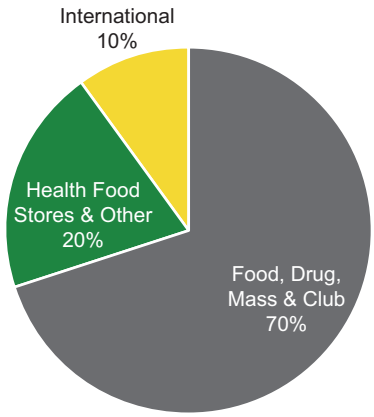
Name	Area of Expertise	Experience
Louis J. Aronne, MD, FACP . .	Weight Loss	• Sanford I. Weill Professor of Metabolic Research at Weill-Cornell Medical College; directs the Center for Weight Management and Metabolic Clinical Research • Fellow of the American College of Physicians • Vice-chairman of the American Board of Obesity Medicine
Dr. Ragupathy Subramanyam .	Herbal	• Curator of the Biodiversity Institute of Ontario's BIO Herbarium and Co-Director of NHP Research Alliance at the University of Guelph • Research has impacted policy on biodiversity and international trade of herbal products within Canada, USA, EU and Asia
Dr. Bruce Holub	Omega Nutrition	• Has served as President, Nutrition Society of Canada and Chair, Nutrition Task Force (Heart & Stroke Foundation of Ontario) • Expert in omega technology • University Professor Emeritus, Department of Human Health & Nutritional Sciences at the University of Guelph
Dr. Shawn Talbott	Sports Nutrition	• Fellow of both the American College of Sports Medicine and the American College of Nutrition • Author of hundreds of articles and more than a dozen books on nutrition and fitness • MS in Exercise Science from University of Massachusetts and a PhD in Nutritional Biochemistry from Rutgers
Dr. Ralf Jäeger	Gastrointestinal	• World-class inventor of functional foods and dietary supplements and an expert in probiotics • Authored and published numerous peer-reviewed scientific papers, industry publications and mainstream media articles on sports nutrition, brain, joint, heart, and gut health. • Certified sports nutritionist (CISSN), a Fellow of the International Society of Sports Nutrition (FISSN), and coeditor and editorial board member of the leading scientific sports nutrition journal, JISSN

Customers and Distribution Channels

Our products are widely distributed through more than 10,000 retail locations in Canada and 40 countries worldwide. We manufacture products under several brands, including Jamieson, LVHS, Progressive, Precision, and Iron Vegan.

We believe the Jamieson brand is considered one of the most trusted VMS brands globally due to our iconic brand status, our focus on quality and the fact that we operate in one of the most reputable and well-regulated VMS markets in the world. We believe these factors, together with our state-of-the-art manufacturing facilities, resonate strongly with Canadian and international distributors and retailers.

Our leading market share and strong brand recognition in Canada help cement our strong relationships with key retail partners. We sell our Jamieson branded products through all of Canada's leading retailers in the food, drug, mass and club channels and we were the first natural supplements brand to enter these channels in Canada in the mid-1980s. We also sell our products through the health food store and specialty and online retail channels in Canada, principally under the LVHS, Progressive, Precision and Iron Vegan brands. Additionally, we sell our Jamieson branded products internationally through international distribution arrangements. We are in the process of introducing the LVHS, Progressive, Precision and Iron Vegan brands to our international distribution channel to extend their reach. Our Branded Business revenue mix by channel for the 2016 fiscal year was as follows:[83]



For a number of our customers, including our longstanding retail partners Familiprix, Loblaws and Metro and, we distribute our products, at the request of each such customer, through distributors such as Kohl & Frisch Ltd., McKesson Corporation and McMahon Distributeur Pharmaceutique Inc.

A summary of our presence by channel is as follows:

Food

The Jamieson, LVHS, Progressive, Precision and Iron Vegan brands are sold through the food (grocery) channel. Jamieson branded products are among the most accessible and widely available VMS products in the food channel across Canada, and are carried by both national chains as well as independent and regional grocery stores. Jamieson products are intended to have mass-market consumer appeal. Products under the LVHS, Progressive, Precision and Iron Vegan brands are available in select highly targeted grocery stores where the surrounding demographics support their premium price point. As a pioneer in the VMS segment of the consumer health industry, we have built strong relationships with our food retail partners. We serve as a category leader for many of our retailers and we have long-standing relationships with Canada's top grocery operators, including Loblaws, Metro, Safeway and Sobeys.

[83] Pro forma figures for 2016 give effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016. Branded Business sales exclude Strategic Partners Business and Sonoma.

Drug

The Jamieson, LVHS, Progressive, Precision and Iron Vegan brands are sold through the drug store channel. Jamieson branded products are among the most accessible and widely available VMS products in this channel across Canada, and are carried by both national chains as well as independent and regional drug stores. Pharmacists continue to be a key influencer to consumers seeking nutritional advice and product recommendations. Jamieson focusses on maintaining strong relationships with pharmacists, including through targeted educational materials, training and merchandising programs. Products under the LVHS, Progressive, Precision and Iron Vegan brands are available in select drug stores where the surrounding demographics support their premium price point. We have long-standing relationships with leading Canadian drug chains, including Jean Coutu, Lawtons, London Drugs, Rexall and Shoppers Drug Mart.

Mass/Club

Our Jamieson brand is also sold through the mass/club channels. As part of our strategy, we do not sell our premium LVHS, Progressive, Precision and Iron Vegan brands through the mass/club channel. We have strong relationships with leading Canadian mass/club chains, including Walmart and Costco.

Health Food Store, Specialty and Online Retail

The Jamieson, LVHS, Progressive, Precision and Iron Vegan brands are sold through the health food store, specialty and online retail channel. Our acquisition of Body Plus significantly increased our presence in this highly fragmented, high margin channel. This channel is the primary point of sale for our LVHS, Progressive, Precision and Iron Vegan brands, which target more health-conscious segments of the population. We believe that consumers in this channel are willing to pay premium prices for more specialized formulations and products. Our domestic online sales are also included in this channel. Our health food store, specialty and online retail customers include GNC, Popeye's, Purity Life, well.ca and Amazon Canada.

International Distribution

Currently, we only sell products under the Jamieson brand internationally. We are in the process of introducing the LVHS, Progressive, Precision and Iron Vegan brands to our international distribution channel as we believe this is key to increasing their value. We currently sell our Jamieson products internationally through distribution arrangements covering 40 international markets outside of North America, including China, Hong Kong, Italy, Spain, Romania, Bulgaria, Jordan and Trinidad and Tobago. Under our international distribution arrangements, brand marketing is controlled and supervised by Jamieson. In each of the international markets we serve, we have registered our relevant trademarks and, under the terms of our distribution arrangements, our distribution partners license the right to use our intellectual property in the local jurisdiction.

Strategic Partners Business

In addition to our Branded Business, we offer comprehensive manufacturing and product development services on a contract manufacturing basis to select blue-chip consumer health companies and retailers worldwide through our Strategic Partners Business. We selectively enter into strategic partnerships based on a set of criteria which includes profitable growth, capacity, geography, purchasing and manufacturing synergies and the potential for creating mutually beneficial long-term relationships.

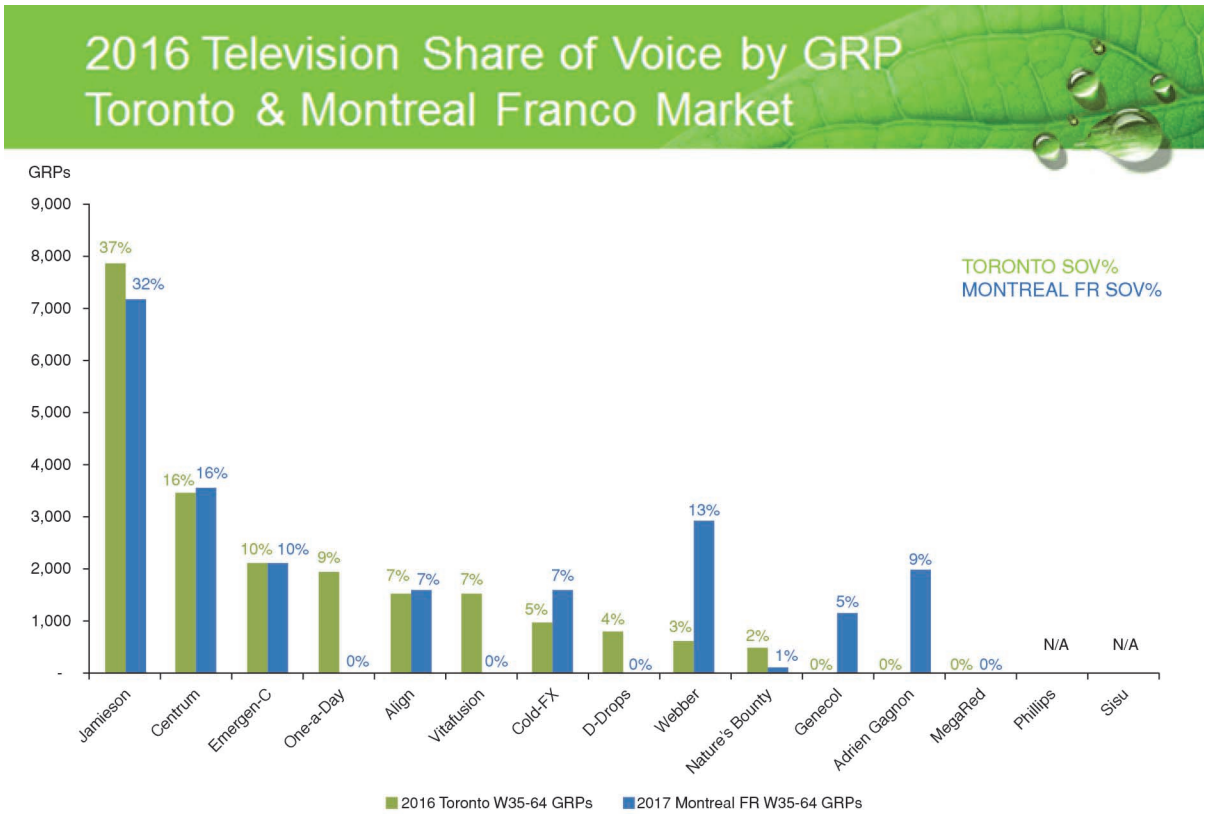
We also offer value-added services to our Strategic Partners Business customers, including regulatory advice, new product development and distribution services and industry insights. Our current Strategic Partners Business customer portfolio includes several longstanding relationships of greater than 15 years.

Marketing and Advertising

Our brands are well known to consumers due in large part to significant and strategic annual marketing and advertising expenditures over many years. We have a staff of approximately 38 marketing professionals with extensive experience in brand marketing. We use a very wide variety of marketing and media vehicles to build the equity of our brands with the consumer, generate awareness and drive retailer and consumer demand for our

products. Our overarching marketing goals are to build brand equity globally and drive profitable sales growth. Our marketing efforts are centered on five key pillars which include (i) building consumer trust through quality, (ii) educating consumers on our categories of products, (iii) developing tools and platforms to drive superior consumer engagement, (iv) establishing a shelf presence through the use of display and recognizable packaging that promotes a superior shopping experience and (v) driving increased sales and profits through innovation.

As shown in the chart below, we have the greatest share of impressions on television within the VMS segment as measured by share of voice in gross rating points ("**GRP**").[84] Our marketing spend is weighted towards television as we believe this continues to be an efficient channel through which to drive rapid consumer awareness.



Source: Numeris TV PPM data; NLogic CMR data; generated through NLogic Infosys+TVI December 28th, 2015 to December 25th, 2016.

We create further brand awareness with our growing presence in digital media along with other forms of media such as radio, third party spokespeople and social media. We have established an on-line "Club Health" which currently has approximately 100,000 members with whom we communicate directly on health education, new products and special offers. In 2015, we launched a new website in order to help create a best-in-class user experience.

We conduct marketing for each of our brands, specifically targeting the applicable audience in the regions and countries in which its products are offered. For example, LVHS uses in-person seminars to educate health food store and speciality retailer professionals who can then connect directly with the targeted consumers. Precision and Iron Vegan products target aspiring or elite athletes or other consumers with an active lifestyle seeking highly specialized, professionally formulated and innovative products while Progressive products are more focused towards individuals in search of formulations from naturopathic doctors and nutritional experts. The marketing for LVHS, Progressive, Precision and Iron Vegan products is mainly focussed in health food store

[84] Share of voice measures a brand's presence and gauges visibility within an advertising medium for a specific time period and is represented as a percentage of total impressions.

and specialty retailers where consumers expect to get detailed information and recommendations. We supplement this with brand-specific websites that provide complete product details and announce new products and promotions. Our brand websites include jamiesonvitamins.com, jamiesonvitamins.com.cn, vitaminesjamieson.com, progressivenutritional.com, progressivesport.ca, ironvegan.ca, healthyimmunity.com and precisionsupplements.ca. Information contained on, or accessible through, our brands' websites are not part of this prospectus.

Supply Chain and Operations

We have a highly flexible, demand-driven multi-staged manufacturing process designed to maximize efficiency, safeguard quality assurance and ensure products are produced in accordance with current Good Manufacturing Practices and strict Health Canada guidelines.

Purchasing and Sourcing of Raw Materials

We have developed a strong, global supply chain based on long-standing relationships. The majority of our suppliers have had a relationship with us for over ten years. We purchase our ingredients from nearly 200 high quality raw material ingredient and packaging suppliers worldwide. In 2016, our top ten suppliers accounted for approximately 50% of our purchases. Potential suppliers are subject to a rigorous evaluation process by our quality assurance department. This involves, among other things, testing for all relevant sources of contamination in the raw material supply chain including pesticides, heavy metals, polychlorinated biphenyls, dioxins, antibiotics or other contaminants. Botanical ingredients are subject to DNA verification verifying the identity of the declared source to the species level. We believe this procurement process and our diverse network of suppliers allows us to economically source the most pure and potent ingredients.

Our materials and inputs are generally available from multiple sources. However, they can be subject to fluctuations in price. We have established a competitive process to lock in pricing annually to avoid any short-term raw material price increases. Our process of entering into one year contracts for raw materials at fixed prices provides us with additional time to address price increases and mitigate margin erosion by (i) finding additional sources of supply at lower prices, (ii) reformulating products, or (iii) increasing the prices of our products. We believe we have an adequate supply of materials and inputs in place to service existing demand and anticipated growth. Supplier relationships are constantly developing. We believe our Company remains competitive by having multiple suppliers for most inputs and that we would be able to shift suppliers without significant disruption to operations should any changes become necessary. In addition, our Strategic Partners Business operates on short term contracts which generally allow us to directly pass on price increases for raw materials to our Strategic Partners Business customers.

Manufacturing and Distribution

All of our manufacturing, quality control, R&D, warehousing/distribution and supply chain functions for our Jamieson branded products operate out of three high-quality, specialized facilities located in Windsor, Ontario. Our tablet and soft gel facilities are both licensed by Health Canada as a pharmaceutical manufacturer under the Canadian Health Products and Food Branch, which exceeds the regulatory requirements for natural health products as dictated by the *Natural Health Product Regulations* (see "— *Regulatory Compliance and Certifications*" and "*Regulatory Matters*). We believe few supplement manufacturers in North America hold this distinction. In addition, we also hold a site license issued by the Natural Health Product Directorate in accordance with the *Natural Health Product Regulations*. The LVHS business has its distribution centre and administrative offices in Burnaby, British Columbia and the Body Plus and Sonoma businesses have their manufacturing and distribution facility in Toronto, Ontario and a second distribution warehouse in Burnaby, British Columbia. For select products with lower volumes or which are not economically advantageous to manufacture ourselves, we outsource to third party manufacturers who meet our quality standards.

Our Manufacturing, Distribution, and Warehouse Facilities

	Location	Key Stats	Function

Jamieson Laboratories	Windsor, ON	• ~121,000 square ft.
		• ~313 employees
		• Capacity (in doses):
		  • Blending: 4.5bn
		  • Compression / Fill: 3.5bn
		  • Packaging: 39.0mm
			• Operates as manufacturing headquarters for Jamieson and LVHS products
			• Produces tablets, capsules, and liquids
			• Engages in R&D, packaging, and houses activities for Strategic Partners Business

International Nutrient	Windsor, ON	• ~72,000 square ft.
		• ~142 employees
		• Capacity (in doses):
		  • Compounding: 5.0bn
		  • Encapsulation: 2.7bn
			• Produces Jamieson and LVHS soft-gels in various shapes and sizes in liquid, semi-solid and suspended solids
			• Engages in bulk packaging

Jamieson Distribution Centre	Windsor, ON	• ~101,000 square ft. • ~53 employees • Storage: ~100,000 square ft.	• Centralizes warehousing and distribution of all Jamieson branded products • Provides warehouse and distribution services to customers in Strategic Partners Business

Body Plus and Sonoma Manufacturing Facility	Toronto, ON	• ~102,000 square ft.
		• ~66 employees
		• Capacity (in doses):
		  • Dispensing / Blending: 2.9mm
		  • Powder Filling: 2.5mm
		  • Encapsulation: 0.3mm
		  • Capsule Packaging: 5.7mm
		• Storage: ~77,500 square ft.
			• Facility handles weighing, dispensing and blending, encapsulation, filling and packaging services for all Body Plus manufactured products
			• Excess capacity utilized to serve Sonoma Strategic Partners Business customers as a superior custom manufacturer for a variety of private label customers

Body Plus Distribution Warehouse	Burnaby, BC	• ~9,000 square ft. • Storage: ~8,000 square ft.	• Western Canada warehousing and distribution centre for Body Plus and Sonoma products
LVHS Distribution Centre	Burnaby, BC	• ~10,000 square feet	• Western Canada warehousing and distribution centre for LVHS products

Jamieson Laboratories — Windsor, Ontario

The Jamieson Laboratories facility in Windsor, Ontario is our primary tablet manufacturing facility. The facility is comprised of five separate manufacturing areas (three for tablets and capsules, one for continuous coating and one for liquids), a finished and bulk products packaging area with two label storage rooms and a raw materials and bulk tablet product warehouse area with shipping and receiving docks. The facility operates three shifts per day, five days per week. We continue to regularly upgrade our equipment and facility infrastructure to further increase capacity and efficiency.

International Nutrient — Windsor, Ontario

International Nutrient Technologies Limited ("**International Nutrient**") is our wholly-owned manufacturer of soft gel capsule products across a wide variety of formulations for Jamieson branded products and our Strategic Partners Business. The facility leverages lab, logistics and administrative support from Jamieson Laboratories. We designed the facility with technologies and practices to support high volume bulk production with strict quality and efficiency standards. The facility operates four shifts per day, seven days per week.

Jamieson and LVHS Distribution Centres — Windsor, Ontario and Burnaby, British Columbia

The Jamieson Distribution Centre is the location for warehousing and distribution of all Jamieson-branded products as well as our Strategic Partners Business finished goods inventory. The facility additionally provides warehousing and distribution services to third-party retailers providing packing and direct to store distribution services.

The LVHS Distribution Centre is the office, warehousing and distribution centre for LVHS branded products.

Body Plus and Sonoma Facilities — Toronto, Ontario and Burnaby, British Columbia

Body Plus and Sonoma operate out of a state-of-the-art head office, distribution and manufacturing facility in Toronto, Ontario. The site houses Body Plus's R&D laboratory used for extensive product formulation, raw material testing and verification, on-site customer interaction and the development of prototypes. Over 70% of Body Plus products are produced in-house by Sonoma with the remaining, being fish oil and probiotic products, produced by third party manufacturers whose quality standards meet our requirements. The manufacturing facility has a wide range of capabilities resulting in minimal production outsourcing. Excess manufacturing capacity is used by Sonoma to manufacture sports nutrition supplements for a variety of private label customers. The facility operates two shifts per day, five days per week. The brand also operates a distribution warehouse in Burnaby, British Columbia, allowing us to reach key western Canadian demographic centres within one day.

Quality Control

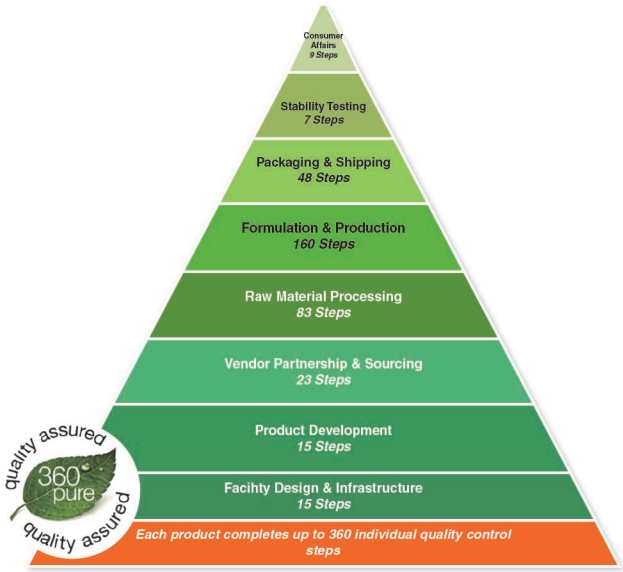
We have a comprehensive approach to regulatory, laboratory and quality systems to ensure that our products and facilities exceed the standards implemented by Health Canada and required by Good Manufacturing Practices. In 2008, we developed our 360 Pure program, a full-circle quality assurance protocol for all products under our Branded Business. Additionally, we have multiple departments dedicated to audit, compliance, regulatory and quality to ensure all ingredients are traceable and all products are pure, potent and contain the strength, composition and shelf-life labeled on the final product.

360 Pure

The 360 Pure program represents our commitment to quality control. The program requires that each product completes up to 360 rigorous, individual quality control steps. The process ensures that only ingredients from high quality resources are used in every product we produce. 360 Pure tracks, checks and documents ingredients throughout the entire product lifecycle to guarantee absolute product purity. During manufacturing,

machines receive routine cleaning, calibration and diagnostic testing to ensure precision throughout production. The various processes within the 360 Pure program are outlined below:

360 Pure Assurance Protocol



Regulatory Compliance and Certifications

We believe all of our products and facilities exceed the standards implemented by Health Canada and required by Good Manufacturing Practices. We have a very strong track record with Health Canada, being among the first VMS manufacturers to work with Health Canada to obtain Natural Product Numbers ("**NPN**") for certain of our products, before they became mandatory under the current form of natural health product regulations in Canada, the *Natural Health Products Regulations*. We were one of a group of industry advisors to Health Canada as it developed the *Natural Health Products Regulations* and we continue to actively work with Health Canada as a leading industry advisor to raise regulatory standards to ensure the safety and integrity of the natural health products industry.

We believe Jamieson is one of only two TGA cleared companies in Canada. TGA indicates our compliance with a stringent set of industry standards under the Australian Government's Department of Health which regulates therapeutic goods.

Seasonality

Health and wellness is generally a year-round focus for our consumers. However, certain products, such as cold and cough remedies, experience significantly higher demand in fall and winter months. Further, sales of our Branded Business products in Canada, in particular our Jamieson and LVHS branded products, tend to be higher in the third and fourth quarters of our fiscal year, with the third quarter having the second highest sales at 5-10% higher on average than the average of our first two quarters, and the fourth quarter having the highest sales at up to 5% higher on average than the third quarter.

Competition

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

on favorable long-term trends in the VMS and sports nutrition segments. The specialized knowledge, expertise, and certifications required for production of VMS and sports nutrition products is generally a significant barrier to entry for new competitors. There are numerous companies in the VMS and sports nutrition segments of the consumer health industry with which we compete that sell products to retailers, including retailers in the food, drug, mass and club channels.

The Jamieson brand holds a leading 25% market share position in the collective VMS categories in which we compete in the Canadian food, drug and mass channels.[85] Our Canadian market share is at least 2.5 times that of our next closest competitor.[86] We compete against a number of other VMS companies and brands including, but not limited to, Centrum, Nature's Bounty, Align and Emergen-C.

The market for sports nutrition products in Canada is highly fragmented. In the sports nutrition segment, our Body Plus brands compete against a number of brands and companies, including, but not limited to, Muscle Tech, Magnum, Allmax, Revolution Nutrition and Nutrabolics.

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

Trademarks and Intellectual Property

We believe that our intellectual property has substantial value and has contributed significantly to the success of our business. We have developed and use registered trade-marks in our business, particularly relating to our branding and product names. We own an extensive number of trademarks (243 in total with 170 of those in Canada and 73 outside of Canada) that are registered with the Canadian Intellectual Property Office, the U.S. Patent and Trademark Office or with the relevant bodies in Bulgaria, China, Colombia, Hong Kong, Israel, Italy, Japan, Jordan, Kuwait, Lebanon, Latvia, Lithuania, Montenegro, Oman, Serbia, Slovakia, Slovenia, South Korea, Sudan, Syria, Taiwan, Trinidad and Tobago and United Arab Emirates, as applicable. Registration of a trademark enables the registered owner of the mark to bar the unauthorized use of the registered trademark in connection with a similar product in the same channels of trade by any third-party in the respective country of registration.

Our trademarks are valuable assets that reinforce the distinctiveness of our brand. The current registrations of these trademarks are effective for varying periods of time and may be renewed periodically, provided that we, as the registered owner, comply with all applicable renewal requirements including, where necessary, the continued use of the trademarks in connection with similar goods.

In addition to trademark protection, we have two patents pending in the U.S. and one in Canada, with a fourth "family" of applications under active development. Further, we own approximately 250 URL designations. We also rely on and carefully protect unpatented proprietary expertise, recipes and formulations, continuing innovation and other trade secrets to develop and maintain our competitive position in the VMS and sports nutrition segments of the consumer health industry.

Corporate Social Responsibility

Jamieson maintains a high standard of performance with respect to safety, health, the environment, and the community. Recent initiatives have included the following:

- We support Vitamin Angels, a charity that helps at-risk populations in need — specifically pregnant women, new mothers, and children under five — gain access to lifesaving and life changing vitamins and minerals, in more than 50 countries including the U.S. and Canada. In 2015 and 2016, our consumer facing partnership called Share the Health helped provide a million children worldwide with vitamins essential for their healthy growth and development. In 2017, a corporate donation was made to support Vitamin Angels initiatives worldwide, and more partnership opportunities for 2018 are currently under consideration.

[85] Source: Nielsen MarketTrack data for the 52 weeks ending February 4, 2017 based on dollar volume of sales.

[86] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

- We installed roof-top solar panels at two of our manufacturing facilities in Windsor, Ontario, which generate 1000 kilowatt-hours of power per year. This prevents the generation of 464 tonnes of carbon dioxide annually and is the equivalent of planting 36,630 trees.
- Jamieson branded products use entirely recyclable plastic supplement bottles and caps. We also use recycled and recyclable cardboard, the latter allowing for diversion of 40% of our waste from landfill than would otherwise be the case.
- In 2015, we upgraded 7,800 light tubes in our Windsor facilities from florescent to LED. This resulted in an energy savings of 793,883 kW/h per year and is the equivalent of planting 424 acres of trees.
- In 2010, Jamieson made a ten year commitment to the Essex Region Conservation Authority to naturalize a historic landscape. Standing by this commitment, 72,000 trees and bushes will be planted along the shore of Lake Erie with efforts to revitalize a 121 acre woodlot. This endeavor will offset approximately ten years of wood-fibre consumption in all aspects of the Jamieson business and will provide a renewable enhancement to our environment for the public to enjoy for many years to come.

Regulatory Matters

General

In Canada and in the other jurisdictions in which we operate, we are subject to the laws and regulations applicable to any business engaged in formulation, production and distribution of consumer health products. This includes natural health product regulations, laws governing advertising, consumer protection regulations, environmental laws, laws governing the operation of warehouse facilities and labour and employment laws. Our products sold outside of Canada are subject to tariffs, treaties and various trade agreements as well as laws affecting the importation of consumer goods. We monitor changes in these laws, regulations, treaties and agreements, and believe that we are in material compliance with all applicable laws.

Natural Health Product Regulations

In both domestic and foreign markets, the formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of our products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial and/or local levels in Canada and at all levels of government in foreign jurisdictions. There is currently no uniform regulation applicable to natural health products worldwide.

In Canada, natural health products are regulated by Health Canada under the *National Health Products Regulations* of the *Food and Drugs Act*, which regulations came to force into 2004. We were one of a group of industry advisors to Health Canada as it developed the *Natural Health Products Regulations* and we continue to actively work with Health Canada as a member of a group of leading industry advisors to raise regulatory standards to ensure the safety and integrity of the natural health product industry.

The *Natural Health Product Regulations* contain requirements for the manufacture, packaging, labelling, storage, importation, distribution and sale of natural health products in Canada. According to these regulations, all natural health products must have a product licence before they can be sold in Canada. To obtain a product license, applicants must provide detailed information about the product to Health Canada, including information regarding medicinal ingredients, source, dose, potency, non-medicinal ingredients and recommended use(s). Once Health Canada has assessed a product and determined it is safe, effective and of high quality, it issues a product license along with an eight-digit NPN, which must appear on the label of the product. The appearance of the NPN on the labels of natural health products lets consumers know the product has been reviewed and approved by Health Canada.

Further, all Canadian manufacturers, packagers, labelers, and importers of natural health products must have site licenses issued by Health Canada. To obtain a site license, applicants are required to maintain proper distribution records, establish proper procedures for product recalls and for the handling, storage and delivery of their products, and must be able to demonstrate that they meet Good Manufacturing Practice requirements.

We have received the necessary NPN's for all of our products. We also hold all required Health Canada site licenses, Canadian Food Inspection Agency certifications and import licenses for all of our manufacturing and distribution centres.

Health Canada is in the process of updating the *Natural Health Products Regulations* and we are playing a role in the public consultations currently occurring across Canada with respect to this. We are offering input through public forums in addition to engaging in one-on-one meetings with federal Members of Parliament across the country.

There has been an increasing movement in certain foreign markets to increase the regulation of natural health products. We believe that Canadian VMS regulations are amongst the most stringent worldwide and that, as we currently operate in compliance with these high standards, increased regulation in foreign jurisdictions makes us well-positioned to grow sales in such jurisdictions.

Facilities

Our manufacturing, distribution and warehouse facilities are located in Windsor, Ontario, Scarborough, Ontario and Burnaby British Columbia (see "*Manufacturing and Distribution*"). Our head office for executive, administrative and sales functions is located in Toronto, Ontario and our office for our Body Plus and Sonoma Brands is located in Scarborough, Ontario.

Employees

As of May 1, 2017, we had 377 employees across the following salaried roles: administration (31), human resources (10), information technology (8), logistics (37), contract manufacturing (7), operations (17), sales (104), R&D (23), marketing (38), finance (21), regulatory and quality assurance (32), quality control (33), micro engineering (12), and scientific & technical validations (4). Of the salaried roles, 91 are management and 286 are non-management. As of May 1, 2017, we also had 408 employees in the following hourly positions: production (288 (139 unionized)), warehouse (91 (53 unionized)), sales (2), quality (1), administration (6), customer service (1) and maintenance (19 (all unionized)).

The current collective bargaining agreement with Unifor Local 195 covering employees at our Windsor locations was renewed, after a temporary, one-day work stoppage, on February 28th, 2017 for a four year term. Currently, labour relations are good.

Information Systems

Our technology systems provide key financial and operating data for management, including with respect to timely and accurate product ordering and inventory management. Additionally, these systems deliver real-time business management, reporting and communications tools.

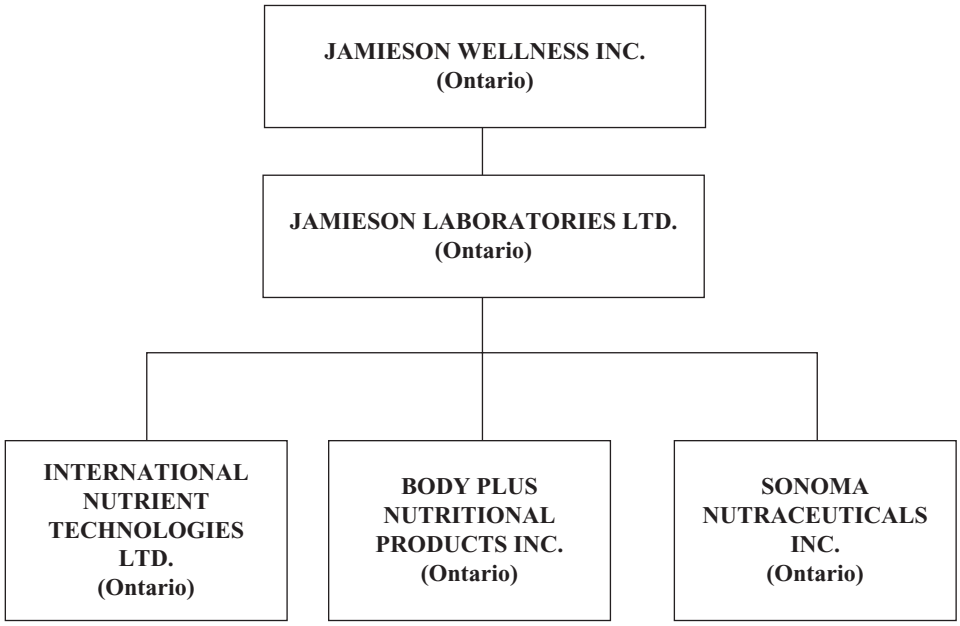
We continue to upgrade our information systems and introduce new technologies to facilitate our continued growth and support of our business. In 2016, we partnered with a leading data management company to create customized software configured to record and store financial information in a manner specific to our business, allowing us to obtain point of sale reporting and advanced insights with visually appealing reporting. In 2016, we worked with a leading provider of analytical solutions for insights into our advertising spend, competitive promotions and multi-channel pricing. Implementation began in 2016 for a trade promotion management system which will enable us to plan, execute and analyze trade spend. These upgrades and other investments are expected to increase efficiency and support our growth.

Corporate Information and Structure

The Jamieson business was founded in 1922. In 2014, the CCMP Shareholder acquired Jamieson and in connection with such acquisition, Jamieson Intermediate Holdings Ltd. was incorporated under the *Business Corporations Act* (British Columbia) on January 24, 2014. On May 4, 2017 our name was changed from "Jamieson Intermediate Holdings Ltd." to "Jamieson Wellness Inc.". As part of the Pre-Closing Capital Changes, we have been or will be continued under the *Business Corporations Act* (Ontario).

Our principal office is located at 2 St. Clair Avenue West, Toronto, Ontario M4V 1L5 and our registered office is 550 Burrard Street, Suite 2900, Vancouver, B.C., V6C 0A3.

The following chart identifies our material wholly-owned subsidiaries (including jurisdiction of formation, incorporation or continuance of the various entities, after completion of the Pre-Closing Capital Changes):



OUR INDUSTRY

Jamieson competes primarily in the VMS and sports nutrition segments of the broader consumer health industry. The 2016 North American VMS and sports nutrition market size estimates are US$29 billion and US$8 billion, respectively, according to Euromonitor. While we currently compete in these segments, we believe our growth strategy will provide opportunities to enter into other market segments within the broader consumer health industry[87], which has an aggregate market size of approximately US$71 billion in North America. The Canadian consumer health market is estimated to be US$4 billion.[88]

Macro Trends Driving Consumer Health Industry Growth

A number of consumer and demographic trends are expected to support strong growth in the consumer health industry, including the VMS and sports nutrition segments.

Health and Wellness Mega Trend

There is a growing interest among health conscious-consumers in taking greater control of their health, driving these consumers to pursue physical activity and consume more nutritious foods. We believe awareness of nutrition, wellness and fitness principles is at an all-time high across all age groups and demographics. As part of this trend, products that contribute to improved health and wellness, such as certain vitamins and supplements, have experienced increased adoption rates.[89]

The mega trend has driven an increase in the number and type of products available to consumers to support healthy lifestyles. This has included both reformulation of existing product categories and the introduction of new products in the industry. Furthermore, products have increasingly been tailored to specific consumer needs or attributes, with the growing selection and variety attracting a broader user base.

Supporting the increased consumption of health and wellness products has been rising disposable income available to consumers, particularly in emerging markets, for discretionary purchases and an increase in the awareness of scientific research supporting the benefits of health and wellness products.

Aging Population

Due to increased life expectancy in North America, the proportion of the population over age 65 is expected to increase from 15% in 2015 to 21% by 2030 according to Statistics Canada and the U.S. Census Bureau. According to the Mintel Group, regular usage of a variety of supplements increases with age, with 47% of the Canadian population between the ages of 18 to 24 taking supplements compared to 76% of those aged 65 or older. In addition, globally, VMS products have the highest penetration among American adults, with over two thirds of all adults taking such products.[90] According to the United Nation's World Population Ageing 1950-2050 report, in developed regions of the world, almost one-fifth of the population was aged 60 or older in the year 2000. By 2050, this proportion is expected to reach one-third.[91]

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87 The consumer health industry, as defined by Euromonitor, is the aggregation of over-the-counter, VMS, sports nutrition and weight management and wellbeing products.

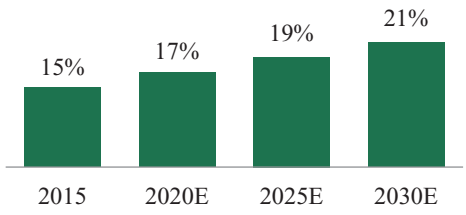
88 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

89 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

90 Source: Council for Responsible Nutrition

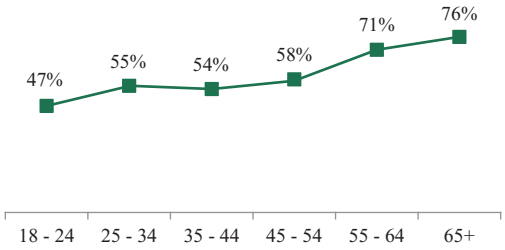
91 Source: World Population Ageing 1950-2050; New York: Department of Economic and Social Affairs Population Division, United Nations, 2002.

North American Population Forecast (% Aged +65)



Source: Statistics Canada and U.S. Census Bureau

Frequency of Vitamins or Supplements Consumed by Canadians Aged 18+ that Consume Vitamins or Supplements Once a Week or More



Source: Mintel Group Ltd., Healthy Lifestyles, July 2014

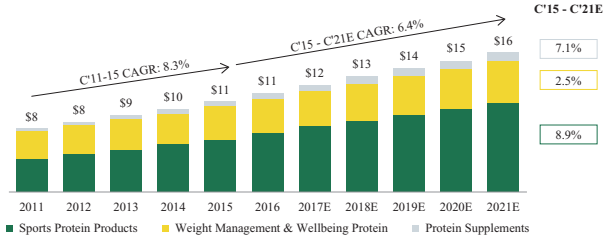
Informed Consumers Demanding Scientific Support and Quality Assurance

As scientific discoveries are made and new findings on health products are released, consumers are increasingly focused on consuming products with higher quality ingredients and proven health benefits. Our proprietary 360 Pure program is a full-circle quality-assurance protocol covering matters such as ingredient traceability and natural sourcing. We believe this program positions Jamieson favourably to respond to evolving consumer preferences, particularly as consumers have become more aware, scrutinizing product labels and seeking out product information online. Based on our Company's experience, we believe consumers are increasingly reaching out to manufacturers for reassurance and confirmation, asking in-depth questions about formulations and product claims. According to the Nutrition Business Journal, scientific evidence has been a driving factor for increased probiotics consumption, a category which, according to Euromonitor, saw one of the highest growth rates in the VMS supplement segment between 2011 and 2015 with an approximate CAGR of 22.2%. Probiotic consumption is expected to continue to grow at a 10.0% CAGR from 2015 to 2021 based on Euromonitor data.

Rising Demand for Protein in Nutritional Supplements

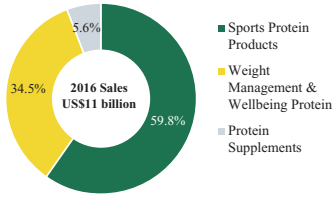
North American demand for protein in nutritional supplements is experiencing rapid growth, with retail sales growing from US$8 billion in 2011 to approximately US$11 billion in 2015, representing a 8.3% CAGR. Protein is an essential component of consumer health, as it promotes bone development and enzyme functioning. There is growing evidence that consumer diets lack sufficient protein levels, with Americans only eating approximately 70% of their recommended daily intake according to the Nutrition Business Journal. Protein consumption growth has also been supported by increased consumer interest in sports and physical activity as protein is required for muscle development and stamina. Protein-centric supplements as a category is expected to continue to grow at a CAGR of 6.4% from 2015 to 2021 according to Euromonitor. Sports nutrition protein products is the highest growing category within the sports nutrition segment, with an expected CAGR of 8.9% from 2015 to 2021.

North American Protein-Centric Supplement Sales (US$ billions)



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Composition of 2016E North American Protein-Centric Supplement Market



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Increasing Regulatory and Quality Standards

The growth of the global economy and trade among countries is leading to the development and adoption of increasing regulatory and quality standards for certain product categories to ensure consistency and credibility. Health Canada's regulatory framework for VMS and sports nutrition products, which requires licensing for individual products and site licenses for manufacturers and other market participants, was developed in collaboration with Jamieson as an advisor. We believe Canadian quality standards for VMS products are regarded as being among the highest in the world. As manufacturing, quality and sourcing standards continue to increase globally, we believe that companies in the VMS and sports nutrition segments who have a reputation for meeting these high standards will benefit from increased demand for their products resulting from higher consumer trust.

Demand in Emerging Markets

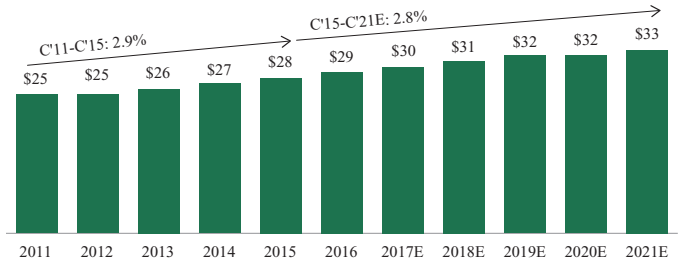
Certain of the foregoing trends are especially relevant in emerging markets around the world. In emerging markets that have experienced middle class population growth, the health and wellness mega trend is clearly visible, as rising disposable income available to consumers for discretionary purchases and an increase in scientific research supporting the health benefits of consumer health products has supported the increased consumption of consumer health products. In conjunction with this trend, consumers also have access to numerous product information repositories, which has led to more informed consumers looking for products with higher quality ingredients and scientifically proven health benefits. We believe our brand and our 360 Pure program positions us favourably to take advantage of this trend. Finally, recognition of Canada as one of the most reputable and well-regulated VMS markets in the world helps us create relationships with potential retailers and distributors in emerging markets, providing a direct marketing opportunity that we use to drive sales.

Vitamin, Mineral and Supplements Segment

The North American VMS segment is comprised of VMS product categories and includes, but is not limited to, categories such as (i) vitamins including multivitamins and single vitamins (e.g. vitamin A, B and C), (ii) dietary supplements (e.g. herbal or traditional supplements, glucosamine and other minerals), (iii) tonics, such as herbal nutrient mixes and (iv) pediatric vitamins and dietary supplements. Products are typically either branded by a manufacturer or produced under a "white-label" for retailers who then sell the products under their own private label brand.

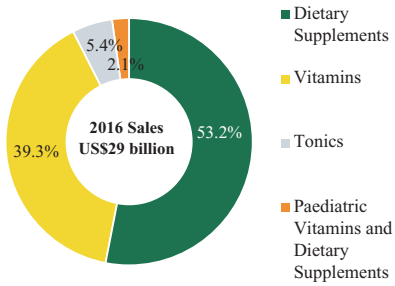
The North American VMS market has grown from approximately US$25 billion in 2011 to approximately US$28 billion in 2015, representing a 2.9% CAGR.[92] Euromonitor expects the segment to continue growing at a CAGR of 2.8%, reaching US$33 billion by 2021. Probiotic supplements are increasingly seen as important for promoting gastrointestinal health and have become the fastest growing category within dietary supplements, expected to grow at a 10.0% CAGR from 2015 to 2021.[93]

North American Vitamin, Mineral and Supplements Market Size
(US$ billions)



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Composition of 2016E North American Vitamin, Mineral and Supplements Market



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

The global VMS segment was estimated by Euromonitor to be approximately US$88 billion in 2015, having experienced a CAGR of 4.1% from 2011 to 2015. Euromonitor expects the global VMS segment to grow at a 3.4% CAGR, reaching US$107 billion by 2021, largely driven by robust growth in Asian markets as VMS consumption becomes more widespread.

We believe that consumer health products in general have shown resilience to the performance of the overall economy and that North American demand for such products has been relatively inelastic to measures such as GDP growth. This resilience is believed to be largely due to the fact that the products have attributes that are considered important to consumers irrespective of other macro-economic factors. The VMS segment has demonstrated positive annual growth for nine of the past ten years, despite periods of economic weakness during that time.[94]

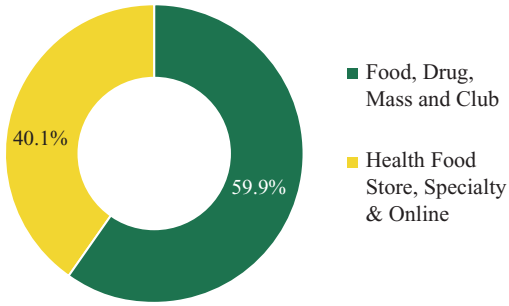
VMS products are distributed through all retail formats, including food, drug, mass and club channels, as well as health food, specialty and online retailers as highlighted in the chart below.

92 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

93 Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

94 Source: Nielsen MarketTrack data from June 9, 2007 to May 28, 2016 based on dollar volume of sales.

2016E North American VMS Sales by Distribution Channel



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Though varying from country to country, we believe e-commerce sales are rapidly growing, particularly in developing economies. Euromonitor estimates that in 2016, 16.6% of total VMS sales in the U.S. were through e-commerce platforms, while only 1.9% of VMS sales in Canada were through e-commerce. Emerging economies such as China have experienced high e-commerce sales growth rates. E-commerce allows consumers to make "informed" or educated purchases with help from the numerous information repositories available online during the transaction process. Supported by an increasing scientific base of information outlining the benefits of VMS products, we believe that the e-commerce channel will provide consumers with increased convenience and a cost-effective means of purchasing VMS products.

As science regarding the benefits of VMS products evolves, along with tastes and preferences, we are strategically focused on leading product innovation in order to exceed consumer expectations. Key trends in the VMS segment regarding consumer tastes and preferences include:

- Products that are easier to take or swallow. For example, the 2016 launch of Jamieson vitamin sprays was an innovation that provides the consumer with a new way to consume vitamins. We believe products that are simple and easy to take help increase adoption and augment broader segment growth.
- Products that are marketed to be "fun" and "delicious", such as products that are chewable or come in powder or spray format.
- Products with multi-functional and/or customizable benefits. Similar to a multi-vitamin, Jamieson's Mineral Complex (scheduled for launch in Fall 2017) will be a multi-mineral formulation in a convenient and delicious chewable format. In this case, the consumer is provided with the benefits of magnesium, calcium and several other minerals all in one format. We believe that products with multi-functional benefits will increase overall product adoption.
- Products with increased strength and potency. There is a trend towards increasing the potency (i.e. the number of micrograms of active ingredient per dose) of certain VMS products. For example, in 2016, Jamieson launched Biotin 10,000, which contains 10,000 micrograms of biotin per soft gel as compared with traditional biotin formats, which typically contain 250, 1,000 or 5,000 micrograms of biotin.

We believe the introduction of new products, expansion of existing categories and targeted introduction of niche products which take these key trends into account has helped to address areas of growing consumer interest and has driven substantial VMS category growth.[95]

Sports Nutrition Segment

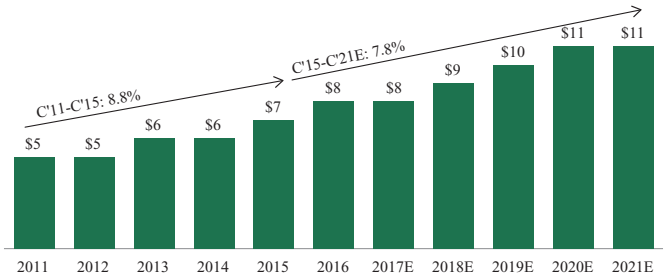
The sports nutrition segment is broadly comprised of two categories (i) protein products and (ii) performance enhancing supplements. Protein products come in several forms, including powders, bars and ready-to-drink beverages. Performance enhancing supplements include creatine, amino acids and their derivatives, pre and intra-workout formulas and testosterone support products.

[95] Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017.

The North American sports nutrition segment was estimated by Euromonitor to be US$7 billion in 2015, having experienced a CAGR of 8.8% from 2011 to 2015. Euromonitor expects the segment to show continued growth at a rate of 7.8% reaching US$11 billion by 2021. Growth in the sports nutrition segment is expected to continue as the appeal of such products continues to expand beyond professional athletes and is increasingly becoming more popular with the general physically active population.

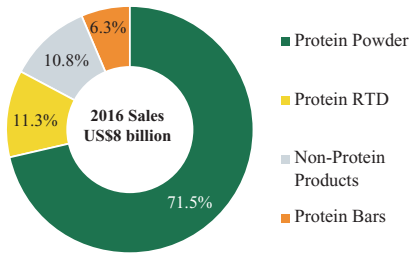
Sports nutrition protein products, including bars, powders and ready-to-drink formats, comprise the largest and fastest growing sub-category, forecasted to grow at a 8.9% CAGR from 2015 to 2021. In comparison, the non-protein sports nutrition products category is expected to grow more modestly at a 5.9% CAGR over the same period.

North American Sports Nutrition Market Size (US$ billions)



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

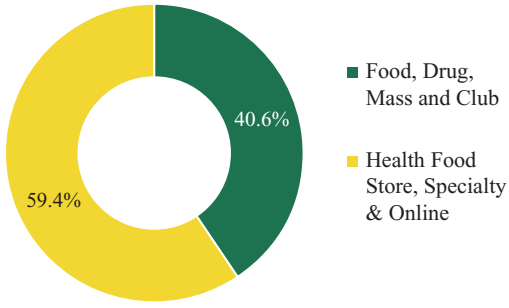
Composition of 2016E Sports Nutrition Market



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

Similar to VMS products, sports nutrition products are distributed through food, drug, mass and club channels, as well as health food, specialty and online retailers as highlighted in the chart below.

2016E North American Sports Nutrition by Distribution Channel



Source: Euromonitor, Passport — Consumer Health 2017 Edition, downloaded May 2017

A key trend in the sports nutrition segment is "on the go/convenience" of products, with increased popularity of bars and other portable formats. Further, we believe that increased sales in the segment have been driven by, among other factors, (i) a growing cohort of consumers willing to spend higher amounts of disposable income on products and services which help them achieve their fitness-oriented lifestyle and (ii) increased education about sports nutrition product ingredients and their benefits.

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

The following management's discussion and analysis of financial condition and results of operations ("**MD&A**") should be read in conjunction with our audited consolidated financial statements and unaudited interim consolidated financial statements. The MD&A contain certain forward-looking information that involves risks and uncertainties, including but not limited to, those described in the "*Risk Factors*" section of this prospectus.

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

Non-IFRS Financial Measures

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

Forward-Looking Information

Certain statements contained in this MD&A including, in particular, in the sections below entitled "— *Summary of Factors Affecting our Performance*", "— *Liquidity and Capital Resources*", "— *Outlook*" and "— *Risk Factors*", contain forward-looking information. This forward-looking information is based on management's opinions, estimates and assumptions in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe to be appropriate and reasonable in the circumstances. The forward-looking information contained in this MD&A represents management's expectations as of the date of this MD&A and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that management considered appropriate and reasonable as of the date such statements are made, is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to those described below and under the heading "Risk Factors" in this prospectus. We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See "Forward-looking Information" and "Risk Factors" in this prospectus for a discussion of the uncertainties, risks and assumptions associated with these statements

Overview

Founded in 1922, Jamieson is Canada's leading branded manufacturer, distributor and marketer of high quality natural health products. Through our Branded Business we offer consumers a comprehensive and innovative line of branded VMS, sports nutrition products and certain over-the-counter remedies. Through our Strategic Partners Business we offer comprehensive products and services on a contract manufacturing basis to select blue-chip consumer health companies and retailers worldwide.

VMS and sports nutrition are two large and growing segments of the consumer health industry. Jamieson is Canada's #1 overall consumer health brand by sales and Canada's #1 brand in VMS by sales. Our trusted reputation and success in Canada has allowed us to significantly grow the business internationally, with products being sold in 40 countries worldwide.

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

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

Summary of Factors Affecting Our Performance

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

Our Brand

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

Product Innovation and Planning

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

Our business is subject to changing consumer trends and preferences which is dependent, in part, on continued consumer interest in our new products, line extensions and reformulations. The success of new product offerings, enhancements, or reformulations depends upon a number of factors, including our ability to: (i) accurately anticipate customer needs; (ii) develop new products, line extensions or reformulations that meet these needs; (iii) successfully commercialize new products, line extensions and reformulations in a timely manner; (iv) price products competitively; (v) manufacture and deliver products in sufficient volumes and in a timely manner; (vi) differentiate product offerings from those of competitors; and (vii) maintain relationships with scientist employees and consultants and members of the Jamieson Scientific Advisory Board in order to benefit from their expertise and innovations.

Customer Relationships

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

Sourcing and Production

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

Consumer Trends

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

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

Competition

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

Foreign Exchange

We currently benefit from a natural currency hedge by purchasing certain materials and inputs in U.S. dollars and selling our products internationally in U.S. dollars. With respect to sales in Canada, we are exposed to fluctuating US-Canadian currency exchange rate where the products sold contain materials and inputs purchased with U.S. dollars. We manage net exposure to fluctuating US-Canadian currency exchange rate

with foreign exchange hedging contracts. We do not have foreign exchange hedging contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange hedging contracts in respect of other foreign currencies.

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

Business Acquisitions

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

Implementation of Growth Strategies

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

Regulation

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

There is currently no uniform regulation applicable to natural health products worldwide and there has been an increasing movement in certain foreign markets to increase the regulation of natural health products. The adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in compliance costs or lead us to discontinue product sales and may have an adverse effect on the marketing of our products, resulting in loss of sales. We believe that Canadian regulations are amongst the most stringent worldwide and, as we currently operate in compliance with these high standards, increased regulation in foreign jurisdictions makes us uniquely positioned to grow sales in such jurisdictions.

How We Assess the Performance of our Business

The key performance indicators measures below are used by management in evaluating the performance of our Company and assessing our business. We refer to certain key performance indicators used by management and typically used by our competitors in the Canadian consumer health industry, certain of which are not

recognized under IFRS. See "*Non-IFRS Financial Measures*" in this MD&A and "*Non-IFRS Measures*" in this prospectus.

Revenue

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

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

Gross Profit

Gross profit reflects our revenue less cost of sales. Cost of sales includes product-related costs, labour costs and other operating costs such as rent, repair and maintenance costs. Our cost of sales may include different costs compared to other manufacturers and distributors in the Canadian consumer health industry.

SG&A

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

EBITDA

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

Adjusted EBITDA

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

Adjusted Net Income

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

First Quarter 2017 Compared to First Quarter 2016

Selected Consolidated Financial Information

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

($ in 000's)	As at March 31, 2017	As at December 31, 2016
Selected Consolidated Financial Position Data:		
Total assets	504,683	405,179
Total non-current liabilities	380,204	305,023

Results of Operations — three months ended March 31, 2017 and 2016

The following table provides a summary of our Company's results for the three months ended March 31, 2017 and March 31, 2016.

	Three months ended March 31			
($ in 000's)	2017	2016	$ Change	% Change
Revenue	**64,901**	**60,357**	**4,544**	**7.5%**
Cost of sales	42,692	42,113	579	1.4%
Gross profit	22,209	18,244	3,965	21.7%
Selling, general and administrative expenses	13,441	13,048	393	3.0%
Share-based compensation	746	1,233	(487)	(39.5)%
Earnings from operations	**8,022**	**3,963**	**4,059**	**102.4%**
Operating margin	**12.4%**	**6.6%**	**—**	**5.8%**
Foreign exchange loss	232	93	139	149.5%
Termination benefits and related costs	2,499	609	1,890	310.3%
Acquisition costs	1,857	—	1,857	—
Other expense	1,934	8	1,926	24075.0%
Preferred share accretion	15,385	14,392	993	6.9%
Interest expense and other financing costs	8,312	5,787	2,525	43.6%
Net (loss) before income taxes	(22,197)	(16,926)	(5,271)	(31.1)%
Provision for (recovery of) income taxes	(546)	(346)	(200)	(57.8)%
Net (loss)	**(21,651)**	**(16,580)**	**(5,071)**	**(30.6)%**
EBITDA	**3,605**	**5,280**	**(1,675)**	**(31.7)%**
Adjusted EBITDA	**11,424**	**8,715**	**2,709**	**31.1%**
Adjusted net income (loss)	**2,170**	**353**	**1,817**	**514.7%**

The following table provides a reconciliation of net (loss) to EBITDA and adjusted EBITDA for the three months ended March 31, 2017 and March 31, 2016.

($ in 000's)	Three months ended March 31 2017	2016	$ Change	% Change
Net (loss)	**(21,651)**	**(16,580)**	**(5,071)**	**(30.6)%**
Add:				
Provision for (recovery of) income taxes	(546)	(346)	(200)	(57.8)%
Interest expense and other financing costs	8,312	5,787	2,525	43.6%
Preferred share accretion	15,385	14,392	993	6.9%
Depreciation of property, plant, and equipment	1,271	1,220	51	4.2%
Amortization of intangible assets	834	807	27	3.3%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**3,605**	**5,280**	**(1,675)**	**(31.7)%**
Add EBITDA adjustments:				
Share-based compensation[1]	746	1,233	(487)	(39.5)%
Amortization of fair value adjustments[2]	565	—	565	—
Foreign exchange loss	232	93	139	149.5%
Termination benefits and related costs	2,499	609	1,890	310.3%
Acquisition costs	1,857	—	1,857	—
Purchase consideration accounted for as compensation expense[3]	1,476	—	1,476	—
Public offering costs	231	—	231	—
Non-recurring consulting services[4]	—	1,162	(1,162)	(100.0)%
Other[5]	213	338	(125)	(37.0)%
Adjusted EBITDA	**11,424**	**8,715**	**2,709**	**31.1%**

(1) Pursuant to our Legacy Option Plan for directors, officers and employees from which options to purchase our Class A common shares are issued. Certain options granted under the Legacy Option Plan vest on the passage of time and certain options granted under such plan vest upon the achievement by the CCMP Shareholder of certain targeted returns upon a partial or full sale by the CCMP Shareholder of its equity in our Company. The options have a contractual life of 10 years. In addition, Jamieson Laboratories acquired the assets of LVHS on June 12, 2014 and as part of the transaction, placed into escrow 51,316 preferred shares for issuance to the former owner. 25% of the shares vest each year over four years and include a service condition plus the ability to require us to repurchase the shares for cash.

(2) In conjunction with the acquisition of Body Plus and Sonoma on January 31, 2017, the fair value adjustment of inventory as part of the initial purchase price allocation was amortized.

(3) For the aforementioned acquisition of Body Plus and Sonoma, $8.9M deferred consideration payable on January 31, 2018 has been accounted for as compensation expense under the provisions of IFRS 3, Business Combinations. The payable is recognized straight-line over the life of the liability.

(4) Non-recurring consulting services is comprised of process improvement projects and one-time studies commissioned to understand specific markets and consumer trends in helping us identify the most strategic markets for international expansion.

(5) Costs for legal, audit, consulting fees and indemnity settlements relating to the acquisition of Jamieson Laboratories on January 31, 2014 by the CCMP Shareholder, our acquisition of LVHS on June 12, 2014, debt restructuring, labour agreement, and normalization of Body Plus's key management compensation.

The following table provides a reconciliation of net (loss) to Adjusted Net Income for the three months ended March 31, 2017 and March 31, 2016.

($ in 000's)	Three months ended March 31 2017	2016	$ Change	% Change
Net (loss)	**(21,651)**	**(16,580)**	**(5,071)**	**(30.6)%**
Adjustments to net (loss):				
Share-based compensation[1]	441	912	(471)	(51.6)%
Amortization of fair value adjustments[1]	565	—	565	—
Amortization of deferred financing fee[2]	3,078	—	3,078	—
Foreign exchange loss[2]	232	93	139	149.5%
Termination benefits and related costs	2,499	609	1,890	310.3%
Acquisition costs	1,857	—	1,857	—
Purchase consideration accounted for as compensation expense	1,476	—	1,476	—
Public offering costs	231	—	231	—
Preferred share accretion	15,385	14,392	993	6.9%
Non-recurring consulting services	—	1,162	(1,162)	(100.0)%
Other	213	338	(125)	(37.0)%
Related tax effects	(2,156)	(573)	(1,583)	(276.3)%
Adjusted net income	**2,170**	**353**	**1,817**	**514.7%**

(1) This adjustment is in relation to Jamieson Laboratories' acquisition of LVHS on June 12, 2014, whereby as part of the transaction, we placed into escrow 51,316 preferred shares for issuance to the former owner. 25% of the shares vest each year over four years and include a service condition plus the ability to require us to repurchase the shares for cash.

(2) Write-off of remaining deferred financing fees associated with the extinguishment of our long-term debt and operating line on January 31, 2017.

The following table provides revenue, earnings from operations and operating margin for our two operating segments for the three months ended March 31, 2017 and March 31, 2016.

Branded Business

($ in 000's) For the three months ended March 31,	2017	2016	$ Change	% Change
Revenue	52,920	44,402	8,518	19.2%
Earnings from operations[1]	6,633	2,930	3,703	126.4%
Operating margin	12.5%	6.6%	—	5.9%

(1) We define earnings from operations as revenue less cost of sales, SG&A expenses, and share-based compensation.

Strategic Partners Business and Eliminations

($ in 000's) For the three months ended March 31,	2017	2016	$ Change	% Change
Gross Revenue	20,565	21,307	(742)	(3.5)%
Less: Intercompany eliminations	(8,584)	(5,352)	(3,232)	(60.4)%
Revenue	11,981	15,955	(3,974)	(24.9)%
Earnings from operations[1]	1,389	1,033	356	34.5%
Operating margin	11.6%	6.5%	—	5.1%

(1) We define earnings from operations as revenue less cost of sales, SG&A expenses, and share-based compensation.

Revenue

Revenue increased 7.5%, or $4.5 million, to $64.9 million in Q1 2017 compared to $60.4 million in Q1 2016. The increase was due in part to the inclusion of two months of operating results for Body Plus and Sonoma in Q1 2017 following the acquisition on January 31, 2017. Revenue for Body Plus and Sonoma for the two month period was $6.1 million and $1.6 million, respectively.

Revenue in the Branded Business segment increased 19.2%, or $8.5 million, to $52.9 million in Q1 2017 from $44.4 million in Q1 2016. The increase was comprised of $0.8 million increase in innovation product sales, $2.2 million increase in base business sales, $6.1 million increase from acquisition of Body Plus, offset by a decrease of $0.6 million in international sales. Innovation product sales consisted of six new product launches across multiple categories, which included increased potency on some existing products and expanding our product offering in the gummy and sprays formats. The increase in base business sales was primarily driven by increased trade and media promotions, which included the launch of our Essentials marketing campaign. These increases were partially offset by the decrease in international sales, which was primarily due to lower volumes in parts of Europe and Asia.

Revenue in the Strategic Partners Business segment decreased 24.9%, or $4.0 million, to $12.0 million in Q1 2017 from $16.0 million in Q1 2016. Strategic Partners Business revenue can be impacted by how our Strategic Partners Business manage inventory levels and order patterns. Halfway through fiscal 2016, sales to a major customer were changed from a turnkey arrangement to a tolling arrangement. This decision was in line with our goal of minimizing inventory risk and lowering working capital while maintaining consistent profitability. Under the prior turnkey arrangement, the raw materials were purchased by us and we recognized revenue for the sale of the finished products to the customer. Under the new tolling arrangement, the raw materials are supplied by the customer and revenue is recognized net of the cost of the raw materials supplied. While the new tolling arrangement eliminates the recognition of revenue associated with this product under the previous turnkey arrangement, the overall operating profits are unchanged. Therefore, more revenue was recognized for this major customer under a turnkey arrangement in Q1 2016 compared to a tolling arrangement in Q1 2017. Adjusting Q1 2016 revenue to provide a more accurate comparison as if the new tolling arrangement had been in place, Q1 2016 revenue would have been $9.5 million or lower by $6.5 million.

Gross profit

Gross profit increased by 21.7%, or $4.0 million, to $22.2 million in Q1 2017 compared to $18.2 million in Q1 2016. The increase was primarily due to an increase in revenue from the Branded Business, partially offset by a decrease in revenue from the Strategic Partners Business. Gross profit for the two months of operating results for Body Plus and Sonoma in Q1 2017 following the acquisition on January 31, 2017 accounted for $3.1 million of the increase while the remaining increase of $0.9 million was driven by the increase in revenue from the Branded Business and the impact of lower listing fees due to the launch of six new products in Q1 2017 compared to the launch of eleven new products and the relaunch of our multivitamin offerings in Q1 2016. Gross profit margin increased 400 basis points to 34.2% in Q1 2017 from 30.2% in Q1 2016. The increase in gross profit margin was primarily due to lower listing fees noted above.

Selling, general and administrative expenses

SG&A expenses increased by 3.0%, or $0.4 million, to $13.4 million in Q1 2017 compared to $13.0 million in Q1 2016. SG&A expenses increased due to additional SG&A expenses for the two months of operating results for Body Plus and Sonoma in Q1 2017 following the acquisition on January 31, 2017 which accounted for $1.4 million and an increase in compensation costs of $0.2 million, partially offset by lower consulting fees of $1.2 million. Consulting fees of $1.2 million in Q1 2016 consisted of a one-time consumer research study to identify markets for international expansion. SG&A expenses as a percentage of revenue decreased 90 basis points to 20.7% in Q1 2017 from 21.6% in Q1 2016.

Share-based compensation

Share-based compensation decreased by 39.5%, or $0.5 million, to $0.7 million in Q1 2017 compared to $1.2 million in Q1 2016. This was mainly due to a decrease of $0.5 million on account of shares in escrow related to the acquisition of the assets of LVHS partially offset by a nominal increase relating to options granted to our directors, officers and employees in Q1 2017. Share-based compensation expense as a percentage of revenue decreased 90 basis points to 1.1% in Q1 2017 from 2.0% in Q1 2016.

Earnings from operations and operating margin

Earnings from operations increased 102.4%, or $4.1 million, to $8.0 million in Q1 2017 compared to $4.0 million in Q1 2016. The increase was due in part to the inclusion of two months of operating results for Body Plus and Sonoma in Q1 2017 following the acquisition on January 31, 2017. Earnings from operations for Body Plus and Sonoma for the two month period was $0.4 million and $0.6 million, respectively. Operating margin increased 580 basis points to 12.4% in Q1 2017 compared to 6.6% in Q1 2016. The increase in operating margin was driven by higher gross profit margin, a decrease in SG&A expenses as a percentage of revenue and a decrease in share-based compensation as a percentage of revenue.

Earnings from operations in the Branded Business segment increased 126.4%, or $3.7 million, to $6.6 million in Q1 2017 compared to $2.9 million in Q1 2016. Operating margin increased 590 basis points to 12.5% in Q1 2017 from 6.6% in Q1 2016. The increase in operating margin was driven by a decrease in SG&A expenses as a percentage of revenue, a decrease in share-based compensation expense as a percentage of revenue and an increase in gross profit margin. Gross profit margin was favourably impacted by lower listing fees due to the launch of six new products in Q1 2017 compared to the launch of eleven new products and the relaunch of our multivitamin offerings in Q1 2016. SG&A expenses as a percentage of revenue decreased in Q1 2017 primarily due to a one-time consumer research study to identify markets for international expansion of $1.2 million incurred in Q1 2016. Share-based compensation as a percentage of revenue decreased in Q1 2017 on account of shares in escrow related to the acquisition of the assets of LVHS partially offset by a nominal increase relating to options granted to our directors, officers and employees.

Earnings from operations in the Strategic Partners Business segment increased 34.5%, or $0.4 million, to $1.4 million in Q1 2017 compared to $1.0 million in Q1 2016. Operating margin increased 510 basis points to 11.6% in Q1 2017 compared to 6.5% in Q1 2016. The increase in operating margin was driven by an increase in gross profit margin partially offset by an increase in SG&A expenses as a percentage of sales. Gross profit margin was favourably impacted by product mix. SG&A expenses as a percentage of sales increased in Q1 2017 primarily from lower revenues while spending remained relatively consistent. In Q1 2017 and Q1 2016, Strategic Partners Business SG&A expenses included an intercompany management charge of $0.9 million to reflect the resources allocable to the segment.

Foreign exchange loss

Foreign exchange loss increased by 149.5%, or $0.1 million, to $0.2 million in Q1 2017 compared to $0.1 million in Q1 2016 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Termination benefits and related costs

Terminations benefits and related costs increased by 310.3%, or $1.9 million, to $2.5 million in Q1 2017 compared to $0.6 million in Q1 2016. We are involved, from time to time, in reorganization activities in order to gain flexibility and improve efficiency. The costs related to both years are mainly comprised of severance costs and salary continuances.

Acquisition costs

Acquisition costs of $1.9 million in Q1 2017 were related to the January 31, 2017 acquisition of Body Plus and Sonoma.

Other expense

Other expense of $1.9 million in Q1 2017 is mainly related to initial public offering costs of $0.2 million deferred consideration in relation to the acquisition of Body Plus and Sonoma for $1.5 million, and other consulting fees of $0.2 million.

Preferred share accretion

Preferred share accretion increased by 6.9%, or $1.0 million, to $15.4 million in Q1 2017 compared to $14.4 million in Q1 2016. The increase is tied to the change in the underlying fair value of our Company.

Interest expense and other financing costs

Interest expense and other financing costs increased by 43.6%, or $2.5 million, to $8.3 million in Q1 2017 compared to $5.8 million in Q1 2016. This was primarily due to the write-off of remaining deferred financing fees in relation to the extinguishment of both the revolving credit facility with Wells Fargo Capital Finance Corporation ("**Wells Fargo**") and our term loan with CPPIB Credit Investments Inc. ("**CPPIB**"), as well as higher level of outstanding debt compared to the same period in the prior year, offset by lower interest rates on the new credit facility.

Recovery of income taxes

Recovery of income taxes increased by 57.8%, or $0.2 million to $0.5 million in Q1 2017 compared to $0.3 million in Q1 2016. The effective income tax rate for Q1 2017 was 2.5% and the effective income tax rate for Q1 2016 was 2.0%, primarily resulting from share-based compensation not being deducted for tax purposes and not recognizing temporary deferred tax differences on preferred share accretion and interest expense.

Depreciation

Depreciation expense increased by 4.2%, or $0.1 million, to $1.3 million in Q1 2017 compared to $1.2 million in Q1 2016. The increase was primarily due to $0.1 million depreciation expense from Body Plus and Sonoma for the two month period post acquisition.

EBITDA and Adjusted EBITDA

EBITDA decreased by 31.7%, or $1.7 million, to $3.6 million in Q1 2017 compared to $5.3 million in Q1 2016 primarily due to the factors discussed above.

Adjusted EBITDA increased by 31.1%, or $2.7 million, to $11.4 million in Q1 2017 compared to $8.7 million in Q1 2016. This is primarily due to adjustments for significant events in Q1 2017 including $1.9 million for acquisition costs and $1.5 million reclassification of purchase consideration which did not exist in the same period in prior year.

Liquidity and Capital Resources

Overview

Our principal uses of funds are for operating expenses, capital expenditures, finance costs, and debt service. Management believes that cash generated from operations, together with amounts available under the Credit Facilities (refer to "*Credit Facilities*" section below) and the related party financing agreement (refer to "*Related Party Transactions*" section below), will be sufficient to meet our future operating expenses, capital expenditures,

and future debt service costs. Our Company incurred operating losses due to the preferred share accretion and has a working capital deficiency resulting from classification as a liability of the redeemable preferred share obligation issued to the CCMP Shareholder. The preferred share obligation will be eliminated, as will the working capital deficiency, in conjunction with the Pre-Closing Capital Changes as all of the preferred shares will be converted into Common Shares. Our Company has obtained confirmation from the CCMP Shareholder that it would not require our Company to redeem its redeemable preferred shares in the next 12 months.

While operations continue to provide cash, our primary use of cash was for the acquisition of Body Plus and Sonoma. Our total acquisition of businesses for Q1 2017 was $82.1 million and we expect to incur capital expenditures of about $5.2 million in 2017. In 2016, our total capital expenditures were $4.7 million, and there were no expenditures for the acquisition of businesses. In Q1 2017 and since the date of acquisition, Body Plus and Sonoma generated positive cash flow from operations of $1.9 million and will continue to be accretive to the Company's cash flow from operations.

Our primary liquidity and capital requirements are for capital expenditures, working capital and general corporate needs. We have cash and operating line availability of $50.4 million that we expect to utilize, along with cash flow from operations, to provide capital to support the growth of our business (primarily through working capital and capital expenditures), repay short-term obligations and for general corporate purposes. We believe that cash from operations, together with our cash balance and our available operating line will be enough to meet ongoing capital expenditures, working capital requirements and other cash needs.

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

Credit Facilities

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

On the same day, we entered into a Credit Agreement with a syndicate of lenders including affiliates of BMO Capital Markets, RBC, CIBC and Scotia. The Credit Agreement is comprised of the Revolving Credit Facility in the amount of $75.0 million (expandable via a swing line facility to $85.0 million) and the Term Loan Facility in the amount of $195.0 million, each maturing on January 31, 2021. The Term Loan Facility was advanced to finance Jamieson Laboratories' acquisition of Body Plus and Sonoma and to pay related fees, costs and expenses and to refinance existing indebtedness of Jamieson Laboratories. As at April 30, 2017, the aggregate amount outstanding under the Credit Facilities was approximately $231.0 million ($36.0 million under the Revolving Credit Facility and $195.0 million under the Term Loan Facility).

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

Analysis of Cash Flows — Q1 2017 to Q1 2016

($ in 000's)	Three months ended March 31 2017	2016	$ Change	% Change
Cash, beginning of period	**19,701**	**2,325**	**17,376**	**747.4%**
Cash flows from (used in):				
Operating activities	3,936	238	3,698	1553.8%
Investing activities	(82,846)	(892)	(81,954)	(9187.7)%
Financing activities	67,604	1,000	66,604	6660.4%
Cash, end of period	**8,395**	**2,671**	**5,724**	**214.3%**

Cash Flows Generated from Operating Activities

For Q1 2017, cash flows generated from operating activities totalled $3.9 million, compared to $0.2 million for Q1 2016. The increase is due to cash generated in operating activities before working capital considerations of $4.0 million partially offset by a reduction in cash generated in working capital of $0.3 million. The reduction of cash generated from working capital includes the impact of higher inventories resulting from timing of orders and shipments.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in Q1 2017 totalled $82.8 million compared to $0.9 million in the prior year. This is mainly due to the acquisition of Body Plus and Sonoma for $82.1 million during Q1 2017. The remaining balance relates to expenditures for property, plant, and equipment which fluctuates based on scheduled preventative maintenance as well as the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows Generated from Financing Activities

For Q1 2017, cash flows generated from financing activities totalled $67.6 million, compared to $1.0 million in Q1 2016. This was primarily due to higher proceeds received from our credit facilities compared to the prior year. Our Company increased debt by $72.1 million to fund the acquisition of Body Plus and Sonoma and received $1.3 million from the issuance of redeemable preferred shares, which was partially offset by financing costs of $5.8 million. In the same period in the prior year, our Company withdrew $1.0 million from the Wells Fargo credit facility.

Acquisitions

On January 31, 2017, Jamieson Laboratories acquired the shares of each of Body Plus and Sonoma, and Body Plus and Sonoma became wholly owned subsidiaries of Jamieson Laboratories.

Consideration for the acquisition totalled $91.0 million, plus acquisition costs of $2.6 million which we recognized in the consolidated statement of operations and comprehensive income (loss) of our Company for the three months ended March 31, 2017, except for approximately $0.8 million of the acquisition costs which we recognized during the year ended December 31, 2016. The purchase price was funded with cash of $82.1 million. An additional $1.4 million was set aside to be paid as a retention bonus to key employees of Body Plus and Sonoma, subject to these individuals remaining employed for 12 months following the closing of the acquisition. Further, pursuant to a consulting agreement entered into between Jamieson Laboratories and the former owner, if the consulting relationship continues for 12 months following the closing of the acquisition, the former owner is entitled to an additional $7.5 million payment from Jamieson Laboratories. The deferred compensation of $8.9 million is comprised of the retention bonus and the amount payable in accordance with the consulting agreement, in accordance with IFRS 3 "Business Combinations" are treated as deferred compensation and our

Company has recognized $1.5 million in the other expense line on the condensed consolidated interim statements of operations and comprehensive income (loss).

Body Plus markets and distributes premium quality sports nutrition products under the Progressive, Precision and Iron Vegan brands. Sonoma manufactures and distributes sports nutrition products. In addition to expanding into a growing adjacent category within the consumer health industry, these acquisitions increased our presence in the health food store and other specialty retail channels, while expanding our R&D and manufacturing capabilities.

Contractual Obligations

As noted in the above "*Credit Facilities*" section, we extinguished our revolving credit facility with Wells Fargo and our term loan with CPPIB on January 31, 2017. On the same day, we entered into a new Credit Facilities with a syndicate of lenders including affiliates of BMO Capital Markets, RBC, CIBC and Scotia, which is comprised of a Revolving Credit Facility in the amount of $75.0 million (expandable via a swing line facility to $85.0 million) and a Term Loan Facility in the amount of $195.0 million, each maturing on January 31, 2021. As at April 30, 2017, the aggregate amount outstanding under the Credit Facilities was approximately $231.0 million ($36.0 million under the Revolving Credit Facility and $195.0 million under the Term Loan Facility).

Other than the change in credit facility noted above, there was no material change in our Company's remaining contractual obligations and commitments from the annual MD&A as at and for the year ended December 31, 2016.

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

Due to Jamieson Finco LP

On January 30, 2014, Jamieson Finco LP subscribed for 150,000 common shares in the capital of our Company for proceeds of $83.5 million. On February 1, 2014, our Company repurchased the common shares it issued to Jamieson Finco LP on January 30, 2014 in exchange for a note in the amount of $83.5 million. The proceeds of the subscription were used by our Company to fund a portion of its acquisition of Jamieson Laboratories.

The balance of the note as at March 31, 2017 was $109.3 million (2016 — $107.3 million) including accrued interest of $25.8 million (2016 — $23.8 million). The term of the note is seven years and bears an interest rate of 9.75%.

Outstanding Share Capital and Redeemable Preferred Shares

	Common Shares		Preferred Shares	
($ in 000's)	**#**	**$**	**#**	**$**
As at December 31, 2016	**25,000**	**400**	**1,024,235**	**197,901**
Issued during the period	—	—	4,644	1,391
Repurchased during the period	—	—	(346)	(50)
Preferred share accretion during the period	—	—	—	15,385
As at March 31, 2017	**25,000**	**400**	**1,028,533**	**214,627**

($ in 000's)	Common Shares		Preferred Shares	
	#	$	#	$
As at December 31, 2015	25,000	400	1,024,553	167,467
Preferred share accretion during the period	—	—	—	14,392
As at March 31, 2016	25,000	400	1,024,553	181,859

The authorized share capital consists of:

(a) Unlimited number of common shares with no par value.

(b) Unlimited number of class A common shares with no par value.

(c) Unlimited number of convertible and redeemable preferred shares, voting, with a cumulative dividend accruing at 4.5% annually as and when declared. Retractable by the holder and redeemable by Company at an amount that is the greater of: (i) the original purchase price plus any declared but unpaid dividends and (ii) the as-if converted value (convertible 1:1 for common shares subject to adjustment for declared and unpaid dividends). Upon conversion, the shareholders have agreed that prior to receiving common shares, the preferred shareholder who is converting will receive the cumulative dividend plus a return of capital in the amount paid by an investor for the preferred shares less the value, at the time of the issuance of the preferred shares, of the common shares issuable upon conversion of those preferred shares (the "**Return of Capital Right**"). Excluding special repurchase options on shares issued as deferred compensation. Subsequent to year end, our Company filed an application to clarify the Return of Capital Right.

On June 8, 2017, the Supreme Court in British Columbia (the Company's governing jurisdiction) granted an order to amend and rectify certain language in the articles of the Company and to create 22 separate classes of preferred shares. The purpose of the order was to clarify the Return of Capital Right of preferred shareholders and to facilitate the payment of a cumulative 4.5% dividend upon declaration prior to the conversion of preferred shares into common shares. The amended articles will be considered in the accounting for the preferred shares on a prospective basis.

The above is a description of our share capital prior to the effectiveness on June 8, 2017 of the retroactive court order and of the Pre-Closing Capital Changes.

Prior to the Closing, our Company intends to effect certain amendments that are expected to result in the outstanding options being exercisable for common shares of our Company, rather than class A common shares of our Company. The terms of our Company's common shares and class A common shares are identical.

Redeemable preferred shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the consolidated statements of financial position.

Financial Instruments

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

Critical Accounting Estimates and Judgments

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

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

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

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

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

Long-lived assets valuation

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

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

Valuation of inventory

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

Trade merchandise allowances and other trade discounts

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

Employee benefit plans

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

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

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

Measurement of fair values

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

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

Taxes

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

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

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

Significant Accounting Policies

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

Accounting Pronouncements Issued But Not Yet Effective

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

IFRS 9 "Financial Instruments: Classification and Measurement"

In 2013, the IASB issued amendments to IFRS 9, "Financial Instruments" ("**IFRS 9**"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but we do not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers"

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

IFRS 16, "Leases"

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

We are currently evaluating the impact of these new standards, interpretations and amendments on our consolidated financial statements and we expect to apply the standard in accordance with its future mandatory effective date.

Outlook

In fiscal 2017, we expect revenue to range between $303 million - $310 million and Adjusted EBITDA of $62 million. Revenue in the Branded Business segment is expected to increase 4.8% to 6.5% to $241 million - $245 million and be driven by growth in the innovation, international and base business. Revenue in the Strategic Partners Business segment is expected to decline 3.0% to 7.5% to $62 million - $65 million primarily as a result of the transition of one key client from a turnkey manufacturing arrangement to a tolling manufacturing arrangement midway through fiscal 2016. This decision was in line with our goal of minimizing inventory risk and lowering working capital while maintaining consistent profitability. Under the old turnkey arrangement, the raw materials were purchased by us and we recognized revenue for the sale of the finished products to the customer. Under the new tolling arrangement, the raw materials are supplied by the customer and revenue is recognized net of the cost of the raw materials supplied. While the new tolling arrangement reduces the amount of revenue associated with this product, the operating profit is unchanged. We also expect to incur certain non-recurring expenses related to our initial public offering (in the approximate amount of $9.9 million). These include a one-time, non-deductible non-cash share compensation expense (in the approximate amount of $2.38 million) expected to be incurred in our second and third quarters of 2017 in connection with the vesting of certain shares issued to the former owner of the LVHS assets in connection with our acquisition of those assets and options relating to our Legacy Option Plan granted to directors, officers and employees. This amount is in addition to the $441,000 of non-cash share compensation expense incurred in our first fiscal quarter of 2017 relating to such vesting. The expected Adjusted EBITDA range for fiscal 2017 referred to above reflects the adding back of these expenses, which will impact net income. Our Adjusted Net Income for fiscal 2017 will also reflect the adding back of such compensation expense and certain other expenses on a tax-effected basis.

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

- VMS and sports nutrition segment CAGRs in 2017 of approximately 2.8% and 7.8%, respectively, as projected by Euromonitor;
- continued growth in our Branded Business revenue in existing and adjacent categories in Canada at between 4.8% and 5.8% in 2017;
- continued growth in our international Branded Business revenue at between 4.5% and 13.6% in 2017;
- the development of the products in our existing innovation pipeline for 2017;
- continued growth in our Strategic Partners Business, however with a decline in revenue between 3.0% and 7.5% due to the change from the turnkey to tolling arrangement;
- the current utilization of our operating facilities plus efficiency gains resulting from expected increase in volumes and capital improvement programs;
- an increase to our operating leverage over the fixed component of our manufacturing base as we realize incremental sales volume as a result of our growth strategies;
- maintaining our existing distribution partnerships and entering into additional distribution arrangements in new international markets;
- current availability and pricing for transportation, raw materials and ingredients;
- current impact expected inflation has on our fixed operating and overhead cost base;
- the current exchange rate between the U.S. and Canadian dollar whereby U.S.$1.00 = $1.35;
- current interest rates;
- taxation rates remaining consistent with historical levels;
- debt repayments consistent with the terms set out in this MD&A;
- continuing to generate free cash flow through minimal investment in capital expenditures and maintenance costs; and
- our current understanding and expectation of results from our recent acquisition of Body Plus and Sonoma.

The description of our 2017 financial outlook in this MD&A is based on management's current views and strategies, our assumptions and expectations concerning our growth opportunities and our assessment of the opportunities for our business and the consumer health industry as a whole and the VMS and sports nutrition segments of the consumer health industry in particular, and has been calculated using accounting policies that are generally consistent with our current accounting policies. The description of our 2017 outlook is forward-looking information for purposes of applicable securities laws in Canada and readers are therefore cautioned that actual results may vary from those described above. See "*Forward-Looking Information*" and "*Risk Factors*" for a description of the risks and uncertainties that impact our business and that could cause actual results to vary.

Fiscal 2016 Compared to Fiscal 2015

Selected Consolidated Financial Information

The following table provides selected historical information and other data of our Company which should be read in conjunction with our audited consolidated financial statements. As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2016 are for the 12-month period from January 1, 2016 to December 31, 2016 and the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

A reconciliation of net income (loss) to EBITDA, Adjusted EBITDA, and Adjusted Net Income can be found in the below "*Results of Operations*" sections for the respective fiscal periods.

($ in 000's) **For the fiscal years ended December 31,**	**2016**	**2015**	**2014[1]**
Revenue	**248,331**	**230,865**	**193,218**
Cost of sales	167,519	152,966	141,565
Gross profit	80,812	77,899	51,653
Selling, general and administrative expenses	44,837	45,867	36,887
Share-based compensation	4,934	6,505	4,078
Earnings from operations	**31,041**	**25,527**	**10,688**
Operating margin	**12.5%**	**11.1%**	**5.5%**
Foreign exchange (gain) loss	(192)	(915)	35
Termination benefits and related costs	1,420	1,959	3,435
Change in value of derivatives	—	—	(853)
Acquisition costs	789	—	7,649
Other (income) expense	(2,876)	634	(50)
Preferred share accretion	30,434	93,420	15,030
Interest expense and other financing costs	22,926	23,867	21,804
Income (loss) before income taxes	(21,460)	(93,438)	(36,362)
Provision for (recovery of) income taxes	3,706	1,944	(3,186)
Net income (loss)	**(25,166)**	**(95,382)**	**(33,176)**
EBITDA	**39,446**	**31,109**	**6,983**
Adjusted EBITDA	**46,794**	**44,523**	**32,275**
Adjusted net income	**10,910**	**8,655**	**3,305**

(1) As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

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

($ in 000's) **As at December 31,**	**2016**	**2015**	**2014**
Selected Consolidated Financial Position Data:			
Total assets	405,179	403,867	403,506
Total non-current liabilities	305,023	296,589	307,753

Results of Operations — Q4 2016 to Q4 2015

The following table provides a summary of our consolidated results for the quarters ended December 31, 2016 and December 31, 2015.

($ in 000's) For the quarters ended December 31,	2016	2015	$ Change	% Change
Revenue	**65,695**	**66,998**	**(1,303)**	**(1.9)%**
Cost of sales	41,991	45,556	(3,565)	(7.8)%
Gross profit	23,704	21,442	2,262	10.5%
Selling, general and administrative expenses	11,007	11,314	(307)	(2.7)%
Share-based compensation	1,233	1,625	(392)	(24.1)%
Earnings from operations	**11,464**	**8,503**	**2,961**	**34.8%**
Operating margin	**17.5%**	**12.7%**	**—**	**4.8%**
Foreign exchange (gain)	(154)	(342)	188	55.0%
Termination benefits and related costs	234	201	33	16.4%
Acquisition costs	789	—	789	—
Other (income) expense	(2,906)	24	(2,930)	(12208.3)%
Preferred share accretion	24,123	15,061	9,062	60.2%
Interest expense and other financing costs	5,686	5,967	(281)	(4.7)%
Income (loss) before income taxes	(16,308)	(12,408)	(3,900)	(31.4)%
Provision for (recovery of) income taxes	2,414	1,078	1,336	123.9%
Net income (loss)	**(18,722)**	**(13,486)**	**(5,236)**	**(38.8)%**
EBITDA	**15,409**	**10,381**	**5,028**	**48.4%**
Adjusted EBITDA	**14,727**	**13,204**	**1,523**	**11.5%**
Adjusted net income	**5,101**	**3,837**	**1,264**	**32.9%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the quarters ended December 31, 2016 and December 31, 2015.

($ in 000's) For the quarters ended December 31,	2016	2015	$ Change	% Change
Net income (loss)	**(18,722)**	**(13,486)**	**(5,236)**	**(38.8)%**
Add:				
Provision for (recovery of) income taxes	2,414	1,078	1,336	123.9%
Interest expense and other financing costs	5,686	5,967	(281)	(4.7)%
Preferred share accretion	24,123	15,061	9,062	60.2%
Depreciation of property, plant, and equipment	1,100	953	147	15.4%
Amortization of intangible assets	808	808	—	—
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**15,409**	**10,381**	**5,028**	**48.4%**
Add EBITDA adjustments:				
Share-based compensation[(1)]	1,233	1,625	(392)	(24.1)%
Foreign exchange (gain)	(154)	(342)	188	55.0%
Termination benefits and related costs	234	201	33	16.4%
Acquisition costs	789	—	789	—
Trademark claim[(2)]	—	1,155	(1,155)	(100.0)%
Other[(3)]	(2,784)	184	(2,968)	(1613.0)%
Adjusted EBITDA	**14,727**	**13,204**	**1,523**	**11.5%**

(1) Pursuant to our Legacy Option Plan for directors, officers and employees from which options to purchase our Class A common shares are issued. Certain options granted under the Legacy Option Plan vest on the passage of time and certain options granted under such plan vest upon the achievement by the CCMP Shareholder of certain targeted returns upon a partial or full sale by the CCMP Shareholder of its equity in our Company. The options have a contractual life of 10 years. In addition, Jamieson Laboratories acquired the assets of LVHS on June 12, 2014 and as part of the transaction, placed into escrow 51,316 preferred shares for issuance to the former owner. 25% of the shares vest each year over four years and include a service condition plus the ability to require us to repurchase the shares for cash.

(2) This item refers to a trademark claim and subsequent settlement which resulted in us rebranding our Krill based fish oil products from "OmegaRed" to "Omega Complete".

(3) Costs for legal, audit, consulting fees and indemnity settlements relating to the acquisition of Jamieson Laboratories by the CCMP Shareholder on January 31, 2014.

The following table provides a reconciliation of net income to Adjusted Net Income for the quarters ended December 31, 2016 and December 31, 2015.

($ in 000's) **For the quarters ended December 31,**	**2016**	**2015**	**$ Change**	**% Change**
Net income (loss)	**(18,722)**	**(13,486)**	**(5,236)**	**(38.8)%**
Adjustments to net income (loss):				
Share-based compensation[1]	912	1,375	(463)	(33.7)%
Foreign exchange (gain)	(154)	(342)	188	55.0%
Termination benefits and related costs	234	201	33	16.4%
Acquisition costs	789	—	789	—
Preferred share accretion	24,123	15,061	9,062	60.2%
Trademark claim	—	1,155	(1,155)	(100.0)%
Other	(2,784)	184	(2,968)	(1613.0)%
Related tax effects	703	(311)	1,014	326.0%
Adjusted net income	**5,101**	**3,837**	**1,264**	**32.9%**

(1) This adjustment is in relation to Jamieson Laboratories' acquisition of LVHS on June 12, 2014, whereby as part of the transaction, we placed into escrow 51,316 preferred shares for issuance to the former owner. 25% of the shares vest each year over four years and include a service condition plus the ability to require us to repurchase the shares for cash.

The following table provides revenue, earnings from operations and operating margin for our two operating segments for the quarters ended December 31, 2016 and December 31, 2015.

Branded Business

($ in 000's) **For the quarters ended December 31,**	**2016**	**2015**	**$ Change**	**% Change**
Revenue	55,188	44,395	10,793	24.3%
Earnings from operations[1]	11,330	6,894	4,436	64.3%
Operating margin	20.5%	15.5%	—	5.0%

(1) We define earnings from operations as revenue less cost of sales, SG&A expenses, and share-based compensation.

Strategic Partners Business and Eliminations

($ in 000's) **For the quarters ended December 31,**	**2016**	**2015**	**$ Change**	**% Change**
Gross Revenue	15,608	26,890	(11,282)	(42.0)%
Less: Intercompany eliminations	(5,101)	(4,287)	(814)	(19.0)%
Revenue	10,507	22,603	(12,096)	(53.5)%
Earnings from operations[1]	134	1,609	(1,475)	(91.7)%
Operating margin	1.3%	7.1%	—	(5.8)%

(1) We define earnings from operations as revenue less cost of sales, SG&A expenses, and share-based compensation.

Revenue

Revenue decreased 1.9%, or $1.3 million, to $65.7 million in Q4 2016 from $67.0 million in Q4 2015. The decrease was driven by lower sales in the Strategic Partners segment of the business, partially offset by growth in the Branded Business segment.

Revenue in the Branded Business segment increased 24.3%, or $10.8 million, to $55.2 million in Q4 2016 from $44.4 million in Q4 2015. The $10.8 million increase was comprised of a $2.4 million increase in innovation product sales, a $1.7 million increase in international sales, and a $6.7 million increase in base business sales. Innovation product sales consisted of 22 new product launches across multiple categories in 2016, including Digestive Care Daily Fibre and Jamieson Vitamin Sprays format. The increase in international sales was primarily driven by higher sales to existing customers in Asia to promote growth in the e-commerce channel. The increase in base business sales was primarily driven by the relaunch of the Jamieson multivitamin offering and increased trade & media promotions.

Revenue in the Strategic Partners Business segment decreased 53.5%, or $12.1 million, to $10.5 million in Q4 2016 from $22.6 million in Q4 2015. Strategic Partners Business revenue can be impacted by how our Strategic Partners Business manage inventory levels and order patterns. Halfway through fiscal 2016, sales to a major customer were changed from a turnkey arrangement to tolling arrangement. This decision was in line with our goal of minimizing inventory risk and lowering working capital while maintaining consistent profitability. Under the old turnkey arrangement, the raw materials were purchased by us and we recognized revenue for the sale of the finished products to the customer. Under the new tolling arrangement, the raw materials are supplied by the customer and revenue is recognized net of the cost of the raw materials supplied. While the new tolling arrangement eliminates the recognition of revenue associated with this product under the previous turnkey arrangement, the overall operating profits are unchanged. Adjusting Q4 2016 and Q4 2015 revenue to provide a more accurate comparison as if the new tolling arrangement had been in place for both quarters, Strategic Partners revenue would have been $10.5 million in Q4 2016 and $14.3 million in Q4 2015.

Gross profit

Gross profit increased by 10.5%, or $2.3 million, to $23.7 million in Q4 2016 compared to $21.4 million in Q4 2015. The increase was primarily due to an increase in revenue from the Branded Business, partially offset by a decrease in revenue from the Strategic Partners Business. Gross profit margin increased 410 basis points to 36.1% in Q4 2016 from 32.0% in Q4 2015. The increase in gross profit margin was favourably impacted by a higher percentage of revenues from the Branded Business which have higher gross profit margins versus revenues from the Strategic Partners Business and was partially offset by higher raw material costs.

Selling, general and administrative expenses

SG&A expenses decreased by 2.7%, or $0.3 million, to $11.0 million in Q4 2016 compared to $11.3 million in Q4 2015. SG&A expenses decreased due to lower compensation costs and short term incentive payments to employees of $1.6 million partially, offset by an increase in media spending to support new product launches of $1.3 million. SG&A expenses as a percentage of revenue decreased 10 basis points to 16.8% in Q4 2016 from 16.9% in Q4 2015.

Share-based compensation

Share-based compensation decreased by 24.1%, or $0.4 million, to $1.2 million in Q4 2016 from $1.6 million in Q4 2015. This was due to a decrease of $0.5 million on account of shares in escrow related to the acquisition of the assets of LVHS which are fair valued at each reporting period, partially offset by an increase of $0.1 million relating to options granted to our senior employees and directors in fiscal 2016. Share-based compensation expense as a percentage of revenue decreased 50 basis points to 1.9% in Q4 2016 from 2.4% in Q4 2015.

Earnings from operations and operating margin

Earnings from operations increased 34.8%, or $3.0 million, to $11.5 million in Q4 2016 from $8.5 million in Q4 2015 and operating margin increased 480 basis points to 17.5% in Q4 2016 from 12.7% in Q4 2015. The increase in operating margin was driven by higher gross profit margin, a decrease in SG&A expenses as a percentage of revenue and a decrease in share-based compensation as a percentage of revenue.

Earnings from operations in the Branded Business segment increased 64.3%, or $4.4 million, to $11.3 million in Q4 2016 from $6.9 million in Q4 2015 and operating margin increased 500 basis points to 20.5% in Q4 2016 from 15.5% in Q4 2015. The increase in operating margin was driven by a decrease in SG&A expenses as a percentage of revenue and a decrease in share-based compensation expense as a percentage of revenue, partially offset by lower gross profit margin. Gross profit margin was unfavourably impacted by higher raw material costs including the negative impact from changes in foreign currency. SG&A expenses as a percentage of revenue decreased in Q4 2016 due to lower compensation costs and short term incentive payments to employees of $1.6 million partially offset by an increase in media spending to support new product launches of $1.3 million. Share-based compensation as a percentage of revenue decreased in Q4 2016 due to a decrease of $0.5 million on account of shares in escrow related to the acquisition of the assets of LVHS which are fair valued at each reporting period, partially offset by an increase of $0.1 million relating to options granted to our senior employees and directors in fiscal 2016.

Earnings from operations in the Strategic Partners segment decreased 91.7%, or $1.5 million, to $0.1 million in Q4 2016 from $1.6 million in Q4 2015 and operating margin decreased 580 basis points to 1.3% in Q4 2016 from 7.1% in Q4 2015. The decline in operating margin was driven by lower gross profit margin and an increase in SG&A expenses as a percentage of sales. Gross profit margin was negatively impacted by changes in foreign currency and product mix. SG&A expenses as a percentage of sales increased in Q4 2016 primarily from lower revenues while spending remained relatively consistent. In Q4 2016 and Q4 2015, Strategic Partners SG&A expenses contained an intercompany management charge of $0.9 million to reflect the resources allocable to the segment.

Foreign exchange (gain)

Foreign exchange gain decreased by 55.0%, or $0.2 million, to $0.1 million in Q4 2016 from $0.3 million in Q4 2015 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Termination benefits and related costs

Termination benefits and related costs in Q4 2016 is relatively consistent with the same period in prior year. We are involved, from time to time, in reorganization activities in order to gain flexibility and improve efficiency. The costs related to both quarters are mainly comprised of severance costs and salary continuances as part of the January 31, 2014 acquisition of Jamieson Laboratories by the CCMP Shareholder.

Acquisition costs

Acquisition costs of $0.8 million in Q4 2016 were related to the January 31, 2017 acquisition of Body Plus and Sonoma.

Other (income) expense

Other income of $2.9 million in Q4 2016 was a result of the settlement of a note payable to the former shareholder in conjunction with the January 31, 2014 acquisition of Jamieson Laboratories by the CCMP Shareholder.

Preferred share accretion

Preferred share accretion increased by 60.2%, or $9.1 million, to $24.1 million in Q4 2016 compared to $15.0 million in Q4 2015. The increase is tied to the change in the underlying fair value of our Company.

Interest expense and other financing costs

Interest expense and other financing costs decreased by 4.7%, or $0.3 million, to $5.7 million in Q4 2016 from $6.0 million in Q4 2015 due primarily to the reduction in outstanding debt throughout fiscal 2016.

Provision for (recovery of) income taxes

Provision for income taxes increased by 123.9%, or $1.3 million, to $2.4 million in Q4 2016 from $1.1 million in Q4 2015. The effective income tax rates for Q4 2016 and Q4 2015 were 14.8% and 8.7%, respectively, primarily resulting from share-based compensation not being deducted for tax purposes and not recognizing temporary deferred tax differences on preferred share accretion.

Depreciation

Depreciation expense increased by 15.4%, or $0.1 million, to $1.1 million in Q4 2016 from $1.0 million in Q4 2015. The increase was primarily due to equipment upgrades and replacements at our manufacturing, distribution, and warehouse facilities.

EBITDA and Adjusted EBITDA

EBITDA increased by 48.4%, or $5.0 million, to $15.4 million in Q4 2016 from $10.4 million in Q4 2015 primarily due to the factors discussed above.

Adjusted EBITDA increased by 11.5%, or $1.5 million, to $14.7 million in Q4 2016 from $13.2 million in Q4 2015 primarily due to the factors discussed above.

Results of Operations — Fiscal 2016 to Fiscal 2015

The following table provides a summary of our consolidated results for the fiscal years ended December 31, 2016 and December 31, 2015.

($ in 000's) **For the fiscal years ended December 31,**	**2016**	**2015**	**$ Change**	**% Change**
Revenue	**248,331**	**230,865**	**17,466**	**7.6%**
Cost of sales	167,519	152,966	14,553	9.5%
Gross profit	80,812	77,899	2,913	3.7%
Selling, general and administrative expenses	44,837	45,867	(1,030)	(2.2)%
Share-based compensation	4,934	6,505	(1,571)	(24.2)%
Earnings from operations	**31,041**	**25,527**	**5,514**	**21.6%**
Operating margin	**12.5%**	**11.1%**	**—**	**1.4%**
Foreign exchange (gain)	(192)	(915)	723	79.0%
Termination benefits and related costs	1,420	1,959	(539)	(27.5)%
Acquisition costs	789	—	789	—
Other (income) expense	(2,876)	634	(3,510)	(553.6)%
Preferred share accretion	30,434	93,420	(62,986)	(67.4)%
Interest expense and other financing costs	22,926	23,867	(941)	(3.9)%
Income (loss) before income taxes	(21,460)	(93,438)	71,978	77.0%
Provision for (recovery of) income taxes	3,706	1,944	1,762	90.6%
Net income (loss)	**(25,166)**	**(95,382)**	**70,216**	**73.6%**
EBITDA	**39,446**	**31,109**	**8,337**	**26.8%**
Adjusted EBITDA	**46,794**	**44,523**	**2,271**	**5.1%**
Adjusted net income	**10,910**	**8,655**	**2,255**	**26.1%**

The following table provides a reconciliation of net income (loss) to EBITDA and adjusted EBITDA for the fiscal years ended December 31, 2016 and December 31, 2015.

($ in 000's) For the fiscal years ended December 31,	2016	2015	$ Change	% Change
Net income (loss)	**(25,166)**	**(95,382)**	**70,216**	**73.6%**
Add:				
Provision for (recovery of) income taxes	3,706	1,944	1,762	90.6%
Interest expense and other financing costs	22,926	23,867	(941)	(3.9)%
Preferred share accretion	30,434	93,420	(62,986)	(67.4)%
Depreciation of property, plant, and equipment	4,316	4,030	286	7.1%
Amortization of intangible assets	3,230	3,230	—	—
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**39,446**	**31,109**	**8,337**	**26.8%**
Add EBITDA adjustments:				
Share-based compensation[1]	4,934	6,505	(1,571)	(24.2)%
Amortization of fair value adjustments[2]	—	1,019	(1,019)	(100.0)%
Foreign exchange (gain)	(192)	(915)	723	79.0%
Termination benefits and related costs	1,420	1,959	(539)	(27.5)%
Acquisition costs	789	—	789	—
Trademark claim[3]	—	3,290	(3,290)	(100.0)%
Non-recurring consulting services[4]	1,944	1,224	720	58.8%
Other[5]	(1,547)	332	(1,879)	(566.0)%
Adjusted EBITDA	**46,794**	**44,523**	**2,271**	**5.1%**

(1) Pursuant our Legacy Option Plan for directors, officers and employees from which options to purchase our Class A common shares are issued. Certain options granted under the Legacy Option Plan vest on the passage of time and certain options granted under such plan vest upon the achievement by the CCMP Shareholder of certain targeted returns upon a partial or full sale by the CCMP Shareholder of its equity in our Company. The options have a contractual life of 10 years. In addition, Jamieson Laboratories acquired the assets of LVHS on June 12, 2014 and as part of the transaction, placed into escrow 51,316 preferred shares for issuance to the former owner. 25% of the shares vest each year over four years and include a service condition plus the ability to require us to repurchase the shares for cash.

(2) In conjunction with the aforementioned acquisition of the assets of LVHS, fair value adjustments to inventory for purchase price allocation were amortized.

(3) This item refers to a trademark claim and subsequent settlement which resulted in us rebranding our Krill based fish oil products from "OmegaRed" to "Omega Complete".

(4) Non-recurring consulting services is comprised of process improvement projects in 2015 and one-time studies commissioned in 2016 to understand specific markets and consumer trends in helping us identify the most strategic markets for international expansion.

(5) Costs for legal, audit, consulting fees and indemnity settlements relating to the acquisition of Jamieson Laboratories on January 31, 2014 by the CCMP Shareholder and our acquisition of LVHS on June 12, 2014.

The following table provides a reconciliation of net income (loss) to Adjusted Net Income for the fiscal years ended December 31, 2016 and December 31, 2015.

($ in 000's) For the fiscal years ended December 31,	2016	2015	$ Change	% Change
Net income (loss)	**(25,166)**	**(95,382)**	**70,216**	**73.6%**
Adjustments to net income (loss):				
Share-based compensation[1]	3,651	5,504	(1,853)	(33.7)%
Amortization of fair value adjustments[1]	—	1,019	(1,019)	(100.0)%
Foreign exchange (gain)	(192)	(915)	723	79.0%
Termination benefits and related costs	1,420	1,959	(539)	(27.5)%
Acquisition costs	789	—	789	—
Preferred share accretion	30,434	93,420	(62,986)	(67.4)%
Trademark claim	—	3,290	(3,290)	(100.0)%
Non-recurring consulting services	1,944	1,224	720	58.8%
Other	(1,547)	332	(1,879)	(566.0)%
Related tax effects	(423)	(1,796)	1,373	76.4%
Adjusted net income	**10,910**	**8,655**	**2,255**	**26.1%**

(1) This adjustment is in relation to Jamieson Laboratories acquisition of LVHS on June 12, 2014, whereby as part of the transaction, we placed into escrow 51,316 preferred shares for issuance to the former owner. 25% of the shares vest each year over four years and include a service condition plus the ability to require us to repurchase the shares for cash.

The following table provides revenue, earnings from operations and operating margin for our two operating segments for the fiscal years ended December 31, 2016 and December 31, 2015.

Branded Business

($ in 000's) For the fiscal years ended December 31,	2016	2015	$ Change	% Change
Revenue	192,496	177,033	15,463	8.7%
Earnings from operations[1]	28,844	22,279	6,565	29.5%
Operating margin	15.0%	12.6%	—	2.4%

(1) We define earnings from operations as revenue less cost of sales, SG&A expenses, and share-based compensation.

Strategic Partners Business and Eliminations

($ in 000's) For the fiscal years ended December 31,	2016	2015	$ Change	% Change
Gross Revenue	76,328	73,387	2,941	4.0%
Less: Intercompany eliminations	(20,493)	(19,555)	(938)	(4.8)%
Revenue	55,835	53,832	2,003	3.7%
Earnings from operations[1]	2,197	3,248	(1,051)	(32.4)%
Operating margin	3.9%	6.0%	—	(2.1)%

(1) We define earnings from operations as revenue less cost of sales, SG&A expenses, and share-based compensation.

Revenue

Revenue increased 7.6%, or $17.4 million, to $248.3 million in fiscal 2016 compared to $230.9 million in fiscal 2015. The increase was driven by growth in both the Branded Business and Strategic Partners Business segments of the business.

Revenue in the Branded Business segment increased 8.7%, or $15.5 million, to $192.5 million in fiscal 2016 from $177.0 million in fiscal 2015. The $15.5 million increase was comprised of a$7.0 million increase in innovation product sales, a $3.8 million increase in international sales, and a $4.7 million increase in base business sales. Innovation product sales consisted of 22 new product launches across multiple categories in 2016, including Digestive Care Daily Fibre and Jamieson Vitamin Sprays format. The increase in international sales was primarily driven by higher sales to existing customers in Asia to promote growth in the e-commerce channel. The increase in base business sales was primarily driven by the relaunch of our multivitamin offerings, increased trade and media promotions, and increased sales within the health food and specialty channels. These increases were partially offset by lower sales of our Omega Complete products due to the required rebranding (from our 2015 trademark dispute) and a decline in the krill sub-category.

Revenue in the Strategic Partners Business segment increased 3.7%, or $2.0 million, to $55.8 million in fiscal 2016 from $53.8 million in fiscal 2015. Strategic Partners Business revenue can be impacted by how our Strategic Partners Business manage inventory levels and order patterns. Halfway through fiscal 2016, sales to a major customer were changed from a turnkey arrangement to tolling arrangement. This decision was in line with our goal of minimizing inventory risk and lowering working capital while maintaining consistent profitability. Under the old turnkey arrangement, the raw materials were purchased by us and we recognized revenue for the sale of the finished products to the customer. Under the new tolling arrangement, the raw materials are supplied by the customer and revenue is recognized net of the cost of the raw materials supplied. While the new tolling arrangement eliminates the recognition of revenue associated with this product under the previous turnkey arrangement, the overall operating profits are unchanged. Adjusting fiscal 2016 and fiscal 2015 revenue to provide a more accurate comparison as if the new tolling arrangement had been in place for both fiscal years, Strategic Partners Business revenue would have been $41.4 million in fiscal 2016 and $45.3 million in fiscal 2015.

Gross profit

Gross profit increased by 3.7%, or $2.9 million, to $80.8 million in fiscal 2016 compared to $77.9 million in fiscal 2015. The increase was primarily due to an increase in revenue from the Branded Business and an increase in revenue from the Strategic Partners Business. Gross profit margin decreased 120 basis points to 32.5% in fiscal 2016 from 33.7% in fiscal 2015. Gross profit margin was unfavourably impacted by higher raw material costs including the negative impact from changes in foreign currency and higher listing fees charged by our retail customers for launching new products at their stores.

Selling, general and administrative expenses

SG&A expenses decreased by 2.2%, or $1.1 million, to $44.8 million in fiscal 2016 compared to $45.9 million in fiscal 2015. SG&A expenses decreased due to lower compensation costs and short term incentive payments to employees of $3.6 million, partially offset by an increase in marketing activity surrounding innovation and the 100% Complete Multi relaunch of $1.8 million and higher consulting fees of $0.7 million. SG&A expenses as a percentage of revenue decreased 180 basis points to 18.1% in fiscal 2016 from 19.9% in fiscal 2015.

Share-based compensation

Share-based compensation decreased by 24.2%, or $1.6 million, to $4.9 million in fiscal 2016 compared to $6.5 million in fiscal 2015. This was due to a decrease of $1.9 million on account of shares in escrow related to the acquisition of the assets of LVHS which are fair valued at each reporting period, partially offset by an increase of $0.3 million relating to options granted to our directors, officers and employees in fiscal 2016. Share-based compensation expense as a percentage of revenue decreased 80 basis points to 2.0% in fiscal 2016 from 2.8% in fiscal 2015.

Earnings from operations and operating margin

Earnings from operations increased 21.6%, or $5.5 million, to $31.0 million in fiscal 2016 compared to $25.5 million in fiscal 2015 and operating margin increased 140 basis points to 12.5% in fiscal 2016 compared to 11.1% in fiscal 2015. The increase in operating margin was driven by a decrease in SG&A expenses as a percentage of revenue and a decrease in share-based compensation as a percentage of revenue partially offset by lower gross profit margin.

Earnings from operations in the Branded Business segment increased 29.5%, or $6.5 million, to $28.8 million in fiscal 2016 compared to $22.3 million in fiscal 2015 and operating margin increased 240 basis points to 15.0% in fiscal 2016 from 12.6% in fiscal 2015. The increase in operating margin was driven by a decrease in SG&A expenses as a percentage of revenue, a decrease in share-based compensation expense as a percentage of revenue, partially offset by lower gross profit margin. Gross profit margin was unfavourably impacted by higher raw material costs including the negative impact from changes in foreign currency and higher listing fees charged by our retail customers for launching new products at their stores. SG&A expenses as a percentage of sales decreased in fiscal 2016 due to lower compensation costs and short term incentive payments to employees of $3.3 million partially offset by an increase in marketing activity surrounding innovation and the 100% Complete Multi relaunch of $1.8 million and higher consulting fees of $0.7 million. Share-based compensation as a percentage of revenue decreased in fiscal 2016 due to a decrease of $1.9 million on account of shares in escrow related to the acquisition of the assets of LVHS which are fair valued at each reporting period, partially offset by an increase of $0.3 million relating to options granted to our directors, officers and employees.

Earnings from operations in the Strategic Partners Business segment decreased 32.4%, or $1.0 million, to $2.2 million in fiscal 2016 compared to $3.2 million in fiscal 2015 and operating margin decreased 210 basis points to 3.9% in fiscal 2016 compared to 6.0% in fiscal 2015. The decline in operating margin was driven by lower gross profit margin. Gross profit margin was negatively impacted by changes in foreign currency and product mix. SG&A expenses as a percentage of sales decreased in fiscal 2016 primarily from the higher revenues while spending decreased by $0.2 million largely due to lower compensation costs and consulting fees. In fiscal 2016 and fiscal 2015, Strategic Partners Business SG&A expenses included an intercompany management charge of $3.6 million to reflect the resources allocable to the segment.

Foreign exchange gain

Foreign exchange gain decreased by 79.0%, or $0.7 million, to $0.2 million in fiscal 2016 compared to $0.9 million in fiscal 2015 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Termination benefits and related costs

Terminations benefits and related costs decreased by 27.5%, or $0.5 million, to $1.4 million in fiscal 2016 compared to $1.9 million in fiscal 2015. We are involved, from time to time, in reorganization activities in order to gain flexibility and improve efficiency. The costs related to both years mainly comprise of severance costs and salary continuances as part of the January 31, 2014 acquisition of Jamieson Laboratories by the CCMP Shareholder.

Acquisition costs

Acquisition costs of $0.8 million in fiscal 2016 were related to the January 31, 2017 acquisitions of Body Plus and Sonoma.

Other (income) expense

Other income of $2.9 million in fiscal 2016 was a result of the settlement of a note payable to the former shareholder in conjunction with the January 31, 2014 acquisition of Jamieson Laboratories by the CCMP Shareholder. Other expense of $0.6 million in fiscal 2015 related primarily to the trademark settlement which resulted in us rebranding our Krill based fish oil products from "OmegaRed" to "Omega Complete".

Preferred share accretion

Preferred share accretion decreased by 67.4%, or $63.0 million, to $30.4 million in fiscal 2016 compared to $93.4 million in fiscal 2015. The decrease is tied to the change in the underlying fair value of our Company.

Interest expense and other financing costs

Interest expense and other financing costs decreased by 3.9%, or $0.9 million, to $22.9 million in fiscal 2016 compared to $23.8 million in fiscal 2015 due primarily to the reduction in outstanding debt throughout fiscal 2016.

Provision for (recovery of) income taxes

Provision for income taxes increased by 90.6%, or $1.8 million, to $3.7 million in fiscal 2016 compared to $1.9 million in fiscal 2015. The statutory income tax rates for fiscal 2016 and fiscal 2015 were 26.1% and 25.3%, respectively. The effective income tax rate was 17.3% for fiscal 2016 and 2.1% for fiscal 2015, primarily resulting from share-based compensation not being deducted for tax purposes and not recognizing temporary deferred tax differences on preferred share accretion.

Depreciation

Depreciation expense increased by 7.1%, or $0.3 million, to $4.3 million in fiscal 2016 compared to $4.0 million in fiscal 2015. The increase was primarily due to equipment upgrades and replacements at our manufacturing, distribution, and warehouse facilities.

EBITDA and Adjusted EBITDA

EBITDA increased by 26.8%, or $8.3 million, to $39.4 million in fiscal 2016 compared to $31.1 million in fiscal 2015 primarily due to the factors discussed above.

Adjusted EBITDA increased by 5.1%, or $2.3 million to $46.8 million in fiscal 2016 compared to $44.5 million in fiscal 2015 primarily due to the factors discussed above.

Results of Operations — Fiscal 2015 to Fiscal 2014[(1)]

The following table provides a summary of our consolidated results for the fiscal years ended December 31, 2015 and December 31, 2014. As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

($ in 000's) **For the fiscal years ended December 31,**	**2015**	**2014[(1)]**	**$ Change**	**% Change**
Revenue	**230,865**	**193,218**	**37,647**	**19.5%**
Cost of sales	152,966	141,565	11,401	8.1%
Gross profit	77,899	51,653	26,246	50.8%
Selling, general and administrative expenses	45,867	36,887	8,980	24.3%
Share-based compensation	6,505	4,078	2,427	59.5%
Earnings from operations	**25,527**	**10,688**	**14,839**	**138.8%**
Operating margin	**11.1%**	**5.5%**	**—**	**5.6%**
Foreign exchange (gain) loss	(915)	35	(950)	(2714.3)%
Termination benefits and related costs	1,959	3,435	(1,476)	(43.0)%
Change in value of derivatives	—	(853)	853	100.0%
Acquisition costs	—	7,649	(7,649)	(100.0)%
Other expense (income)	634	(50)	684	1368.0%
Preferred share accretion	93,420	15,030	78,390	521.6%
Interest expense and other financing costs	23,867	21,804	2,063	9.5%
Income (loss) before income taxes	(93,438)	(36,362)	(57,076)	(157.0)%
Provision for (recovery of) income taxes	1,944	(3,186)	5,130	161.0%
Net income (loss)	**(95,382)**	**(33,176)**	**(62,206)**	**(187.5)%**
EBITDA	**31,109**	**6,983**	**24,126**	**345.5%**
Adjusted EBITDA	**44,523**	**32,275**	**12,248**	**37.9%**
Adjusted net income	**8,655**	**3,305**	**5,350**	**161.9%**

(1) As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

The following table provides a reconciliation of net loss to EBITDA and adjusted EBITDA for the fiscal years ended December 31, 2015 and December 31, 2014.

($ in 000's) For the fiscal years ended December 31,	2015	2014[1]	$ Change	% Change
Net income (loss)	**(95,382)**	**(33,176)**	**(62,206)**	**(187.5)%**
Add:				
Provision for (recovery of) income taxes	1,944	(3,186)	5,130	161.0%
Interest expense and other financing costs	23,867	21,804	2,063	9.5%
Preferred share accretion	93,420	15,030	78,390	521.6%
Depreciation of property, plant, and equipment	4,030	3,650	380	10.4%
Amortization of intangible assets	3,230	2,861	369	12.9%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**31,109**	**6,983**	**24,126**	**345.5%**
Add EBITDA adjustments				
Share-based compensation[2]	6,505	4,078	2,427	59.5%
Amortization of fair value adjustments[3]	1,019	9,126	(8,107)	(88.8)%
Foreign exchange (gain) loss	(915)	35	(950)	(2714.3)%
Termination benefits and related costs	1,959	3,435	(1,476)	(43.0)%
Acquisition costs	—	7,649	(7,649)	(100.0)%
Trademark claim[4]	3,290	—	3,290	—
Non-recurring consulting services[5]	1,224	1,195	29	2.4%
Other[6]	332	(226)	558	246.9%
Adjusted EBITDA	**44,523**	**32,275**	**12,248**	**37.9%**

(1) As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

(2) Pursuant to our Legacy Option Plan for directors, officers and employees from which options to purchase our Class A common shares are issued. Certain options granted under the Legacy Option Plan vest on the passage of time and certain options granted under such plan vest upon the achievement by the CCMP Shareholder of certain targeted returns upon a partial or full sale by the CCMP Shareholder of its equity in our Company. The options have a contractual life of 10 years. In addition, we acquired the assets of LVHS on June 12, 2014 and as part of the transaction, placed into escrow 51,316 preferred shares for issuance to the former owner. 25% of the shares vest each year over four years and include a service condition plus the ability to require us to repurchase the shares for cash.

(3) In conjunction with the aforementioned acquisition of the assets of LVHS, fair value adjustments to inventory for purchase price allocation were amortized.

(4) This item refers to a trademark claim and subsequent settlement which resulted in us rebranding our Krill based fish oil products from "OmegaRed" to "Omega Complete".

(5) Non-recurring consulting services is comprised of process improvement projects and one-time studies commissioned to understand specific markets and consumer trends in helping us identify the most strategic markets for international expansion.

(6) Costs for legal, audit, consulting fees and indemnity settlements relating to the acquisition of Jamieson Laboratories by the CCMP Shareholder on January 31, 2014 and our acquisition of LVHS on June 12, 2014.

The following table provides a reconciliation of net loss to Adjusted Net Income for the fiscal years ended December 31, 2015 and December 31, 2014.

($ in 000's) For the fiscal years ended December 31,	2015	2014[1]	$ Change	% Change
Net income (loss)	**(95,382)**	**(33,176)**	**(62,206)**	**(187.5)%**
Adjustments to net loss:				
Share-based compensation[2]	5,504	3,764	1,740	46.2%
Amortization of fair value adjustments	1,019	9,126	(8,107)	(88.8)%
Foreign exchange (gain) loss	(915)	35	(950)	(2714.3)%
Termination benefits and related costs	1,959	3,435	(1,476)	(43.0)%
Acquisition costs	—	7,649	(7,649)	(100.0)%
Preferred share accretion	93,420	15,030	78,390	521.6%
Trademark claim	3,290	—	3,290	—
Non-recurring consulting services	1,224	1,195	29	2.4%
Other	332	(226)	558	246.9%
Related tax effects	(1,796)	(3,527)	1,731	49.1%
Adjusted net income	**8,655**	**3,305**	**5,350**	**161.9%**

(1) As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

(2) This adjustment is in relation to Jamieson Laboratories' acquisition of LVHS on June 12, 2014, whereby as part of the transaction, we placed into escrow 51,316 preferred shares for issuance to the former owner. 25% of the shares vest each year over four years and include a service condition plus the ability to require us to repurchase the shares for cash.

The following table provides revenue, earnings from operations and operating margin for our two operating segments for the fiscal years ended December 31, 2015 and December 31, 2014.

Branded Business

($ in 000's) For the fiscal years ended December 31,	2015	2014[1]	$ Change	% Change
Revenue	177,033	146,610	30,423	20.8%
Earnings from operations[2]	22,279	7,764	14,515	187.0%
Operating margin	12.6%	5.3%	—	7.3%

(1) As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

(2) We define earnings from operations as revenue less cost of sales, SG&A expenses, and share-based compensation.

Strategic Partners Business and Eliminations

($ in 000's) For the fiscal years ended December 31,	2015	2014[1]	$ Change	% Change
Gross Revenue	73,387	76,448	(3,061)	(4.0)%
Less: Intercompany eliminations	(19,555)	(29,840)	10,285	34.5%
Revenue	53,832	46,608	7,224	15.5%
Earnings from operations[2]	3,248	2,924	324	11.1%
Operating margin	6.0%	6.3%	—	(0.3)%

(1) As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

(2) We define earnings from operations as revenue less cost of sales, SG&A expenses, and share-based compensation.

Revenue

Revenue increased 19.5%, or $37.7 million, to $230.9 million in fiscal 2015 from $193.2 million in fiscal 2014. The increase was due in part to the inclusion of 11 months of operating results for fiscal 2014 versus 12 months of operating results for fiscal 2015 as we were acquired by the CCMP Shareholder on January 31, 2014 and a partial year for the acquisition of LVHS in fiscal 2014. On a comparable 12 month basis, revenue for fiscal 2014 would have been $210.1 million.

Revenue in the Branded segment increased 20.8%, or $30.4 million, to $177.0 million in fiscal 2015 compared to $146.6 million in fiscal 2014. The $30.4 million increase was attributable to $10.1 million for an additional month of revenue in fiscal 2015 versus fiscal 2014, $4.5 million as a result of a partial year for the acquisition of LVHS in fiscal 2014, a $4.7 million increase in innovation product sales, a $6.2 million increase in international sales, and a $4.9 million increase in base business sales. Innovation product sales consisted of 12 new product launches across multiple categories in 2015, including Healthy Sleep and Digestive Care. The increase in international sales was primarily driven by higher sales to existing customers in Asia and Europe. The increase in base business sales was primarily driven by increased trade and media promotions and sales increase within the health food and specialty channels. These increases were partially offset by lower sales of our Omega Complete products due to the required rebranding of our Krill based fish oil products from "OmegaRed" to "Omega Complete" resulting from the trademark dispute and a decline in the krill sub-category.

Revenue in the Strategic Partners segment increased 15.5%, or $7.2 million, to $53.8 million in fiscal 2015 compared to $46.6 million in fiscal 2014. The increase was due in part to $2.3 million for an additional month of revenue in fiscal 2015 versus fiscal 2014. Strategic Partners revenue can be impacted by how our Strategic Partners manage inventory levels and order patterns. The increase was due to increased sales to a new customer.

Gross profit

Gross profit increased by 50.8%, or $26.2 million, to $77.9 million in fiscal 2015 compared to $51.7 million in fiscal 2014. The increase was due in part to the inclusion of 11 months of operating results for fiscal 2014 versus 12 months of operating results for fiscal 2015 as we were acquired by the CCMP Shareholder on January 31, 2014, a partial year for the acquisition of the assets of LVHS in fiscal 2014 and the amortization of fair value adjustments as a result of the acquisitions. On a comparable 12 month basis, gross profit for fiscal 2014 would have been $69.9 million, resulting in a net increase of $8.0 million compared to fiscal 2015. The net increase of $8.0 million was due to an increase in revenue from the Branded Business, an increase in revenue from the Strategic Partners Business and raw material cost savings.

Gross profit margin increased 700 basis points to 33.7% in fiscal 2015 from 26.7% in fiscal 2014. Gross profit margin was favourable primarily due to the amortization of fair value adjustments of $9.1 million in fiscal 2014 as a result of the acquisitions versus $1.0 million in fiscal 2015 and the impact of slightly lower raw material costs.

Selling, general and administrative expenses

SG&A expenses increased by 24.3%, or $9.0 million, to $45.9 million in fiscal 2015 compared to $36.9 million in fiscal 2014. The increase was due in part to the inclusion of 11 months of operating results for fiscal 2014 versus 12 months of operating results for fiscal 2015 as we were acquired by the CCMP Shareholder on January 31, 2014, a partial year for the acquisition of the assets of LVHS in fiscal 2014, increased marketing expenses and higher compensation including short term incentives. SG&A expenses as a percentage of revenue increased 80 basis points to 19.9% in fiscal 2015 from 19.1% in fiscal 2014.

Share-based compensation

Share-based compensation increased by 59.5%, or $2.4 million, to $6.5 million in fiscal 2015 from $4.1 million in fiscal 2014. This was due to an increase of $1.7 million on account of shares in escrow related to the acquisition of the assets of LVHS which are fair valued at each reporting period and an increase of $0.7 million relating to our Legacy Option Plan for directors, officers and employees.

Earnings from operations and operating margin

Earnings from operations increased 138.8%, or $14.8 million, to $25.5 million in fiscal 2015 compared to $10.7 million in fiscal 2014 and operating margin increased 560 basis points to 11.1% in fiscal 2015 compared to 5.5% in fiscal 2014. The increase was due in part to the inclusion of 11 months of operating results for fiscal 2014 versus 12 months of operating results for fiscal 2015 as we were acquired by the CCMP Shareholder on January 31, 2014, a partial year for the acquisition of LVHS in fiscal 2014 and the amortization of fair value adjustments as a result of the acquisitions. On a comparable 12 month basis, earnings from operations for fiscal 2014 would have been $13.6 million.

Earnings from operations in the Branded Business segment increased 187.0%, or $14.5 million, to $22.3 million in fiscal 2015 compared to $7.8 million in fiscal 2014 and operating margin increased 730 basis points to 12.6% in fiscal 2015 from 5.3% in fiscal 2014. The increase in operating margin was driven by an increase in gross profit margin due to a decline in amortization of fair value adjustments of $8.1 million which was partially offset by an increase in SG&A expenses and share-based compensation expense. SG&A expenses as a percentage of revenue increased due to increased marketing for new products including healthy Sleep and Digestive Care, and higher short term incentives compared to prior year. Share-based compensation as a percentage of revenue increased due to an increase of $1.7 million on account of shares in escrow related to the LVHS acquisition which are fair valued at each reporting period and an increase of $0.7 million relating to our Legacy Option Plan for directors, officers and employees.

Earnings from operations in the Strategic Partners Business segment increased 11.1%, or $0.3 million, to $3.2 million in fiscal 2015 compared to $2.9 million in fiscal 2014 and operating margin decreased 30 basis points to 6.0% in fiscal 2015 compared to 6.3% in fiscal 2014. The decline in operating margin was driven by an increase in SG&A expenses as a percentage of revenue mainly due to an increase in short term incentives compared to prior year, partially offset by a slight increase in gross profit margin primarily due to product mix.

Foreign exchange (gain) or loss

Foreign exchange was a gain of $0.9 million in fiscal 2015 compared to a nominal loss in fiscal 2014 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Termination benefits and related costs

Terminations benefits and related costs decreased by 43.0%, or $1.4 million, to $2.0 million in fiscal 2015 from $3.4 million in fiscal 2014. We are involved, from time to time, in reorganization activities in order to gain flexibility and improve efficiency. The costs related to both fiscal years mainly comprise of severance costs and salary continuances as part of the January 31, 2014 acquisition of Jamieson Laboratories by the CCMP Shareholder.

Acquisition costs

Acquisition costs of $7.6 million in fiscal 2014 were related to the January 31, 2014 acquisition of Jamieson Laboratories by the CCMP Shareholder and our acquisition of the assets of LVHS on June 15, 2014.

Other expense (income)

Other expense of $0.6 million in fiscal 2015 related primarily to the trademark settlement which resulted in us rebranding our Krill based fish oil products from “OmegaRed” to “Omega Complete”.

Preferred share accretion

Preferred share accretion increased by 521.6%, or $ 78.4 million, to $93.4 million in fiscal 2015 compared to $15.0 million in fiscal 2014. The increase is tied to the change in the underlying fair value of our Company.

Interest expense and other financing costs

Interest expense and other financing costs increased by 9.5%, or $2.1 million, to $23.9 million in fiscal 2015 due primarily to the January 31, 2014 acquisition of Jamieson Laboratories by the CCMP Shareholder, our acquisition of the assets of LVHS on June 15, 2014, and the overall impact of an additional month of interest expense in 2015.

Provision for (recovery of) income taxes

Income taxes expense increased by 161.0%, or $5.1 million, to $1.9 million in fiscal 2015 compared to a recovery position of $3.2 million in fiscal 2014. The statutory income tax rates for fiscal 2015 and fiscal 2014 were 25.3% and 25.2%, respectively. The effective income tax rate was 2.1% for fiscal 2015 and 8.8% for fiscal 2014, primarily resulting from share-based compensation and preferred share accretion not being deductible for tax purposes.

Depreciation

Depreciation expense increased by 10.4%, or $0.4 million, to $4.0 million in fiscal 2015 from $3.6 million in fiscal 2014. The increase was primarily due to equipment upgrades and replacements at our manufacturing, distribution, and warehouse facilities.

EBITDA and Adjusted EBITDA

EBITDA increased by 345.5%, or $24.1 million, to $31.1 million in fiscal 2015 compared to $7.0 million in fiscal 2014 primarily due to the factors discussed above.

Adjusted EBITDA increased by 37.9%, or $12.2 million, to $44.5 million in fiscal 2015 compared to $32.3 million in fiscal 2014 primarily due to the factors discussed above.

Liquidity and Capital Resources

Overview

Our principal uses of funds are for operating expenses, capital expenditures, finance costs, and debt service. Management believes that cash generated from operations, together with amounts available under the Credit Facilities (refer to "*Credit Facilities*" section below) and the related party financing agreement (refer to "*Related Party Transactions*" section below), will be sufficient to meet our future operating expenses, capital expenditures, and future debt service costs. Our Company incurred operating losses due to the preferred share accretion and has a working capital deficiency resulting from classification as a liability of the redeemable preferred share obligation issued to the CCMP Shareholder. The preferred share obligation will be eliminated, as will the working capital deficiency, in conjunction with the Pre-Closing Capital Changes and the Offering, including the proposed use of proceeds of the Treasury Offering, as all of the preferred shares will be converted into Common Shares. Our Company has obtained confirmation from the CCMP Shareholder that it would not require our Company to redeem its redeemable preferred shares in the next 12 months.

Our primary liquidity and capital requirements are for capital expenditures, working capital and general corporate needs. We have cash and operating line availability of $50.4 million that we expect to utilize, along with cash flow from operations, to provide capital to support the growth of our business (primarily through working capital and capital expenditures), repay short-term obligations and for general corporate purposes. We believe that cash from operations, together with our cash balance and our available operating line will be enough to meet ongoing capital expenditures, working capital requirements and other cash needs.

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

Credit Facilities

Total outstanding debt as at December 31, 2016 is $155.9 million under a term loan agreement with CPPIB. The CPPIB term loan matures on January 31, 2021, with the outstanding principal amount repayable in full on this date. The CPPIB term loan requires an annual repayment based on a percentage of excess cash flow.

We also have $45.0 million revolving credit facility available with Wells Fargo. No amounts were drawn on the Wells Fargo revolving credit facility as at December 31, 2016. The Wells Fargo revolving credit facility matures on January 31, 2019, with the outstanding principal amount repayable in full on this date.

Subsequent to the end of 2016, we extinguished both the revolving credit facility with Wells Fargo and our term loan with CPPIB on January 31, 2017. On the same day, Jamieson Laboratories entered into the Credit Agreement with a syndicate of lenders including affiliates of BMO Capital Markets, RBC, CIBC and Scotia. The Credit Agreement is comprised of the Revolving Credit Facility in the amount of $75.0 million (expandable via a swing line facility to $85.0 million) and the Term Loan Facility in the amount of $195.0 million, each maturing on January 31, 2021. The Term Loan Facility was advanced to finance Jamieson Laboratories' acquisition of Body Plus and Sonoma and to pay related fees, costs and expenses and to refinance existing indebtedness of Jamieson Laboratories. As at April 30, 2017, the aggregate amount outstanding under the Credit Facilities was approximately $231.0 million ($36.0 million under the Revolving Credit Facility and $195.0 million under the Term Loan Facility).

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

Analysis of Cash Flows — Q4 2016 to Q4 2015

($ in 000's) **For the quarters ended December 31,**	**2016**	**2015**	**$ Change**	**% Change**
Cash and cash equivalents, beginning of period	**9,815**	**2,870**	**6,945**	**242.0%**
Cash flows from (used in):				
Operating activities	12,650	5,749	6,901	120.0%
Investing activities	(1,358)	(1,703)	345	20.3%
Financing activities	(5,226)	(4,591)	(635)	(13.8)%
Cash and cash equivalents, end of period	**15,881**	**2,325**	**13,556**	**583.1%**

Cash Flows Generated from Operating Activities

For Q4 2016, cash flows generated from operating activities totalled $12.7 million, compared to $5.8 million for Q4 2015. The increase in cash from operating activities includes operating activities before working capital considerations of $7.8 million slightly offset by cash used in working capital of $0.9 million. Cash used in working capital includes the impact of lower accounts payable due to timing of bonus payments partially offset by lower inventories and accounts receivable resulting from timing of orders and shipments.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in Q4 2016 totalled $1.4 million compared to $1.7 million in the prior year primarily due to lower purchases of property, plant and equipment. Expenditures for property, plant, and equipment fluctuate based on scheduled preventative maintenance as well as the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows Used in Financing Activities

For Q4 2016, cash flows used in financing activities totalled $5.2 million, compared to $4.6 million used in Q4 2015. This was primarily due to settlement of the shareholder note in Q4 2016 related to the January 31, 2014 acquisition, and payment of a revolving credit facility in Q4 2015.

Analysis of Cash Flows — Fiscal 2016 to Fiscal 2015

($ in 000's) For the fiscal years ended December 31,	2016	2015	$ Change	% Change
Cash and cash equivalents, beginning of period	**2,325**	**6,850**	**(4,525)**	**(66.1)%**
Cash flows from (used in):				
Operating activities	29,009	18,009	11,000	61.1%
Investing activities	(4,710)	(4,870)	160	3.3%
Financing activities	(10,743)	(17,664)	6,921	39.2%
Cash and cash equivalents, end of period	**15,881**	**2,325**	**13,556**	**583.1%**

Cash Flows Generated from Operating Activities

For fiscal 2016, cash flows generated from operating activities totalled $29.0 million, compared to $18.0 million for fiscal 2015. The increase in cash from operating activities includes cash generated from reduced working capital of $9.4 million and operating activities before working capital considerations of $1.6 million. Cash generated from working capital includes the impact of lower inventories resulting from timing of orders and shipments in our Strategic Partners Business, the move toward a tolling arrangement for certain products and lower accounts receivable from the timing of international sales which carry longer payment terms.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in 2016 totalled $4.7 million compared to $4.9 million in the prior year primarily due to lower purchases of property, plant and equipment. Expenditures for property, plant, and equipment fluctuate annually based on scheduled preventative maintenance as well as the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity. Maintenance capital in 2016 was $2.2 million with remaining investment used for strategic investment opportunities for expanding capacity on soft gel production and packaging.

Cash Flows Used in Financing Activities

For fiscal 2016, cash flows used in financing activities totalled $10.7 million, compared to $17.7 million used in fiscal 2015. This was primarily due to lower repayments of debt in fiscal 2016 compared to fiscal 2015.

Analysis of Cash Flows — Fiscal 2015 to Fiscal 2014

($ in 000's) For the fiscal years ended December 31,	2015	2014[(1)]	$ Change	% Change
Cash and cash equivalents, beginning of period	**6,850**	**—**	**6,850**	**—**
Cash flows from (used in):				
Operating activities	18,009	9,847	8,162	82.9%
Investing activities	(4,870)	(324,760)	319,890	98.5%
Financing activities	(17,664)	321,763	(339,427)	(105.5)%
Cash and cash equivalents, end of period	**2,325**	**6,850**	**(4,525)**	**(66.1)%**

(1) As a result of us being acquired by the CCMP Shareholder on January 31, 2014, the results for fiscal 2014 are for the 11-month period from January 31, 2014 to December 31, 2014. Similarly, as a result of us acquiring LVHS on June 12, 2014, the results for fiscal 2014 only include the partial year LVHS results from June 12, 2014 to December 31, 2014. By comparison, the results for fiscal 2015 are for the 12-month period from January 1, 2015 to December 31, 2015.

Cash Flows Generated from Operating Activities

For fiscal 2015, cash flows generated from operating activities totalled $18.0 million, compared to $9.8 million for fiscal 2014. The increase in cash from operating activities includes operating activities before working capital considerations of $20.2 million offset by cash used in increased working capital of $12.0 million. Cash used in working capital includes the impact of higher accounts receivable and lower accounts payable due to timing of receipt and payment.

Cash Flows (Used in) Investing Activities

Cash flows used in investing activities in 2015 totalled $4.9 million compared to $324.8 million in the prior year. In 2014, cash used in investing activities was comprised of $307.5 million for the acquisition of Jamieson, $15.3 million for the purchase of LVHS, and $2.0 million relating to purchases of property, plant, and equipment. Expenditures for property, plant, and equipment fluctuate annually based on scheduled preventative maintenance as well as the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows (Used in)/ Generated from Financing Activities

For fiscal 2015, cash flows used in financing activities totalled $17.7 million, compared to cash generated from financing activities of $321.7 million in fiscal 2014. In 2014, we received net proceeds of $176.0 million from our credit facilities, $1.0 million from the issuance of redeemable preferred shares, $141.3 million from the issuance of Common Shares, and $9.4 million advance from a former shareholder offset by financing costs of $6.0 million. This is in contrast to 2015 where we repaid $16.3 million relating to our credit facilities, a $2.0 million payment to a former shareholder, offset by $0.6 million received due to the issuance of Common Shares.

Acquisitions

On January 31, 2017, Jamieson Laboratories acquired the shares of each of Body Plus and Sonoma and Body Plus and Sonoma have become wholly owned subsidiaries of Jamieson Laboratories.

Consideration for the acquisition totalled $91.0 million, plus acquisition costs of $2.6 million which will be recognized in the consolidated statement of operations and comprehensive income (loss) of our Company for the year ended December 31, 2017, except for approximately $0.8 million of the acquisition costs which our Company recognized for the year ended December 31, 2016. The purchase price was funded with cash of $82.1 million. An additional $1.4 million was set aside to be paid as a retention bonus to key employees of Body Plus and Sonoma, subject to these individuals remaining employed for 12 months following the closing of the acquisition. Further, pursuant to a consulting agreement entered into between Jamieson Laboratories and the former owner, if the consulting relationship continues for 12 months following the closing of the acquisition, the former owner is entitled to an additional $7.5 million payment from Jamieson Laboratories. These amounts will be recorded as remuneration costs in the 12 months period post-acquisition.

Body Plus markets and distributes premium quality sports nutrition products under the Progressive, Precision and Iron Vegan brands. Sonoma manufactures and distributes sports nutrition products. In addition to expanding into a growing adjacent category within the consumer health industry, these acquisitions increased our presence in the health food store and other specialty retail channels, while expanding our R&D and manufacturing capabilities.

Contractual Obligations

The following table summarizes our significant undiscounted maturities of our contractual obligations and commitments as at December 31, 2016.

($ in 000's)	**2017**	**2018 - 2021**	**Thereafter**	**Total**
Operating Leases	$ 1,141	$ 1,829	$—	$ 2,970
Trade and other payable	51,077	—	—	51,077
Term credit facility[1]	157,047	—	—	157,047
Note to Jamieson Finco LP[2]	—	140,490	—	140,490
Total contractual obligations	**$209,265**	**$142,319**	**$—**	**$351,584**

(1) As at December 31, 2016, total outstanding debt was $155.9 million under a term loan agreement with CPPIB and the weighted average interest rate on this facility was 8.39%. Interest up to January 31, 2017 has been included in this balance as the facility was extinguished and replaced with the aforementioned Credit Facilities with a syndicate of lenders including affiliates of BMO Capital Markets, RBC, CIBC and Scotia as of that date.

(2) On January 31, 2014, Jamieson entered into a financing agreement with Jamieson Finco LP, an affiliate of our Company for proceeds of $83.5 million. The term of the note is seven years and interest of 9.75% has been included in this balance.

Operating lease commitments

We have entered into a number of operating leases for vehicles, production equipment, computer and communications equipment, office equipment and office space. Total minimum lease payments payable in future years is $3.0 million.

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

Due to Jamieson Finco LP

On January 30, 2014, Jamieson Finco LP subscribed for 150,000 common shares in the capital of our Company for proceeds of $83.5 million. On February 1, 2014, our Company repurchased the common shares it issued to Jamieson Finco LP on January 30, 2014 in exchange for a note in the amount of $83.5 million. The proceeds of the subscription were used by our Company to fund a portion of its acquisition of Jamieson Laboratories.

The balance of the note as at December 31, 2016 was $107.3 million (2015 — $99.1 million, 2014 — $91.0 million) including accrued interest of $23.8 million (2015 — $15.6 million, 2014 — $7.5 million, respectively). The term of the note is seven years and bears an interest rate of 9.75%.

Outstanding Share Capital and Redeemable Preferred Shares

	Common Shares		Redeemable Preferred Shares	
($ in 000's)	**#**	**$**	**#**	**$**
As at January 1, 2014	—	—	—	—
Issued during the year	278,145	141,318	6,916	1,000
Repurchase of common shares	(150,001)	(83,501)	—	—
Exchange of common shares for preferred shares	(103,144)	(57,417)	975,000	57,417
Issued during the year	—	—	51,316	—
Preferred share accretion during the year	—	—	—	15,030
As at December 31, 2014	25,000	400	1,033,232	73,447
Issued during the year	—	—	4,150	600
Repurchased during the year	—	—	(12,829)	—
Preferred share accretion during the year	—	—	—	93,420
As at December 31, 2015	25,000	400	1,024,553	167,467
Issued during the year	—	—	374	100
Repurchased during the year	—	—	(692)	(100)
Preferred share accretion during the year	—	—	—	30,434
As at December 31, 2016	**25,000**	**400**	**1,024,235**	**197,901**

The authorized share capital consists of:

(a) Unlimited number of common shares with no par value.

(b) Unlimited number of class A common shares with no par value.

(c) Unlimited number of convertible and redeemable preferred shares, voting, with a cumulative dividend accruing at 4.5% annually as and when declared. Retractable by the holder and redeemable by Company at an amount that is the greater of: (i) the original purchase price plus any declared but unpaid dividends and (ii) the as-if converted value (convertible 1:1 for common shares subject to adjustment for declared and unpaid dividends). Upon conversion, the shareholders have agreed that prior to receiving common shares, the preferred shareholder who is converting will receive the cumulative dividend plus a return of capital in the amount paid by an investor for the preferred shares less the value, at the time of the issuance of the preferred shares, of the common shares issuable upon conversion of those preferred shares. Excluding special repurchase options on shares issued as deferred compensation. Subsequent to year end our Company filed an application to clarify the Return of Capital Right.

On June 8, 2017, the Supreme Court in British Columbia (the Company's governing jurisdiction) granted an order to amend and rectify certain language in the articles of the Company and to create 22 separate classes of preferred shares. The purpose of the order was to clarify the Return of Capital Right of preferred shareholders and to facilitate the payment of a cumulative 4.5% dividend upon declaration prior to the conversion of preferred shares into common shares. The amended articles will be considered in the accounting for the preferred shares on a prospective basis.

The above is a description of our share capital prior to the effectiveness on June 8, 2017 of the retroactive court order and of the Pre-Closing Capital Changes.

Prior to the Closing, our Company intends to effect certain amendments that are expected to result in the outstanding options being exercisable for common shares of our Company, rather than class A common shares of our Company. The terms of our Company's common shares and class A common shares are identical.

Our Company was incorporated on January 24, 2014. On January 30, 2014, the CCMP Shareholder was issued 100,000 common shares and Jamieson Finco LP, an affiliate of the CCMP Shareholder, was issued 150,000 common shares. The common shares held by Jamieson Finco LP were repurchased on February 1, 2014 for a note in the amount of $83.5 million, leaving the CCMP Shareholder as the only shareholder of our Company at that time. On April 22, 2014, our Company changed the authorized share structure by creating a class of an unlimited number of voting preferred shares without par value, and on May 28, 2014, our Company deleted and replaced the special rights and restrictions attaching to such preferred shares. On June 5, 2014, the CCMP Shareholder was issued 3,143.69 additional common shares. On June 5, 2014, our Board approved the issuance of 975,000 preferred shares to the CCMP Shareholder in exchange for the common shares then held by the CCMP Shareholder. On September 4, 2014, our Company changed the authorized share structure by creating an unlimited number of class A common shares and by changing the special rights and restrictions attaching to the preferred shares by adding a reference to the class A common shares.

Redeemable preferred shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the consolidated statements of financial position.

Financial Instruments

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

Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continuously evaluated and

are based on management's best judgments and experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

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

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

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

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

Long-lived assets valuation

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

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

Valuation of inventory

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

Trade merchandise allowances and other trade discounts

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

Employee benefit plans

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

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

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

Measurement of fair values

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

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

Taxes

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

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

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

Significant Accounting Policies

Our consolidated financial statements have been prepared in accordance with IFRS.

Our significant accounting policies are described in Note 2 in the accompanying notes of our annual audited financial statements for the year ended December 31, 2016.

Accounting Pronouncements Issued But Not Yet Effective

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

IFRS 9 "Financial Instruments: Classification and Measurement"

In 2013, the IASB issued amendments to IFRS 9, issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but we do not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers"

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

IFRS 16, "Leases"

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

We are currently evaluating the impact of these new standards, interpretations and amendments on our consolidated financial statements and we expect to apply the standard in accordance with its future mandatory effective date.

Risk Factors

We are exposed to a variety of financial risks in the normal course of operations including credit risk, market risk and liquidity risk, each of which is discussed below. Management oversees the management of these risks. Our financial instruments and policies for managing these risks are detailed below.

Credit risk

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

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

Market Risk

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

Foreign Exchange Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our 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.

Commodity Price Risk

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

Liquidity Risk

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

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

Subsequent Events

On January 31, 2017, we exited our existing credit facilities with Wells Fargo and CPPIB and entered into a Term Loan Facility and Revolving Credit Facility with a syndicate of lenders including affiliates of BMO Capital Markets, RBC, CIBC and Scotia (refer to "*Credit Facilities*" section above). Additionally, on January 31, 2017 our Company, under the terms of a share purchase agreement, acquired Body Plus and Sonoma (refer to "*Acquisitions*" section above).

PRINCIPAL AND SELLING SHAREHOLDERS

Our Company was incorporated on January 24, 2014. On January 30, 2014, the CCMP Shareholder was issued 100,000 Common Shares and Jamieson Finco LP, an affiliate of the CCMP Shareholder, was issued 150,000 Common Shares. The Common Shares held by Jamieson Finco LP were repurchased on February 1, 2014 for a note in the amount of $83,500,590 (the "**Finco PN**"), leaving the CCMP Shareholder as the only Shareholder of our Company at that time. On April 22, 2014, we changed our authorized share structure by creating a class of an unlimited number of voting preferred shares without par value, and on May 28, 2014, we deleted and replaced the special rights and restrictions attaching to such preferred shares. On June 5, 2014, the CCMP Shareholder was issued 3,143.69 additional Common Shares. On June 5, 2014, our Board approved the issuance of 975,000 preferred shares to the CCMP Shareholder in exchange for the Common Shares then held by the CCMP Shareholder. On September 4, 2014, we changed our authorized share structure by creating an unlimited number of class A common shares and by changing the special rights and restrictions attaching to the preferred shares by adding a reference to the class A common shares. On June 8, 2017, we obtained a court order, which had the effect of (i) amending and rectifying certain language in the special rights and restrictions attaching to the preferred shares, (ii) creating 22 classes of preferred shares, and (iii) confirming the particular class of preferred shares that each preferred shareholder held. That order gave effect to all such changes with respect to any preferred share as of the date of its issuance. As of June 26, 2017, the CCMP Shareholder held 975,000 preferred shares, representing 92.54% of the voting shares of our Company, but prior to Closing, the CCMP Shareholder will convert its shares into 975,000 Common Shares. See "*Description of Share Capital — Pre-Closing Capital Changes*"

The CCMP Shareholder is controlled by certain funds to which investment advisory services are provided by CCMP. CCMP is a leading global private equity firm specializing in buyout and growth equity investments in companies ranging from $200 million to more than $2 billion in size. CCMP's founders have invested over

$16 billion since 1984, which includes their activities at J.P. Morgan Partners, LLC (a private equity division of JPMorgan Chase & Co.) and its predecessor firms. CCMP was formed in August 2006 when the buyout and growth equity investment professionals of J.P. Morgan Partners, LLC separated from JPMorgan Chase & Co. to commence operations as an independent firm. The foundation of CCMP's investment approach is to leverage the combined strengths of its deep industry expertise and proprietary operating resources to create value by investing in three targeted industries: consumer/retail, industrials and healthcare.

Immediately following the Closing, the CCMP Shareholder will have an approximate 47.2% interest in our Company through ownership of, or control or direction over, 17,801,760 Common Shares. If the Over-Allotment Option is exercised in full, the CCMP Shareholder, or an affiliate thereof, will have an approximate 39.7% interest in our Company through ownership of, or control or direction over, 14,944,260 Common Shares. As a result, the CCMP Shareholder, or an affiliate thereof, will have a significant influence over us and our affairs. See "*Risk Factors*".

The following table sets out the Shareholders who, immediately following the Closing, will, to our knowledge, beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of our voting securities.

	Following the Pre-Closing Capital Changes and prior to the Closing		Immediately following the Closing	
Name of Shareholder	**Number of Common Shares Owned[1]**	**Number of Common Shares Sold in the Secondary Offering[2]**	**Number of Common Shares Owned**	**Percentage of Outstanding Shares[3]**
CCMP Shareholder	20,289,857 (91.7%)	2,488,097 (11.2%)	17,801,760	47.2%

Notes:

(1) The CCMP Shareholder is the registered shareholder. The CCMP Shareholder's sole shareholder is CCMP Capital Investors III Aggregator (AV-3) Ltd. CCMP Capital Investors III (AV-3), LP and CCMP Capital Investors III (AV-3 Employee), LP collectively hold approximately 98.76% of the shares of CCMP Capital Investors III Aggregator (AV-3) Ltd. CCMP provides investment advisory services to CCMP Capital Investors III (AV-3), LP and CCMP Capital Investors III (AV-3 Employee), LP. Pursuant to an internal reorganization, the CCMP Shareholder may transfer to an affiliate following Closing, all or part of the Common Shares to be held by the CCMP Shareholder immediately following Closing. Ownership figure is presented after giving effect to the exercise of certain options by management prior to Closing.

(2) Assumes over-allotment option is not exercised. If the Over-Allotment Option is exercised in full, the Underwriters will purchase an additional 2,857,500 Common Shares from the CCMP Shareholder, or an affiliate thereof, and the CCMP Shareholder, or an affiliate, will own 39.7% (38.1% on a fully diluted basis calculated using the treasury stock method, which assumes that all outstanding in-the-money options of the Company are exercised) of the issued and outstanding Common Shares following the closing of such Over-Allotment Option.

(3) On a fully diluted basis, 45.4% (calculated using the treasury stock method, which assumes that all outstanding in-the-money options of the Company are exercised).

Below are the names and holdings of Common Shares of, and certain other information with respect to, the Selling Shareholders. The Selling Shareholders (other than Headlines) will enter into a lock-up agreement with the Underwriters which will preclude the Selling Shareholders from selling any Common Shares for a period of 180 days after Closing, as more fully described under "*Plan of Distribution*".

Name of Shareholder	Following the Pre-Closing Capital Changes and prior to the Closing	Number of Common Shares Sold in the Secondary Offering	Immediately following the Closing	
	Number of Common Shares Owned[1]		Number of Common Shares Owned[1]	Percentage of Outstanding Shares[2]
CCMP Shareholder	20,289,857 (91.7%)	2,488,097 (11.2%)	17,801,760	47.2%
Mark Hornick	151,311 (0.7%)	93,742 (0.4%)	57,569	0.2%
Christopher Snowden	155,664 (0.7%)	112,487 (0.5%)	43,117	0.1%
Headlines[3]	800,919 (3.6%)	800,919 (3.6%)	0	0.0%

Notes:

(1) To the knowledge of our Company, none of the Common Shares will be held prior to Closing, or are to be held following the Closing, subject to any voting trust or similar agreement. Ownership figures are presented after giving effect to the exercise of certain options by management prior to Closing.

(2) On a fully diluted basis, 45.4%, 0.1%, 0.1%, and 0.0% respectively (calculated using the treasury stock method, which assumes that all outstanding in-the-money options of the Company are exercised, and that the proceeds therefrom are used to repurchase Common Shares in the public market).

(3) Headlines is the registered shareholder. Headlines' sole shareholder is 0988429 B.C. Ltd. 0988429 B.C. Ltd.'s sole shareholder is Lorna Vanderhaeghe.

AGREEMENTS WITH PRINCIPAL AND SELLING SHAREHOLDER

Upon Closing, we will enter into a registration rights agreement (the "**Registration Rights Agreement**") with the CCMP Shareholder. The following is a summary of the material attributes and characteristics of the Registration Rights Agreement. This summary is qualified in its entirety by reference to the provisions of that agreement, which contains a complete statement of those attributes and characteristics and which will be filed with the Canadian securities regulatory authorities at www.sedar.com.

The Registration Rights Agreement will provide the CCMP Shareholder, or an affiliate thereof, as applicable, with registration rights in respect of any Common Shares held by it from time to time (the "**Registrable Securities**").

The CCMP Shareholder, or an affiliate thereof, as applicable, may require us to file a prospectus for a public offering in the jurisdiction(s) in Canada where we are a reporting issuer qualifying for distribution no less than $25 million of Registrable Securities (a "**Demand Registration**"). We shall be obligated to effect no more than four Demand Registrations in any twelve month period.

Notwithstanding any notice for a Demand Registration, we will be entitled to postpone the filing of any offering document for up to 90 days if, in the good faith judgment of our Board, the requested Demand Registration could reasonably be expected to adversely affect us. The lead underwriter of any underwritten offering will have the right to limit, due to marketing reasons, the number of Registrable Securities to be qualified by such underwritten offering.

We are required to give prompt notice to the CCMP Shareholder, or an affiliate thereof, as applicable, of our intention to offer any Common Shares for sale in a public offering. Upon receiving such notice, the CCMP Shareholder, or an affiliate thereof, as applicable, may require that all or a specified part of the Registrable Securities held by the CCMP Shareholder, or an affiliate thereof, as applicable, be included in the proposed issuance (a "**Piggyback Registration**").

All expenses incurred in connection with a registration pursuant to a Demand Registration or a Piggyback Registration (excluding the underwriters' discounts and commissions, if any, which shall be borne by the CCMP Shareholder, or an affiliate thereof, as applicable), shall be borne by us.

USE OF PROCEEDS

The estimated net proceeds to us of the Treasury Offering will be approximately $224,613,847, after deducting our share of the Underwriters' fee and the estimated expenses of the Offering (the "**Net Proceeds of the Treasury Offering**"). We intend to use the Net Proceeds of the Treasury Offering to: (i) repay a portion of Jamieson Laboratories' outstanding indebtedness under the Term Loan Facility in the amount of $50,000,000; and (ii) repay approximately $173,125,557 of notes issued in connection with (A) the repayment of the Finco PN ($83,500,590 principal and approximately $14,788,883 interest), (B) the payment of dividends in the amount of approximately $9,604,651 to the preferred shareholders, and (C) a return of capital to the preferred shareholders in the amount of $65,231,433, all as part of the Pre-Closing Capital Changes. See "*Description of Share Capital — Pre-Closing Capital Changes*". The Term Loan Facility was advanced to finance Jamieson Laboratories' acquisition of Body Plus and Sonoma and to pay related fees, costs and expenses and to refinance existing indebtedness of Jamieson Laboratories. See "*Description of Material Indebtedness".* The payments set out in the foregoing description of the proposed use of the Net Proceeds of the Treasury Offering are expected to be made in conjunction with Closing and will result in a decrease of our debt obligations.

The estimated net proceeds to be received by the Selling Shareholders will be approximately $52,124,443. If the Over-Allotment Option is exercised in full, the estimated net proceeds to be received by the Selling Shareholders will be approximately $94,761,943.

We will not receive any proceeds from the Secondary Offering or the exercise of the Over-Allotment Option, if exercised by the Underwriters. The Selling Shareholders will not pay any expenses of the Offering other than the Underwriters' fee in respect of the Secondary Offering. We will pay all other expenses of the Offering. See "*Principal and Selling Shareholders*".

SELECTED PRO FORMA FINANCIAL INFORMATION

The following selected historical financial information for our Company as at and for the fiscal year ended December 31, 2016 has been derived from our audited consolidated financial statements which have been prepared in accordance with IFRS, and are included elsewhere in this prospectus. The following selected unaudited pro forma condensed financial information for our Company for the fiscal year ended December 31, 2016 has been derived from our unaudited pro forma condensed consolidated statement of operations and comprehensive income (loss) included elsewhere in this prospectus and gives effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016.

The following selected unaudited pro forma condensed financial information for our Company for the fiscal year ended December 31, 2016 gives effect to the expected continuing impact on the combined results subsequent to the following transactions (i) the Credit Facilities, assuming $251 million is outstanding thereunder, (ii) the acquisition of Body Plus and Sonoma, and (iii) consolidation eliminations. The following selected unaudited pro forma condensed financial information of our Company is unaudited, is provided for informational purposes only and is not necessarily indicative of the results of operations that would have occurred in the year ended December 31, 2016 had the acquisition of Body Plus and Sonoma and the Credit Facilities been effective as of January 1, 2016, or of the results of operations expected in 2017 and future years. The following selected unaudited pro forma condensed financial information has been prepared by management and this information is not intended to be a forecast or a projection of future results. The actual results of operations of the combined entity for any period, whether before or after the acquisition of Body Plus and Sonoma, will likely vary from the amounts set forth in the following analysis and such variation may be material.

Prospective investors should review this information in conjunction with the consolidated financial statements including the notes thereto, as well as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Consolidated Capitalization*", "*Description of Material Indebtedness*", "*Description of Share Capital*", "*Risk Factors*" and "*Non-IFRS Measures*" included elsewhere in this prospectus.

($ 000's, except for share and per share data)	Jamieson Audited 12 months ended Dec. 31, 2016	Body Plus Unaudited 12 months ended Jan. 31, 2017	Sonoma Unaudited 12 months ended Jan. 31, 2017	Unaudited Adjustments For the acquisition of Body Plus and Sonoma	Unaudited Adjustments Acquisition Financing	Unaudited Adjustments Elimination	Pro Forma Unaudited 12 months ended Dec. 31, 2016
Consolidated Statement of Operations							
Revenue	248,331	37,811	26,973	—	—	(16,461)[1]	296,654
Cost of sales	167,519	24,009	22,093	45[3]	—	(16,461)[1]	197,205
Selling, general and administrative expenses	44,837	6,924	1,438	—	—	—	53,199
Stock-based compensation	4,934	—	—	—	—	—	4,934
Earnings from operations	**31,041**	**6,878**	**3,442**	**(45)**	**—**	**—**	**41,316**
Foreign exchange (gain) loss	(192)	217	(333)	—	—	—	(308)
Termination benefits and related costs	1,420	—	—	—	—	—	1,420
Acquisition costs	789	5,176	1,003	(6,968)[2]	—	—	—
Other (income) expense	(2,876)	(3)	—	—	—	—	(2,879)
Preferred share accretion	30,434	—	—	—	—	—	30,434
Interest expense and other financing costs	22,926	162	120	—	(10,128)[4]	—	13,080
Income (loss) before income taxes	**(21,460)**	**1,326**	**2,652**	**6,923**	**10,128**	**—**	**(431)**
Provision for (recovery of) income taxes	3,706	681	909	1,835[6]	2,684[6]	—	9,815
Net income (loss)	**(25,166)**	**645**	**1,743**	**5,088**	**7,444**	**—**	**(10,246)**
	Unaudited						
Earnings per share							
Basic	(48.37)[5]						(19.69)[5]
Diluted	(48.37)[5]						(19.69)[5]
Weighted average number of common shares outstanding							
Basic	520,250[5]						520,250[5]
Diluted	520,250[5]						520,250[5]
Other Financial and Operating Metrics							
Adjusted EBITDA	46,794	6,469	3,695	—	—	—	56,958
Adjusted EBITDA Margin	18.8%	17.1%	13.7%	—	—	—	19.2%
Total debt/Adjusted EBITDA	3.3x						4x
Adjusted Net Income	10,910	4,278	2,235	(33)	7,444	—	24,834
Adjusted Net Income per share (diluted)	0.48[5]						1.09[5]

Notes: All debt balances are presented net of unamortized financing fees.

(1) Intercompany sales of $16,461 between Sonoma and Body Plus have been eliminated.

(2) A total of $6,968 of acquisition expenses have been adjusted. $789 of acquisition related expenses incurred by our Company prior to December 31, 2016, and $6,179 of purchase consideration, which in accordance with IFRS 3 "Business Combinations", has been accounted for as acquisition expenses incurred by Body Plus and Sonoma prior to January 31, 2017, attributable to the acquisition, have been eliminated from the Pro Forma Statement of Operations as they are nonrecurring in nature and would not reflect expenses of the combined entity on an ongoing basis.

(3) Adjusted for reduced depreciation of $112, as a result of reduced depreciation due to an increase in the estimated useful lives of the acquired property, plant and equipment offset by incremental amortization from a fair value adjustment, and incremental amortization $157 as a result of the fair value adjustment to customer lists.

(4) On January 31, 2017, we extinguished our existing term loan facilities and entered into the Credit Facilities. The proceeds from this refinancing were used to pay the purchase price of the acquisition of Body Plus and Sonoma. As a result, our cost of borrowing was impacted by a reduction in our effective interest rate from 8.39% to 4.5%. The refinancing will result in a reduction of interest expense of $10,128 after considering the amortization of the financing costs on the refinanced debt.

(5) Assumes a 20.81:1 share split in connection with the Pre-Closing Capital Changes.

(6) Income tax relating to the acquisition of Body Plus and Sonoma and related financing adjustments have been reflected at 26.5% of the net adjustments.

Reconciliation of Non-IFRS Measures

The following table reconciles net income to Adjusted EBITDA and net income to Adjusted Net Income based on the historical financial information of our Company, Body Plus and Sonoma for the periods indicated.

($ 000's)	Jamieson Unaudited 12 months ended Dec. 31, 2016	Body Plus Unaudited 12 months ended Jan. 31, 2017	Sonoma Unaudited 12 months ended Jan. 31, 2017	Unaudited Adjustments For the acquisition of Body Plus and Sonoma	Unaudited Adjustments Acquisition Financing	Pro Forma Unaudited 12 months ended Dec. 31, 2016
Reconciliation of Net Income to Adjusted EBITDA:						
Net income (loss)	(25,166)	645	1,743	5,088	7,444	(10,246)
Provision for (recovery of) income taxes	3,706	681	909	1,835	2,684	9,815
Interest expense and other financing costs	22,926	162	120	—	(10,128)[1]	13,080
Depreciation of property, plant and equipment	4,316	38	253	(112)[2]	—	4,495
Amortization of intangible assets	3,230	—	—	157	—	3,387
Preferred share accretion	30,434	—	—	—	—	30,434
EBITDA	**39,446**	**1,526**	**3,025**	**6,968**	**—**	**50,965**
Adjustments:						
Foreign exchange (gain) loss	(192)	217	(333)	—	—	(308)
Termination benefits and related costs	1,420	—	—	—	—	1,420
Acquisition costs	789	5,176	1,003	(6,968)[3]	—	—
Share based compensation	4,934	—	—	—	—	4,934
Other adjustments[4]	397	(450)[5]	—	—	—	(53)
Adjusted EBITDA	**46,794**	**6,469**	**3,695**	**—**	**—**	**56,958**

($ 000's, except for share and per share data)	Jamieson Unaudited 12 months ended Dec. 31, 2016	Body Plus Unaudited 12 months ended Jan. 31, 2017	Sonoma Unaudited 12 months ended Jan. 31, 2017	Unaudited Adjustments For the acquisition of Body Plus and Sonoma	Unaudited Adjustments Acquisition Financing	Pro Forma Unaudited 12 months ended Dec. 31, 2016
Reconciliation of Net Income to Adjusted Net Income:						
Net income (loss)	(25,166)	645	1,743	5,088	7,444	(10,246)
Adjustments:						
Preferred share accretion	30,434	—	—	—	—	30,434
Foreign exchange (gain) loss	(192)	217	(333)	—	—	(308)
Termination benefits and related costs	1,420	—	—	—	—	1,420
Acquisition costs	789	5,176	1,003	(6,968)[3]	—	—
Non-deductible non-cash share compensation (LVHS)	3,651[6]	—	—	—	—	3,651
Other adjustments	397	(450)[5]	—	—	—	(53)
Tax impact of above	(423)	(1,310)[7]	(178)[7]	1,847[7]	—	(64)
Adjusted Net Income	10,910	4,278	2,235	(33)	7,444	24,834
Adjusted EPS						
Basic	20.97[8]					47.74[8]
Diluted	0.48[8]					1.09[8]

Notes: All debt balances are presented net of unamortized financing fees.

(1) On January 31, 2017, we extinguished our existing term loan facilities and entered into the Credit Facilities. The proceeds from this refinancing were used to pay the purchase price of the acquisition of Body Plus and Sonoma. As a result, our cost of borrowing was impacted by a reduction in our effective interest rate from 8.39% to 4.5%. The refinancing will result in a reduction of interest expense of $10,128 after considering the amortization of the financing costs on the refinanced debt.

(2) Adjusted for the acquisition of Body Plus and Sonoma. Reduced depreciation of $112 and incremental amortization $157 as a result of the fair value adjustment to property, plant and equipment and customer lists. The decrease in depreciation is due to the estimated remaining useful lives of the acquired assets.

(3) A total of $6,968 of acquisition expenses have been adjusted. $789 of acquisition related expenses incurred by our Company prior to December 31, 2016, and $6,179 of purchase consideration, which in accordance with IFRS 3 "Business Combinations", has been accounted for as acquisition expenses incurred by Body Plus and Sonoma prior to January 31, 2017, attributable to the acquisition, have been eliminated from the Pro Forma Statement of Operations as they are nonrecurring in nature and would not reflect expenses of the combined entity on an ongoing basis.

(4) Other adjustments is comprised of non-recurring consulting services, legal fees, audit and advisory fees, loss on disposal of equipment and indemnity settlements relating to the acquisition of Jamieson Laboratories by the CCMP Shareholder on January 31, 2014 as well as our acquisition of LVHS on June 12, 2014.

(5) Adjusted to normalize executive compensation of Body Plus and Sonoma.

(6) Adjusted to reflect deferred compensation in conjunction with the acquisition of the assets of LVHS.

(7) Income tax relating to the acquisition of Body Plus and Sonoma and related financing adjustments have been reflected at 26.5% of the net adjustments.

(8) Assumes a 20.81:1 share split in connection with the Pre-Closing Capital Changes.

SELECTED SUMMARY FINANCIAL INFORMATION

The following selected historical financial information for our Company as at and for the fiscal years ended December 31, 2016, 2015 and 2014 has been derived from our audited consolidated financial statements, which, in each case, have been prepared in accordance with IFRS and are included elsewhere in this prospectus. The following selected consolidated financial information of our Company as at and for each of the three-month periods ended March 31, 2017 and 2016 (which includes the financial results for Body Plus and Sonoma from the date we acquired such entities on January 31, 2017) has been derived from our unaudited interim consolidated financial statements which have been prepared in accordance with IFRS applicable to the preparation of interim financial statements and are included elsewhere in this prospectus.

The unaudited interim condensed consolidated financial information presented has been prepared on a basis consistent with our audited consolidated financial statements. In the opinion of our management, such unaudited financial data reflects all adjustments necessary for the fair presentation of results for those periods. The selected unaudited pro forma condensed financial information included below for our Company for the fiscal year ended December 31, 2016 has been derived from our unaudited pro forma condensed consolidated statement of operations and comprehensive income (loss) included elsewhere in this prospectus and gives effect to the acquisitions of Body Plus and Sonoma as if they had occurred on January 1, 2016.

The selected pro forma condensed financial information included below is unaudited and is provided for informational purposes only. The selected pro forma condensed financial information included below is not necessarily indicative of what our results of operations would have been had such transaction been completed as at the date indicated and does not purport to represent what our results of operations might be for any future period.

Prospective investors should review this information in conjunction with the consolidated financial statements including the notes thereto, as well as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Consolidated Capitalization*", "*Description of Material Indebtedness*", "*Description of Share Capital*", "*Risk Factors*" and "*Non-IFRS Measures*" included elsewhere in this prospectus.

Summary Consolidated Financial Information
(in $000's except share and per share data)

	Three Months Ended March 31,		Fiscal Year Ended December 31,			
	Unaudited 2017	Unaudited 2016	Unaudited Pro Forma	2016	2015	2014
Revenue	64,901	60,357	296,654	248,331	230,865	193,218
Cost of sales	42,692	42,113	197,205	167,519	152,966	141,565
Selling, general and administrative expenses	13,441	13,048	53,199	44,837	45,867	36,887
Share-based compensation	746	1,233	4,934	4,934	6,505	4,078
Earnings from operations	8,022	3,963	41,316	31,041	25,527	10,688
Foreign exchange (gain) loss	232	93	(308)	(192)	(915)	35
Termination benefits and related costs	2,499	609	1,420	1,420	1,959	3,435
Change in value of derivatives	—	—	—	—	—	(853)
Acquisition costs	1,857	—	—	789	—	7,649
Other (income) expense	1,934	8	(2,879)	(2,876)	634	(50)
Preferred share accretion	15,385	14,392	30,434	30,434	93,420	15,030
Interest expense and other financing costs	8,312	5,787	13,080	22,926	23,867	21,804
Income (loss) before income taxes	(22,197)	(16,926)	(431)	(21,460)	(93,438)	(36,362)
Provision for (recovery of) income taxes	(546)	(346)	9,815	3,706	1,944	(3,186)
Net income (loss)	(21,651)	(16,580)	(10,246)	(25,166)	(95,382)	(33,176)

Reconciliation of net income (loss) to EBITDA and Adjusted EBITDA
(in $000's)

	Unaudited					
	Three Months Ended March 31,		Fiscal Year Ended December 31,			
	2017	2016	Pro Forma	2016	2015	2014
Net income (loss)	(21,651)	(16,580)	(10,246)	(25,166)	(95,382)	(33,176)
Provision for (recovery of) income taxes	(546)	(346)	9,815	3,706	1,944	(3,186)
Interest expense and other financing costs	8,312	5,787	13,080	22,926	23,867	21,804
Depreciation of property, plant and equipment	1,271	1,220	4,495	4,316	4,030	3,650
Amortization of intangible assets	834	807	3,387	3,230	3,230	2,861
Preferred share accretion	15,385	14,392	30,434	30,434	93,420	15,030
EBITDA	3,605	5,280	50,965	39,446	31,109	6,983
Foreign exchange (gain) loss	232	93	(308)	(192)	(915)	35
Termination benefits and related costs	2,499	609	1,420	1,420	1,959	3,435
Acquisition costs	1,857	—	—	789	—	7,649
IPO Costs	231	—	—	—	—	—
Share-based compensation	746	1,233	4,934	4,934	6,505	4,078
Amortization of fair value adjustments	565	—	—	—	1,019	9,126
Purchase consideration accounted for as compensation expense	1,476[1]	—	—	—	—	—
Other adjustments[2]	213	1,500	(53)	397	4,846	969
Adjusted EBITDA	11,424	8,715	56,958	46,794	44,523	32,275
Pro forma EBITDA — Jamieson	—	—	—	—	—	1,860[4]
Pro forma EBITDA — LVHS	—	—	—	—	—	1,406[5]
Pro forma EBITDA — Body Plus and Sonoma	584[3]	2,573[3]	—	—	—	—
Pro Forma Adjusted EBITDA	**12,008**	**11,288**	**56,958**	**46,794**	**44,523**	**35,541**
Less capital expenditures	704	892	5,001	4,710	4,870	1,947
Free cash flow	**11,304**	**10,396**	**51,957**	**42,084**	**39,653**	**33,594**
Free cash flow conversion	**94%**	**92%**	**91%**	**90%**	**89%**	**95%**
Revenue by Operating Segment						
Branded Business Sales	52,920	44,402	230,307	192,496	177,033	146,610
Strategic Partners Business Sales	20,565	21,307	103,301	76,328	73,387	76,448
Elimination	(8,584)	(5,352)	(36,954)	(20,493)	(19,555)	(29,840)
Total Revenue	**64,901**	**60,357**	**296,654**	**248,331**	**230,865**	**193,218**

Notes:

(1) Adjusted to eliminate purchase consideration directly attributable to the acquisition of Body Plus and Sonoma classified as deferred compensation. Deferred compensation is payable on January 31, 2018 and has been accounted for as compensation expense under the provisions of IFRS 3 "Business Combinations". The payable is recognized straight-line over the life of the liability.

(2) Other adjustments is comprised of non-recurring consulting services, legal fees, audit and advisory fees, loss on disposal of equipment and indemnity settlements relating to the acquisition of Jamieson Laboratories by the CCMP Shareholder on January 31, 2014 as well as our acquisition of LVHS on June 12, 2014.

(3) Adjusted to include January 1, 2017 to January 31, 2017 and January 1, 2016 to March 31, 2016 for the respective three-month period ended March 31, 2017 and 2016.

(4) Adjusted to include the one month period prior to acquisition January 1, 2014 to January 31, 2014.

(5) Adjusted to include the 6.5 month period prior to acquisition January 1, 2014 to June 14, 2014.

Reconciliation of net income (loss) to Adjusted Net Income (Loss)
(in $000's)

	Three Months Ended March 31,		Fiscal Year Ended December 31,			
	Unaudited 2017	Unaudited 2016	Unaudited Pro Forma	2016	2015	2014
Net income (loss)	(21,651)	(16,580)	(10,246)	(25,166)	(95,382)	(33,176)
Preferred share accretion	15,385	14,392	30,434	30,434	93,420	15,030
Foreign exchange (gain) loss	232	93	(308)	(192)	(915)	35
Termination benefits and related costs	2,499	609	1,420	1,420	1,959	3,435
Acquisition costs	1,857	—	—	789	—	7,649
IPO costs	231	—	—	—	—	—
Non-deductible non-cash share compensation (LVHS)	441	912	3,651	3,651	5,504	3,764
Non-deductible financing fee write-off	3,078	—	—	—	—	—
Amortization of fair value adjustments	565	—	—	—	1,019	9,126
Purchase consideration accounted for as compensation expense	1,476	—	—	—	—	—
Other adjustments[1]	213	1,500	(53)	397	4,846	969
Tax Impact of Above	(2,156)	(573)	(64)	(423)	(1,796)	(3,527)
Adjusted Net Income	2,170	353	24,834	10,910	8,655	3,305
Adjusted EPS						
Basic	4.17[2]	0.68[2]	47.74[2]	20.97[2]	16.64[2]	11.00[2]
Diluted	0.09[2]	0.02[2]	1.09[2]	0.48[2]	0.38[2]	0.24[2]

(1) Other adjustments is comprised of non-recurring consulting services, legal fees, audit and advisory fees, loss on disposal of equipment and indemnity settlements relating to the acquisition of Jamieson Laboratories by the CCMP Shareholder on January 31, 2014 as well as our acquisition of LVHS on June 12, 2014.

(2) Assumes a 20.81:1 share split in connection with the Pre-Closing Capital Changes.

Consolidated Statement of Financial Position Data
(in $000's)

	Unaudited			
	As at March 31, 2017	2016	2015	2014
Cash	8,395	15,881	2,325	6,850
Working capital	43,075	37,235	47,419	44,678
Goodwill and intangibles	333,129	252,541	255,771	259,001
Property, plant and equipment	44,726	43,901	43,551	42,718
Total Assets	504,683	405,179	403,867	403,506
Net current deferred tax liability (asset)	51,997	39,430	39,278	36,629
Total debt	222,431	152,777	165,168	182,307
Total shareholders' equity (deficiency)	(172,938)	(151,602)	(125,092)	(33,046)

Consolidated Statement of Cash Flows Data
(in $000's)

	Unaudited				
	Three Months Ended March 31,		Fiscal Year Ended December 31,		
	2017	2016	2016	2015	2014
Cash (utilized in) generated from					
Operating activities	3,936	238	29,009	18,009	9,847
Investing activities	(82,846)	(892)	(4,710)	(4,870)	(324,760)
Financing activities	67,604	1,000	(10,743)	(17,664)	321,763

DIVIDEND POLICY

Subject to financial results, capital requirements, available cash flow, corporate law requirements and any other factors that our Board may consider relevant, it is the intention of our Board following Closing to declare a quarterly dividend on an ongoing basis. We anticipate paying quarterly cash dividends, with annualized aggregate dividend payments of approximately $12 million initially. The first dividend that would be payable to investors in the Offering would be the dividend for the period beginning on the Closing Date and ending on September 30, 2017. We expect the first dividend would be equal to an aggregate amount of approximately $3 million (or $0.08 per Common Share). Dividends will be declared and paid in arrears. The amount and timing of the payment of any dividends are not guaranteed and are subject to the discretion of our Board. See "*Risk Factors*".

DESCRIPTION OF SHARE CAPITAL

The following describes the material terms of our share capital after completion of the Pre-Closing Capital Changes and the Offering. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our articles.

Authorized Share Capital

Our authorized share capital consists of (i) an unlimited number of Common Shares and (ii) an unlimited number of preferred shares, issuable in series. Except as required by law or as provided for in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the preferred shares will not be entitled to receive notice of, attend or vote at any meeting of the Shareholders.

Common Shares

Holders of Common Shares are entitled to one vote in respect of each Common Share held at all meetings of holders of shares, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The holders of the Common Shares are entitled to receive any dividend declared by our Board in respect of the Common Shares, subject to the rights of the holders of other classes of shares. The holders of the Common Shares will be entitled to receive, subject to the rights of the holders of other classes of shares, the remaining property and assets of our Company available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of our Company, whether voluntary or involuntary. For a description of our dividend policy, see "*Dividend Policy*" above.

Preferred Shares

The preferred shares may at any time and from time to time be issued in one or more series, each series to consist of such number of preferred shares as may, before the issue thereof, be determined by resolution of our Board. Subject to the provisions of the *Business Corporations Act* (Ontario), our Board may, by resolution, fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to the preferred shares of each series including, without limitation, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any voting rights, any retraction rights and any rights on the liquidation, dissolution or winding up of our Company, any sinking fund or other provisions, the whole to be subject to the issue of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the preferred shares of the series. Except as required by law or as provided for in any special rights or restrictions attaching to any series of preferred shares, the holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of Shareholders.

Generally, preferred shares of each series, if and when issued, will, with respect to the payment of dividends, rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares and any other shares of our Company ranking junior to the preferred shares with respect to payment of dividends. If any amount of cumulative dividends (whether or not declared) or any amount payable on any such distribution of assets constituting a return of capital in respect of the preferred shares of any series is

not paid in full, the preferred shares of such series shall participate rateably with the preferred shares of every other series in respect of all such dividends and amounts.

In the event of liquidation, dissolution or winding up of our Company, whether voluntary or involuntary, the holders of preferred shares will generally be entitled to preference with respect to distribution of the property or assets of our Company over the Common Shares and any other shares of our Company ranking junior to the preferred shares with respect to the repayment of paid-up capital remaining after payment of all outstanding debts on a *pro rata* basis, and the payment of any and all declared but unpaid cumulative dividends, or any and all declared but unpaid non-cumulative dividends, on the preferred shares. We currently anticipate that there will be no pre-emptive, subscription, redemption or conversion rights attaching to any series of preferred shares issued from time to time.

Pre-Closing Capital Changes

As of June 26, 2017, our share capital consists of: (i) Class A Common Shares, of which none have been issued, (ii) Common Shares, of which 25,000 are issued and outstanding, and (iii) 22 classes of preferred shares, of which an aggregate of 1,028,532.78 are issued and outstanding. We are also indebted to an affiliate of one of our shareholders pursuant to the Finco PN.

Prior to Closing, our Company and our shareholders will enter into a series of transactions (the "**Pre-Closing Capital Changes**"). As part of the Pre-Closing Capital Changes, we have been or will continue into Ontario and be governed by the *Business Corporations Act* (Ontario). We will also pay: (i) approximately $98,289,473 in indirect satisfaction of the Finco PN, (ii) approximately $9,604,651 in dividends to the preferred shareholders, and (iii) $65,231,433 as a return of capital to the preferred shareholders. Payments will be made in notes ("**Pre-Closing Notes**") which will subsequently be paid using proceeds of the Offering. Following the payment of the dividend and the return of capital, all preferred shares will be converted to Common Shares, and on Closing (but before giving effect to the Offering and the Common Share split described below), we will have the following authorized and issued capital: an unlimited number of Common Shares, of which 1,053,532.78 will be issued and outstanding, and an unlimited number of one class of preferred shares, of which none will be issued and outstanding. Our Common Shares will be split 20.81:1 such that immediately prior to giving effect to the Offering (after giving effect to the exercise of certain options by management), we will have 22,130,361 Common Shares outstanding. All Options granted to our employees will become Options to acquire Common Shares. See "*Executive Compensation — Legacy Option Plan*". See "*Principal and Selling Shareholders*" for the number of Common Shares that will be owned by the CCMP Shareholder upon Closing.

Nomination of Directors

We have included certain advance notice provisions in our by-laws with respect to the election of Directors (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general or, where the need arises, special meetings; (ii) ensure that all Shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote. Only persons who are nominated by Shareholders in accordance with the Advance Notice Provisions will be eligible for election as Directors. Nominations of persons for election to our Board may be made for any annual meeting of Shareholders, or for any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of Directors.

Under the Advance Notice Provisions, a Shareholder wishing to nominate a Director would be require to provide notice in the prescribed form within the prescribed time periods. These time periods include: (i) in the case of an annual meeting of Shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting of Shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made (the "**Notice Date**"), notice by the Shareholder may be received not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose which includes electing Directors, not later than the close of business on the 15th day following the Notice Date.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, the discretion to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Directors may, in their sole discretion, waive any requirement in the Advance Notice Provisions.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization as at March 31, 2017 on an actual basis, on a pro forma basis to give effect to the Pre-Closing Capital Changes and on a pro forma as adjusted basis to give effect to the Pre-Closing Capital Changes, the completion of the Offering, Offering costs and the proposed use of proceeds of the Treasury Offering, as more fully described under "*Use of Proceeds*".

This table should be read in conjunction with the information contained in "*Use of Proceeds*", "*Selected Summary Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", as well as our audited annual consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	As at March 31, 2017 (in thousands of dollars)	Pro Forma (in thousands of dollars)	Pro Forma As Adjusted (in thousands of dollars)
Cash and Cash Equivalents	8,395	8,395	6,596
Debt			
Revolving Credit Facility	33,000	33,000	33,000
Term Loan Facility	195,000	195,000	145,000
Credit Facility Financing Fees	(5,569)	(5,569)	(5,569)
Debt to Shareholders	109,291[(1)]	173,126[(2)]	—
Preferred Share Obligation[(3)]	214,627	—	—
Total Debt	**546,349**	**395,557**	172,431
Equity			
Equity	(172,938)	(22,045)	201,995
Total Capitalization	**373,411**	**373,512**	374,426
Diluted Common Shares	**1,119,288**	22,868,977	39,208,235

Notes:

(1) Includes the obligation described as "Note to Jamieson Finco LP" on the statements of financial position of Jamieson.

(2) Increase in debt to Shareholders results from the issuance of the Pre-Closing Notes in connection with the Pre-Closing Capital Changes (see "*Description of Share Capital — Pre-Closing Capital Changes*"). The Pre-Closing Notes will be repaid with proceeds from the Treasury Offering.

(3) Redeemable preferred shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the consolidated statements of financial position.

OPTIONS TO PURCHASE SHARES

The following table sets forth the aggregate number of options to purchase Common Shares ("**Options**") upon completion of the Offering, including after giving effect to the Pre-Closing Capital Changes, as a result of which all outstanding Options will become Options to acquire Common Shares:

Category	Number of Options to acquire Common Shares	Exercise Price[(1)]	Expiration Date
Legacy Option Plan			
All of our executive officers and past executive officers, and all of our Directors and past Directors, as a group (9 in total)	1,721,903	$5.54	2024 - 2027
All other of our employees and past employees, as a group (37 in total)	620,159	$5.42	2024 - 2027
Total	2,342,062	$5.51	

Notes:

(1) Represents the weighted average exercise price of all outstanding Options, whether vested or unvested.

For a description of our equity-based incentive compensation plans, see "*Executive Compensation — Principal Elements of Compensation*".

PRIOR ISSUANCES

The following table sets forth the details regarding all issuances of Common Shares or securities convertible or exercisable into Common Shares, for the twelve-month period prior to the date of this prospectus:

				As Adjusted for Pre-Closing Capital Changes	
Date of Issue	Security Issued	Number of Securities Issued	Issuance/Exercise Price per Security	Number of Securities issued	Issuance/Exercise Price per Security
November 15, 2016	Preferred Shares	373.88	$267.46	7,780	$12.85
November 15, 2016	Options	2,963[(1)]	$137.46[(2)]	61,660	$ 6.61
January 1, 2017	Options	3,053[(1)]	$147.55[(2)]	63,592	$ 7.09
January 23, 2017	Options	3,136[(1)]	$147.55[(2)]	65,261	$ 7.09
January 31, 2017	Options	3,136[(1)]	$147.55[(2)]	65,261	$ 7.09
February 15, 2017	Options	5,488[(1)]	$161.10[(2)]	114,206	$ 7.74
February 15, 2017	Preferred Shares	2,635.41	$292.14	54,843	$14.04
February 15, 2017	Preferred Shares	981.39	$305.69[(3)]	20,423	$14.69
February 23, 2017	Preferred Shares	1,026.90	$292.14	21,370	$14.04

Notes:

(1) Reflects aggregate number of options that vest based on time and performance as issued under the Legacy Option Plan. See "*Executive Compensation — Legacy Option Plan*".

(2) Certain options that vest based on performance have a fixed exercise price of $289.18.

(3) Preferred shares issued to an employee in connection with the acquisition of Body Plus and Sonoma.

DIRECTORS AND MANAGEMENT OF OUR COMPANY

Directors and Executive Officers

Our Board is comprised of six Directors, two of whom are Independent Directors under Canadian securities laws. The Directors will be elected by Shareholders at each annual meeting of Shareholders, and all Directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed and will be eligible for re-election or re-appointment. The nominees for election by Shareholders as Directors will be determined by our Board after considering the recommendation of the Governance, Compensation and Nominating Committee (as defined herein) in accordance with the provisions of applicable corporate law, the mandate of our Board and the charter of the Governance, Compensation and Nominating Committee. The Board is currently searching for and intends to appoint two additional Independent Directors, one of which will Chair the Audit Committee (as defined herein). The two additional Independent Directors are expected to be in place within 90 days following the date of the receipt for our final prospectus. See "*— Committees of our Board — Audit Committee*" and "*— Committees of our Board — Governance, Compensation and Nominating Committee*".

The following table sets forth information regarding the Directors and executive officers of our Company.

Name, Province or State and Country of Residence	Age	Position/Title	Independent	Principal Occupation
David Williams[1][2] . . . . . Toronto, Ontario, Canada	75	Director and Chairman of the Board	Yes	Corporate Director
Mark Hornick . . . . . Toronto, Ontario, Canada	49	Director, President and Chief Executive Officer	No	President and Chief Executive Officer of our Company
Douglas Cahill[3] . . . . . Nashville, Tennessee, USA	57	Director	No	Managing Director of CCMP
Joseph Scharfenberger[1] . . . . Manhasset, New York, USA	44	Director	No	Managing Director of CCMP
Richard Zannino[4] . . . . . Greenwich, Connecticut, USA	58	Director	No	Managing Director of CCMP
Dr. Louis Aronne[3] . . . . . Greenwich, Connecticut, USA	61	Director	Yes	Clinical Professor of Medicine, Weill Cornell Medical College, Cornell University
Christopher Snowden . . . . . Oakville, Ontario, Canada	45	Chief Financial Officer and Corporate Secretary	N/A	Chief Financial Officer and Corporate Secretary of our Company
Regan Stewart . . . . . Etobicoke, Ontario, Canada	47	Chief Operations and People Officer	N/A	Chief Operations and People Officer of our Company
John Doherty . . . . . Belle River, Ontario, Canada	44	Chief Science and Innovation Officer	N/A	Chief Science and Innovation Officer of our Company
Don Bird . . . . . North Vancouver, British Columbia, Canada	53	Executive Vice President, International Business Development	N/A	Executive Vice President, International Business Development of our Company
Thomas Bedford . . . . . Oakville, Ontario, Canada	46	Senior Vice President, Health Food	N/A	Senior Vice President, Health Food of our Company
Renzo Mariani . . . . . Toronto, Ontario, Canada	45	Executive Vice President, Body Plus Sales and Marketing	N/A	Executive Vice President, Body Plus Sales and Marketing of our Company
Robert Chan . . . . . Toronto, Ontario, Canada	32	Vice President, Finance	N/A	Vice President, Finance of our Company

(1) Member of the Audit Committee

(2) Chair of the Governance, Compensation and Nominating Committee

(3) Member of the Governance, Compensation and Nominating Committee

(4) Chair of the Audit Committee

Immediately after Closing, the Directors and our executive officers, as a group, will beneficially own, or control or direct, directly or indirectly, 197,682 Common Shares (0.5%). Immediately after Closing, our

executive officers and certain other members of management will beneficially own, or control or direct, directly or indirectly, approximately 8% of our Common Shares on a fully diluted basis (calculated using the treasury stock method, which assumes that all outstanding in-the-money options of the Company are exercised, and that the proceeds therefrom are used to repurchase Common Shares in the public market).

The mandate of our Board, substantially in the form set out under Appendix A to this prospectus, is to manage and supervise the management of our business and affairs. In fulfilling its mandate, our Board will adopt a written charter setting out its responsibility for, among other things, (i) participating in the development of and approving a strategic plan for our Company; (ii) supervising the activities and managing the affairs of our Company; (iii) reviewing and approving the business objectives to be met by management; (iv) assessing the performance of and overseeing management; (v) identifying and managing risk exposure; (vi) ensuring the integrity and adequacy of our internal controls and management information systems; (vii) succession planning; (viii) establishing committees of our Board, where required or prudent, and defining their mandate; (ix) providing reports to Shareholders; (x) ensuring effective and adequate communication with Shareholders, other stakeholders and the public; and (xi) monitoring the integrity and ethics of our Company.

Our Board will adopt a written position description for the Chair of our Board, which will set out the Chair's key responsibilities, including, as applicable, duties relating to setting Board meeting agendas, chairing Board and Shareholder meetings and fostering ethical and responsible decision making by the Board. Our Board will also adopt a written position description for each of the committee chairs which will set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

Our Board will also adopt a written position description for the Chief Executive Officer which will set out the key responsibilities of the Chief Executive Officer. The primary functions of the Chief Executive Officer will be to lead management of the business and affairs of our Company, to lead the implementation of the resolutions and the policies of our Board, to provide leadership, in conjunction with the Board, in establishing our Company's strategic direction and to supervise management day to day.

We will also adopt a written code of business conduct and ethics (the "**Code of Conduct**") that will apply to all Directors, officers, and management of our Company and our subsidiaries. The objective of the Code of Conduct will be to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of our Company and our subsidiaries. The Code of Conduct will address conflicts of interest, protection of our assets, confidentiality, fair dealing with securityholders, competitors and employees and compliance with laws. As part of the Code of Conduct, any person subject to the Code of Conduct will be required to avoid or fully disclose material interests or relationships that are expected to give rise to a conflict of interest. Our Board will have the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct will also be filed with the Canadian securities regulatory authorities on SEDAR.

Other than Directors appointed prior to Closing, which Directors will hold office for a term expiring at the close of the next annual meeting of Shareholders or until a successor is appointed, Directors will be elected at each annual meeting of Shareholders to hold office for a term expiring at the close of the next annual meeting, or until a successor is duly elected or appointed, and will be eligible for re-election. Nominees will be nominated by the Governance, Compensation and Nominating Committee, in each case for election by Shareholders as Directors in accordance with applicable corporate law and will be included in the proxy-related materials to be sent to Shareholders prior to each annual meeting of Shareholders.

We do not impose term limits on our Directors as we take the view that term limits are an arbitrary mechanism for removing Directors which can result in valuable, experienced Directors being forced to leave our Board solely because of length of service. Instead, we believe that Directors should be assessed based on their ability to continue to make a meaningful contribution. Our annual performance review of Directors assesses the strengths and weaknesses of Directors and, in our view, together with annual elections by the Shareholders, is a more meaningful way to evaluate the performance of Directors and to make determinations about whether a Director should be removed due to under-performance.

Biographical Information Regarding the Directors of our Company

Mark Hornick, Director, President and Chief Executive Officer — Mark Hornick is our Chief Executive Officer, a position he has held since June 2014. During his tenure, he has led his team in implementing a new vision and growth strategy for Jamieson, which has resulted in rapid sales and profit growth. Prior to joining our Company, Mr. Hornick drove advances in innovation and new business development in his role as Executive Vice President and General Manager of Fiera Foods Company, a multinational bakery operation based in Toronto. Mr. Hornick was also Senior Vice President, Marketing and Innovation of Maple Leaf Consumer Foods, and General Manager of Reckitt Benckiser Scandinavia. He has spent significant time in senior management roles in Europe and began his career in Canada in Procter and Gamble's marketing group. Mr. Hornick holds a Bachelor of Business Administration from Wilfrid Laurier University.

David Williams, Chairman — David Williams is the Chairman of our Board. Mr. Williams has extensive board experience, including as chair or lead director. He is currently on the boards of Mattamy Homes Limited, Mitel Networks Corporation, President's Choice Bank and Morrison Lamothe, Inc. and has previously served on the boards of Toronto Hydro, Aastra Technologies Limited, Shopper's Drug Mart Corporation, Canadian Apartment Properties REIT, Centerplate, Inc., CFM Corporation and Associated Brands Income Fund. Prior to this, Mr. Williams had spent almost 22 years at George Weston Limited and its affiliates in senior executive and finance roles, including as Executive Vice President of the George Weston Group, President of National Grocers Wholesale, and Chief Financial Officer of Loblaw Company. Mr. Williams received his Certified General Accountant designation in 1972 and gained his board certification from the ICD Corporate Governance College in 2006.

Douglas Cahill, Director — Douglas Cahill has served as a member of our Board since February 2014 and also has served as our Vice President since February 2014 and as Vice-Chairman of Jamieson Laboratories since December 2015. Mr. Cahill has been a Managing Director of CCMP since July 2014, a member of CCMP's Investment Committee since March 2013, and was previously an Executive Advisor to CCMP. Prior to this, Mr. Cahill served as President and Chief Executive Officer of Oreck Corporation, the manufacturer of upright vacuums and cleaning products. Prior to joining Oreck, Mr. Cahill served as President and Chief Executive Officer of Doane Pet Care Company, a private label manufacturer of pet food and former CCMP portfolio company that he lead the sale of to the Ontario Teacher's Pension Fund and then subsequently to Mars Incorporated, where he was named President of Mars North American Pet Food Group. Prior to Doane, Mr. Cahill spent 13 years at Olin Corporation, a diversified manufacturer of metal and chemicals, where he served in a variety of managerial and executive roles. Mr. Cahill serves as a board member for Junior Achievement of Middle Tennessee and at Vanderbilt University's Owen Graduate School of Management. He also serves on the board of Badger Sportswear, The Hillman Group and Shoes for Crews. Mr. Cahill holds a Bachelor of Science degree from Bowling Green University.

Joseph Scharfenberger, Director — Joseph Scharfenberger has served as a member of our Board since February 2014. Mr. Scharfenberger has been a Managing Director of CCMP since July 2009 and is a member of CCMP's Investment Committee. Prior to joining CCMP, Mr. Scharfenberger worked at Bear Stearns Merchant Banking. Prior to joining Bear Stearns Merchant Banking, Mr. Scharfenberger worked in the private equity division at Toronto Dominion Securities. Mr. Scharfenberger serves on the board of directors of Badger Sportswear, The Hillman Group, Jetro Cash & Carry, Shoes for Crews and Truck Hero. Mr. Scharfenberger was selected to serve on our Board due to his financial, investment, and business experience. Mr. Scharfenberger holds a Bachelor of Arts degree in economics from the University of Vermont.

Richard Zannino, Director — Richard Zannino has served as a member of our Board since February 2014. Mr. Zannino has been a Managing Director of CCMP since July 2009 and is a member of CCMP's Investment Committee. Prior to joining CCMP, Mr. Zannino was Chief Executive Officer and a member of the board of directors of Dow Jones & Company. Mr. Zannino joined Dow Jones as Executive Vice President and Chief Financial Officer in February 2001 before his promotion to Chief Operating Officer in July 2002 and to Chief Executive Officer and Director in February 2006. Prior to joining Dow Jones, Mr. Zannino was Executive Vice President in charge of strategy, finance, M&A, technology, and a number of operating units at Liz Claiborne. Mr. Zannino joined Liz Claiborne in 1998 as Chief Financial Officer. In 1998, Mr. Zannino served as Executive Vice President and Chief Financial Officer of General Signal. From 1993 until early 1998, Mr. Zannino was at

Saks Fifth Avenue, ultimately serving as Executive Vice President and Chief Financial Officer. Mr. Zannino is currently a member of the board of directors of Ollie's Bargain Outlet (NASDAQ), Estee Lauder Companies (NYSE), IAC/InterActiveCorp. (NYSE), and the following CCMP portfolio companies: Badger Sportswear, The Hillman Group, Pure Gym, Shoes for Crews and Truck Hero. Mr. Zannino is also a trustee of Pace University. Mr. Zannino was selected to serve on our Board due to his financial, investment, and business experience. Mr. Zannino holds a Bachelor of Science from Bentley University and a Masters of Business Administration from Pace University.

Dr. Louis Aronne, Director — Louis J. Aronne, Director — Louis J. Aronne has served as a member of our Board since April 22, 2014. He is the Sanford I. Weill Professor of Metabolic Research at Weill-Cornell Medical College where he directs the Comprehensive Weight Control Center, a state-of-the-art, multidisciplinary obesity research and treatment program. He has been on the faculty at Weill Cornell Medicine since 1986. Dr. Aronne is also CEO and a director of BMIQ, a cloud-based weight management system that is delivered by health care providers and an independent director of Myos Rens Corporation. Dr. Aronne is current Chairman of the American Board of Obesity Medicine and former president of the Obesity Society. Since 2001 he has been ranked in Castle-Connelly's Top Doctors in NY directory as a specialist in obesity and internal medicine. Dr. Aronne graduated Phi Beta Kappa from Trinity College with a Bachelor of Science in biochemistry and with a Doctor of Medicine from Johns Hopkins University School of Medicine. He completed his internship and residency at Albert Einstein College of Medicine, followed by a Kaiser Foundation Fellowship at Weill Cornell.

Biographical Information Regarding the Executive Officers of our Company

Mark Hornick, Director, President and Chief Executive Officer — Please see above under "*— Biographical Information Regarding the Directors of our Company*".

Christopher Snowden, Chief Financial Officer and Corporate Secretary — Christopher Snowden has been our Chief Financial Officer and Corporate Secretary since July 2014. Prior to joining our Company, Mr. Snowden served as the Vice President Corporate Controller of Sofina Foods, a large Canadian marketer of value-added protein and grocery products. Previously, he worked for SunOpta Inc. in various finance roles, including as Vice President of Finance, Treasurer & Chief Financial Officer of SunOpta's Fruit Group. Prior to joining SunOpta Inc., Mr. Snowden worked at Deloitte & Touche as a Senior Auditor. Mr. Snowden is a Chartered Public Accountant of Ontario and holds a Bachelor of Commerce degree from the University of Windsor.

Regan Stewart, Chief Operations and People Officer — Regan Stewart is our Chief Operations & People Officer, with oversight of Manufacturing, Supply Chain and Human Resources. Her unique experience combining cross-functional business experience in manufacturing, supply chain and human resources brought her to Jamieson in March 2016. Beginning her career as a manufacturing engineer in operations, Ms. Stewart has held a variety of management positions in increasing responsibility throughout several industries, all with a focus on improving process and ultimately the bottom line. Ms. Stewart transitioned her career in operations to focus on people and was accountable for all aspects of human resources for Knightsbridge Human Capital Solutions and also held senior leadership positions in human resources at Maple Leaf Foods Inc. and as the Production and Facilities Manager at Steelcase Inc. Ms. Stewart is a Six Sigma Black Belt and Professional Engineer. She graduated from Western University and holds a Masters of Business Administration from the Schulich School of Business.

John Doherty, Chief Science and Innovation Officer — John Doherty has been our Chief Science and Innovation Officer since July 2013. He is responsible for product quality and overseeing products manufactured under the exacting standards of both a Health Canada drug manufacturing license as well as Australia's Therapeutic Goods Administration clearance. In addition, Mr. Doherty is responsible for regulatory matters, consumer affairs, clinical research and innovation. Prior to Jamieson, Mr. Doherty lead clinical research and innovation at Iovate Health Sciences International, an industry pioneer in the U.S. sports nutrition and weight loss sector. Mr. Doherty holds a Bachelor of Science in Plant Biotechnology from University of Guelph, and is the inventor of a number of dietary supplement patents, relating to both novel claims and applications for natural ingredients, as well as delivery systems technology.

Don Bird, Executive Vice President, International Business Development — Don Bird is our Executive Vice President of International Business Development. He leads our worldwide and contract manufacturing businesses to further drive sales growth. Mr. Bird brought more than 25 years of industry experience to Jamieson when he joined our Company in February 2017. Prior to joining Jamieson, Mr. Bird was the Executive Vice President of Sales and Marketing at WN Pharmaceuticals Ltd., taking its flagship Webber Naturals brand from a small vitamin E business in 1998 to the multinational supplement brand it is today. During this time, Mr. Bird also built WN Pharmaceuticals' private label business, and many other natural product brands including Sunkist, MultiSure, MetaSlim and Treehouse. Don was also a long-time member of the executive team of WN Pharmaceuticals' parent company, the Factors Group of Nutritional Companies Inc., acting as the Senior Vice President of Sales and Marketing for Factors Group, as well as for its subsidiary, Natural Factors.

Thomas Bedford, Senior Vice President, Health Food — Thomas Bedford has been our Senior Vice President, Health Food since 2017. Prior to this position, Mr. Bedford was the founder and president of Renew Life Canada, a leading brand of natural health products in Canada. He has also worked with Flora Manufacturing and Nutrition House. Mr. Bedford is a specialist in the health food space with a strong track record of success in both the retail and product brand sides of the natural health products business.

Renzo Mariani, Executive Vice President, Body Plus Sales and Marketing — Renzo Mariani has been our Executive Vice President, Sales and Marketing for Body Plus since February 2017. Mr. Mariani has over 20 years of nutritional supplement industry experience and stays at the forefront of emerging industry and category trends. Mr. Mariani joined Body Plus in 1997 and became Body Plus' first salesperson after the founder Norman Danniels. Mr. Mariani holds a Bachelor of Commerce degree from the University of Toronto.

Robert Chan, Vice President, Finance — Robert Chan is our Vice President, Finance, and is responsible for the finance functions including financial reporting, financial planning and analysis, treasury, internal controls and tax. Prior to joining us in 2014, Mr. Chan led the external financial reporting function for a dually listed (TSX and NASDAQ) consumer packaged goods company. Mr. Chan has extensive experience in business combinations and systems integration from his involvement in a number of strategic acquisitions throughout his career. Mr. Chan is a Chartered Professional Accountant and Chartered Accountant, with significant experience in accounting, audit and tax. Mr. Chan holds a Bachelor of Mathematics with Distinction and a Masters of Accounting from the University of Waterloo.

Penalties or Sanctions

None of the Directors or executive officers of our Company and no Shareholder holding a sufficient number of securities to affect materially the control of our Company, is or has been, within the ten years prior to the date of this prospectus, subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the Directors or executive officers of our Company and no Shareholder holding a sufficient number of securities to affect materially the control of our Company, is, as at the date of this prospectus or has, within the ten years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

Other than as set out below, none of the Directors or executive officers of our Company and no Shareholder holding a sufficient number of securities to affect materially the control of our Company is, as at the date of this prospectus, or has been within the ten years before the date of this prospectus, (a) a Director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while

the existing or proposed Director or executive officer was acting in the capacity as Director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed Director or executive officer ceased to be a Director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as Director, chief executive officer or chief financial officer, or (c) a Director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Christopher Snowden was Vice President of Finance of SunOpta Inc. when that company was subject to a temporary management cease trade order issued by the Ontario Securities Commission on March 4, 2008, resulting from a delay in filing restated financial statements. The Ontario Securities Commission subsequently issued a notification that as of August 1, 2008 the filing defaults had been remedied and the temporary management cease trade order had been allowed to lapse and expired.

Following an acquisition by Black Diamond Capital Management of Oreck Corporation, Douglas Cahill took a leave of absence as Chief Executive Officer of Oreck Corporation and officially resigned from that role in March of 2013. Mr. Cahill, together with CCMP, made an offer to purchase Oreck Corporation from Black Diamond Capital Management in January of 2013 which was not accepted. In May of 2013, Oreck Corporation filed for Chapter 11 bankruptcy protection of the United States Bankruptcy Code. In July of 2013, Oreck Corporation was sold to Royal Appliance Manufacturing for a purchase price lower than the offer made by Mr. Cahill and CCMP.

Joseph Scharfenberger was on the board of directors of Everything But Water, LLC at the request of its shareholder, Bear Growth Capital Partners. Everything But Water filed for Chapter 11 bankruptcy protection on February 25, 2009 during the United States economic recession. The company was acquired by its lenders and has since successfully emerged from Chapter 11 bankruptcy and is now a viable organization.

Committees of our Board

Our Board has established two committees: the audit committee ("**Audit Committee**") and the governance, compensation and nominating committee ("**Governance, Compensation and Nominating Committee**"). All members of the Audit Committee will be persons determined by our Board to be Independent Directors, except for temporary periods in limited circumstances in accordance with National Instrument 52-110 — *Audit Committees* ("**NI 52-110**").

Audit Committee

The Audit Committee is comprised of as many Directors as the Board may determine, but in any event no fewer than three members, all of whom will be persons determined by our Company to be financially literate and Independent within the meaning of NI 52-110. The Audit Committee is currently comprised of three Directors, one of whom is a person determined by our Company to be an Independent Director. Our Board also determined that each of these Directors is financially literate within the meaning of NI 52-110. The Audit Committee is comprised of Richard Zannino, who will act as Chair of this committee, Joseph Scharfenberger and David Williams. In reliance on the phase-in period afforded by Section 3.2 of NI 52-110, the Audit Committee will consist of a majority of Independent Directors within 90 days following the date of the receipt for our final prospectus and exclusively Independent Directors within one year following the date of the receipt for our final prospectus. Each of the Audit Committee members has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer's financial statements, as well as an understanding of the internal controls and procedures necessary for financial reporting. The Board is currently searching for and intends to elect two additional Independent Directors, one of which will Chair the Audit Committee.

Our Board has adopted a written charter for the Audit Committee, in the form set out under Appendix B to this prospectus, which sets out the Audit Committee's responsibilities. The Audit Committee's responsibilities will include: (i) reviewing and approving the engagement of the auditors; (ii) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including our annual information form and management's discussion and analysis; (iii) assessing our accounting policies; (iv) reviewing our risk management procedures; (v) reviewing any significant transactions outside our ordinary course of business and any legal matters that may significantly affect our financial statements; (vi) overseeing the work and confirming the independence of the external auditors; and (vii) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management, including, without limitation, the whistleblower policy.

The Audit Committee will have direct communication channels with the Chief Financial Officer and the external auditors of our Company to discuss and review such issues as the Audit Committee may deem appropriate.

For fiscal years ended December 31, 2015 and December 31, 2016, our Company incurred the following fees by our external auditor:

(in thousands of dollars)	**Fiscal year ended December 31, 2015**	**Fiscal year ended December 31, 2016**
Audit Fees[1]	$137.50	$150.00
Audit Related Fees[2]	$ 0	$155.00
Tax Fees[3]	$ 75.05	$115.70
All Other Fees[4]	$ 0	$330.90
Total Fees Paid	$212.55	$751.60

Notes:

(1) Fees for audit service

(2) Fees for assurance and related services not included in audit service above.

(3) Fees for tax compliance, tax advice and tax planning.

(4) All other fees not included above. Fees relate to services provided by Ernst & Young in connection with the acquisition of Body Plus and Sonoma.

Governance, Compensation and Nominating Committee

The Governance, Compensation and Nominating Committee is comprised of three Directors, two of whom are persons determined by our Company to be Independent Directors and will be charged with reviewing, overseeing and evaluating the corporate governance, compensation and nominating policies of our Company. The Governance, Compensation and Nominating Committee is comprised of David Williams, who will act as Chair of this committee, Dr. Louis Aronne and Douglas Cahill.

Our Board will adopt a written charter for the Governance, Compensation and Nominating Committee setting out its responsibilities for: (i) assessing the effectiveness of our Board, each of its committees and individual Directors; (ii) overseeing the recruitment and selection of candidates as Directors; (iii) organizing an orientation and education program for new Directors; (iv) considering and approving proposals by the Directors to engage outside advisors on behalf of our Board as a whole or on behalf of the Independent Directors; (v) reviewing and making recommendations to our Board concerning any change in the number of Directors composing our Board; (vi) considering questions of management succession; (vii) administering any compensation incentive programs of our Company; (viii) assessing the performance of management of our Company; and (ix) reviewing and making recommendations to our Board concerning the level and nature of the compensation payable to Directors and officers of our Company.

In identifying new candidates for our Board, the Governance, Compensation and Nominating Committee will consider what competencies and skills our Board, as a whole, should possess and assess what competencies and skills each existing Director possesses, considering our Board as a group, and the personality and other qualities of each Director, as these may ultimately determine the boardroom dynamic.

Following Closing, it is expected that the Governance, Compensation and Nominating Committee will put in place an orientation program for new Directors under which a new Director will meet with the Chair of our Board and members of the executive management team of our Company. It is anticipated that a new Director will be provided with comprehensive orientation and education as to the nature and operation of our Company and its business, the role of our Board and its committees, and the contribution that an individual Director is expected to make. The Governance, Compensation and Nominating Committee will be responsible for coordinating development programs for continuing Directors to enable the Directors to maintain or enhance their skills and abilities as Directors as well as ensuring that their knowledge and understanding of our Company and its business remains current.

The Governance, Compensation and Nominating Committee will take reasonable steps to evaluate and assess, on an annual basis, Directors' performance and effectiveness of our Board, Board committees, individual members, our Board Chair and committee Chairs. The assessment will address, among other things, individual Director independence, individual Director and overall Board skills, and individual Director financial literacy. Our Board will receive and consider the recommendations from the Governance, Compensation and Nominating Committee regarding the results of the evaluation of the performance and effectiveness of our Board, Board committees and individual members.

The Directors believe that the members of the Governance, Compensation and Nominating Committee individually and collectively possess the requisite knowledge, skill and experience in governance and compensation matters, including human resource management, executive compensation matters and general business leadership, to fulfill the committee's mandate.

Directors' and Officers' Liability Insurance

Our Directors and officers are covered by Directors' and officers' liability insurance. Under this insurance coverage, we will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of our Directors and officers, subject to a deductible for each loss, which will be paid by us. Individual Directors and officers of our Company and our subsidiaries will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by our Company or our subsidiaries. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

Diversity

The Governance, Compensation and Nominating Committee believes that having a diverse Board and senior management team offers a depth of perspective and enhances Board and management operations. The Governance, Compensation and Nominating Committee identifies candidates to our Board and our management that possess skills with the greatest ability to strengthen our Board and management and we are focused on continually increasing diversity within our Company.

The Governance, Compensation and Nominating Committee does not specifically define diversity, but values diversity of experience, perspective, education, race, gender and national origin as part of its overall annual evaluation of Director nominees for election or re-election as well as candidates for management positions. Recommendations concerning Director nominees are, foremost, based on merit and performance, but diversity is taken into consideration, as it is beneficial that a diversity of backgrounds, views and experiences be present at our Board and management levels.

As we carry on business in foreign jurisdictions we attempt to recruit and select Board and management candidates that represent both gender diversity and global business understanding and experience. However, our Board does not support fixed percentages for any selection criteria, as the composition of our Board and management is based on the numerous factors established by the selection criteria and it is ultimately the skills, experience, character and behavioral qualities that are most important to determining the value which an individual could bring to our Board or management of our Company.

At the senior management level, one of our executive officers is female (11.1%) and there are currently no female Directors (0%). We do not have a formal policy on the representation of women on our Board or senior management. The Governance, Compensation and Nominating Committee already takes gender into

consideration as part of its overall recruitment and selection process in respect of our Board and senior management. However, our Board does not believe that a formal policy will necessarily result in the identification or selection of the best candidates. As such, we do not see any meaningful value in adopting a formal policy in this respect at this time as we do not believe that it would further enhance gender diversity beyond the current recruitment and selection process carried out by the Governance, Compensation and Nominating Committee. However, our Board is mindful of the benefit of diversity on our Board and our management of our Company and the need to maximize the effectiveness of our Board and management and their respective decision-making abilities. Accordingly, in searches for new Directors, the Governance, Compensation and Nominating Committee will consider the level of female representation and diversity on our Board and management and this will be one of several factors used in its search process. This will be achieved through continuously monitoring the level of female representation on our Board and in senior management positions and, where appropriate, recruiting qualified female candidates as part of our overall recruitment and selection process to fill Board or senior management positions, as the need arises, through vacancies, growth or otherwise. Where a qualified female candidate can offer us a unique skill set or perspective (whether by virtue of such candidate's gender or otherwise), the Governance, Compensation and Nominating Committee anticipates that it would typically select such a female candidate over a male candidate. Where the Governance, Compensation and Nominating Committee believes that a male candidate and a female candidate each offer us substantially the same skill set and perspective, such Committee anticipates that it will consider numerous other factors beyond gender and the overall level of female representation in deciding which candidate to offer a position to. We have not yet set measurable objectives for achieving gender diversity. We will consider establishing measureable objectives in future.

Director Independence and Conflicts of Interest

Our Board believes that given its size and structure, it is able to facilitate independent judgment in carrying out its responsibilities and will continue to do so following Closing. To enhance such independent judgment, our Independent Directors may meet in the absence of senior executive officers or any non-independent Directors.

A Director who has a material interest in a matter before our Board or any committee on which he or she serves is required to disclose such interest as soon as the Director becomes aware of it. In situations where a Director has a material interest in a matter to be considered by our Board or any committee on which he or she serves, such Director may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the *Business Corporations Act* (Ontario) regarding conflicts of interest.

Majority Voting Policy

In accordance with the requirements of the TSX, our Board will adopt a majority voting policy ("**Majority Voting Policy**") to the effect that a nominee for election as a Director who does not receive a greater number of votes "for" than votes "withheld" with respect to the election of Directors by Shareholders shall tender his or her resignation to the Chair promptly following the meeting of Shareholders at which the Director was elected. Our Governance, Compensation and Nominating Committee will consider such offer and make a recommendation to our Board whether to accept it or not. Our Board will promptly accept the resignation unless it determines, in consultation with our Governance, Compensation and Nominating Committee, that there are exceptional circumstances that should delay the acceptance of the resignation or justify rejecting it. Our Board will make its decision and announce it in a press release within 90 days following the meeting of Shareholders. A Director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of our Board or our Governance, Compensation and Nominating Committee at which the resignation is considered.

REMUNERATION OF DIRECTORS

Directors' Compensation

The Directors' compensation program is designed to attract and retain the most qualified individuals to serve on our Board. Our Board, through the Governance, Compensation and Nominating Committee, will be responsible for reviewing and approving any changes to the Directors' compensation arrangements. In consideration for serving on our Board, each Director that is not an employee of our Company or one of our affiliates will be compensated as indicated below:

Type of Fee		Amount
Director Annual Retainer	Chairman[1][2][3]	$150,000/year
	Board Member[4][5][6]	$100,000/year
Committee Retainer	Audit Committee Chair	$15,000/year
	Audit Committee Member	$5,000/year
	Governance, Compensation and Nominating Committee Chair	$10,000/year
	Governance, Compensation and Nominating Committee Member	$2,500/year
Meeting Fees	Board/Committee Meeting	Nil

Notes:

(1) Compensation will be made up of $75,000 in cash and $75,000 in Options.

(2) The Chairman will receive an initial Option grant of $150,000 for joining the Board.

(3) Options will vest one year following Closing.

(4) Compensation will be made up of $50,000 in cash and $50,000 in Options.

(5) Each Director will receive an initial Option grant of $50,000 for joining the Board.

(6) Options will vest one year following Closing.

The Directors will also be reimbursed for their reasonable out-of-pocket expenses incurred in acting as Directors. In addition, Directors will be entitled to receive remuneration for services rendered to our Company in any other capacity, except in respect of their service as Directors of any of our subsidiaries. Directors who are employees of and who receive a salary from our Company or one of our affiliates or subsidiaries will not be entitled to receive any remuneration for their services in acting as Directors, but will be entitled to reimbursement of their reasonable out-of-pocket expenses incurred in acting as Directors.

EXECUTIVE COMPENSATION

Introduction

The following discussion describes the significant elements of our executive compensation program with particular emphasis on the process for determining compensation payable to the Chief Executive Officer of our Company and the Chief Financial Officer of our Company, and other than the Chief Executive Officer of our Company and the Chief Financial Officer of our Company, each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity (collectively, the "**named executive officers**" or "**NEOs**"). Where relevant, the discussion below also reflects certain contemplated changes to our compensation structure that would be implemented in connection with, and contingent upon, the completion of this Offering.

Our anticipated 2017 NEOs are:

- Mark Hornick, President and Chief Executive Officer;
- Christopher Snowden, Chief Financial Officer and Corporate Secretary;
- Regan Stewart, Chief Operations and People Officer;

- John Doherty, Chief Science and Innovation Officer; and
- Don Bird, Executive Vice President, International Business Development.

Compensation Discussion and Analysis

Overview

Our executive compensation program has been designed to motivate, reward, attract and retain a highly talented team of executive officers. The program seeks to align executive compensation with our annual and longer term business objectives. Our executive compensation program is designed to achieve the following objectives:

- provide competitive compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivate our executive officers to achieve our business and financial objectives;
- align the interests of our executive officers with those of our Shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business; and
- provide incentives that encourage appropriate levels of risk-taking and do not encourage excessive risk-taking behaviour by our executive officers.

Determination of Compensation

The Governance, Compensation and Nominating Committee will be responsible for assisting our Board in fulfilling its governance and supervisory responsibilities, and overseeing our human resources, succession planning, and compensation policies, processes and practices. The Governance, Compensation and Nominating Committee will also be responsible for ensuring that our compensation policies and practices provide an appropriate balance of risk and reward consistent with our risk profile and do not encourage excessive risk-taking behaviour by our executive officers.

Following Closing, our Board will adopt a written charter for the Governance, Compensation and Nominating Committee setting out its responsibilities for administering our compensation programs and reviewing and making recommendations to our Board concerning the level and nature of the compensation payable to Directors and officers. The Governance, Compensation and Nominating Committee oversight will include reviewing objectives, evaluating performance and ensuring that total compensation paid to executive officers, personnel who report directly to the Chief Executive Officer and various other key executive officers and managers is fair, reasonable and consistent with the objectives of our philosophy and compensation program. See also "*Directors and Management of our Company — Committees of our Board — Governance, Compensation and Nominating Committee*".

In 2017, we retained Pearl Meyer & Partners, LLC ("**Pearl Meyer**"), an independent consulting firm which provides us services in connection with executive officer and Director compensation matters, including, among other things, to do the following:

- assisting in reviewing the competitiveness of our current cash and equity-based compensation program for executive officers;
- assisting in designing a new incentive awards framework for executive officers and other key management; and
- assisting in designing a new compensation program for our Board.

Pearl Meyer conducted a compensation analysis that was comprised of a 50/50 weighting of (i) an independent third party survey of Canadian pharmaceutical companies, and (ii) a peer group of twelve publicly traded companies located in Canada, the United States and Australia. The benchmark companies included Andrew Peller Limited, Blackmores Limited, Canada Goose Holdings Inc., Clearwater Seafoods Incorporated, Freshpet, Inc., Lifevantage Corporation, Mannatech, Incorporated, Medifast, Inc., Nutraceutical International Corporation, Premium Brands Holdings Corporation, Rogers Sugar Inc. and SunOpta Inc. As of May 24, 2017,

fees due to Pearl Meyer for the foregoing services are approximately $62,000. Pearl Meyer has, from time to time, provided compensation consulting services to CCMP and certain of its portfolio companies.

Compensation Risk

In reviewing our compensation policies and practices each year, the Governance, Compensation and Nominating Committee will seek to ensure the executive compensation program provides an appropriate balance of risk and reward consistent with the risk profile of our Company. The Governance, Compensation and Nominating Committee will also seek to ensure our compensation practices do not encourage excessive risk-taking behaviour by the executive team. Our long-term incentive plan ("**Long-Term Incentive Plan**") has been designed to focus on our long-term performance which should discourage executives from taking excessive risks in order to achieve short-term, unsustainable performance.

All of our executives, other employees and directors will be subject to our insider trading policy, which will prohibit trading in our securities while in possession of material undisclosed information about us. Under this policy, such individuals will also be prohibited from entering into hedging transactions involving our securities, such as short sales, puts and calls. Furthermore, we will permit executives, including the NEOs, to trade in our securities, including the exercise of Options, only during prescribed trading windows.

Principal Elements of Compensation

The compensation of our named executive officers will include three major elements: (i) base salary, (ii) short-term incentives, consisting of an annual bonus, and (iii) long-term equity incentives consisting of Options, stock appreciation rights ("**SARs**"), restricted Common Shares ("**Restricted Shares**"), restricted share units ("**RSUs**") and deferred share units ("**DSUs**") granted from time to time under the Long-Term Incentive Plan.

Perquisites and personal benefits are not a significant element of compensation of our named executive officers.

Base Salaries. Base salary is provided as a fixed source of compensation for our executive officers. Adjustments to base salaries are expected to be determined annually and may be increased based on the executive officer's success in meeting or exceeding individual objectives, as well as to maintain market competitiveness. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope of breadth of an executive officer's role or responsibilities.

Annual Bonuses. Annual bonuses are designed to motivate our executive officers to meet our business and financial objectives generally and our annual financial performance targets in particular. Annual bonuses are earned and measured with reference to actual annual Adjusted EBITDA compared to a target annual level of Adjusted EBITDA for the comparable annual period. Individual bonus payouts will increase or decrease depending on the variance of actual annual Adjusted EBITDA to the target level of annual Adjusted EBITDA. Annual bonus targets are set as a percentage of base salary. For our NEOs, this ranges from 50% to 100% of base salary, depending on the NEO, payable at the target level of annual Adjusted EBITDA. If annual Adjusted EBITDA reaches a maximum target level, bonuses for our NEOs can range from 75% to 150% of base salary, depending on the NEO. If annual Adjusted EBITDA falls below a certain threshold level, NEO bonuses can be zero. We currently make bonus payments in cash and anticipate continuing to do so upon completion of the Offering.

Long-Term Incentives. Prior to Closing, we will adopt the Long-Term Incentive Plan, under which new grants of awards may be made. The key features of the Long-Term Incentive Plan are described under "*Long-Term Incentive Plan*".

Legacy Option Plan

In 2014, we established an equity incentive plan, which will be amended and restated upon Closing (the "**Legacy Option Plan**"), to enhance our ability to retain and motivate our executive officers and to further align their incentives with those of our Shareholders. The Legacy Option Plan provided for the issuance of

options that vested based on time and performance. Upon completion of the Offering, a total of 2,341,964 Options will be issued and outstanding under the Legacy Option Plan, representing approximately 6.2% of the issued and outstanding Common Shares. Following Closing, no further awards will be granted under the Legacy Option Plan. The Legacy Option Plan provides that appropriate adjustments, if any, will be made by our Board in connection with any subdivision, combination or reclassification of the Common Shares, or other change in our share capital, including adjustments to the exercise price and/or the number of Common Shares to which an optionee is entitled upon exercise of Options.

In connection with the Offering, the Legacy Option Plan will be amended and restated to give effect to, among other things; (i) the Pre-Closing Capital Changes including to provide that Options issued and outstanding under the Legacy Option Plan will become exercisable for Common Shares, and (ii) the inclusion of terms and conditions required by the TSX, such as provisions and restrictions relating to amendment of the Legacy Option Plan or outstanding Options issued thereunder, similar to such provisions contained in the Long-Term Incentive Plan summarized below.

Long-Term Incentive Plan

Overview

In connection with the Offering, we will adopt the Long-Term Incentive Plan. The Long-Term Incentive Plan will provide eligible participants with compensation opportunities that will encourage ownership of Common Shares, enhance our ability to attract, retain and motivate our executive officers and other key management and incentivize them to increase the long term growth and equity value of our Company in alignment with the interests of Shareholders. The Long-Term Incentive Plan allows the Board or the Governance, Compensation and Nominating Committee to grant long-term incentives to Directors, officers, employees and others consistent with the provisions of the Long-Term Incentive Plan. Awards granted under the Long-Term Incentive Plan may consist of Options, SARs, Restricted Shares, RSUs, and DSUs. Each award will be subject to the terms and conditions set forth in the Long-Term Incentive Plan and to those other terms and conditions specified by the Governance, Compensation and Nominating Committee.

Shares Subject to the Long-Term Incentive Plan

Up to 10% of the Common Shares issued and outstanding from time to time may be issued pursuant to awards under the Long-Term Incentive Plan. The maximum number of Common Shares that: (i) are issuable to reporting insiders (as defined National Instrument 55-104 — *Insider Reporting Requirements and Exemptions*); and (ii) may be issued to reporting insiders within a one-year period, in each case, pursuant to awards under the Long-Term Incentive Plan and any other share-based compensation arrangement we adopt is 10% of the Common Shares outstanding from time to time. The number of shares subject to each award, the exercise price, the expiry time, the extent to which such award is exercisable and other terms and conditions relating to such awards will be determined by the Board or the Governance, Compensation and Nominating Committee. No participant will be granted awards in any single calendar year with respect to more than 5% of the issued and outstanding Common Shares. If, and to the extent, awards granted under the plan terminate, expire, cancel, or are forfeited without being exercised and/or delivered, Common Shares subject to such awards will again be available for grant under the Long-Term Incentive Plan. In addition, if and to the extent an award is settled for cash, the Common Shares subject to the award will again be available for grant under the plan.

In the event of any recapitalization, reorganization, arrangement, amalgamation, stock split or consolidation, stock dividend or other similar event or transaction, substitutions or adjustments will be made by the Board or the Governance, Compensation and Nominating Committee to: (i) the aggregate number, class and/or issuer of the securities reserved for issuance under the Long-Term Incentive Plan; (ii) the number, class and/or issuer of securities subject to outstanding awards; and (iii) the exercise price of outstanding Options or SARs, in each case in a manner that reflects equitably the effects of such event or transaction.

Awards under the Long-Term Incentive Plan will be non-assignable and non-transferable although they are assignable to and may be exercisable by a participant's legal heirs or personal representatives in certain cases.

Amendments

Shareholder approval will be required for amendments to the Long-Term Incentive Plan to: (i) reduce the exercise price or purchase price of awards under the Long-Term Incentive Plan benefiting an insider of our Company; (ii) extend the term under an award benefiting an insider of our Company; (iii) remove or increase the insider participation limits; (iv) increase the maximum number of securities issuable, either as a fixed number or a fixed percentage of our outstanding capital represented by such securities; and (v) amend an amending provision within the Long-Term Incentive Plan.

Our Board or the Governance, Compensation and Nominating Committee may, without shareholder approval, amend the Long-Term Incentive Plan with respect to (i) amendments of a "housekeeping nature"; (ii) changes to the vesting provisions of the Long-Term Incentive Plan or any award; (iii) changes to the provisions of the Long-Term Incentive Plan relating to the expiration of awards prior to their respective expiration dates upon the occurrence of certain specified events; (iv) changes in the exercise price of an award granted to a participant who is not an insider; (v) the cancellation of an award; or (vi) any other amendment to the Long-Term Incentive Plan or an award which is approved by any applicable stock exchange on a basis which does not require shareholder approval to be obtained.

Termination of Service

Unless provided otherwise in the award agreement, any Option or SAR that is not exercisable at the time of termination of a participant's service with our Company or any of its affiliates will expire immediately upon such termination. The right to exercise any Option or SAR that is exercisable at the time of termination will terminate 90 days following the earlier of (i) the date of termination of the participant's relationship with us or any of our affiliates; and (ii) the award's original expiration date, if termination is for reasons other than death or termination for cause (as defined in the Long-Term Incentive Plan). If the participant's service with us or any of our affiliates terminates due to death, unless provided otherwise in the award agreement or individual employment agreement, the right to exercise an Option or SAR will terminate on the earlier of one year following such termination and the award's original expiration date. If the participant's relationship with us is terminated for cause, any Option or SAR not already exercised will be automatically forfeited as of the date of such termination and any unvested RSUs will immediately expire on the date of such termination.

Unless provided otherwise in the award agreement, if a participant's service with us or any of our affiliates terminates for any reason other than the death or disability of the participant during the period that restrictions on Restricted Shares granted to the participant remain unfulfilled or uncompleted, those Restricted Shares in respect of which restrictions remain uncompleted or unfulfilled will be forfeited to us. In the event of the death or disability of a participant, we will cause the trustee or custodian to distribute to the participant or their legal representative any Restricted Shares held by the participant subject to any restrictions specified by the Board or the Governance, Compensation and Nominating Committee.

Change of Control

In the event of a change of control of our Company, the Board or the Governance, Compensation and Nominating Committee will have discretion to, among other things, accelerate the vesting of outstanding awards, settle outstanding awards in cash or exchange outstanding awards for similar awards of a successor company.

Stock Options

The exercise price of any stock Option granted under the Long-Term Incentive Plan will not be less than the five-day volume weighted average trading price of the Common Shares on the TSX on the date on which the Option is granted or such other minimum price as is permitted by the TSX in accordance with its policies from time to time. Our Board or the Governance, Compensation and Nominating Committee will be entitled to determine the Option term for each Option; provided, however, that the exercise period of any Option may not exceed ten years from the date of grant. It is currently anticipated that stock Options granted under the Long-Term Incentive Plan will expire ten years after the date of grant. Vesting for each Option will also be determined by our Board or the Governance, Compensation and Nominating Committee.

SARs

Upon exercise of a SAR, the participant will be entitled to receive an amount equal to the difference between the five-day volume weighted average trading price of the Common Shares underlying the SAR on the TSX on the date of grant and the five-day volume weighted average trading price of the Common Shares underlying the SAR on the TSX on the date of exercise. Such amount is payable in cash or Common Shares as determined by the Board or the Governance, Compensation and Nominating Committee.

Restricted Shares

Restricted Shares may consist of either treasury Common Shares or outstanding Common Shares purchased for purposes of the Long-Term Incentive Plan. Restricted Shares will be granted subject to restrictions which will be determined by, and may be varied by, our Board or the Governance, Compensation and Nominating Committee. All Restricted Shares will be held for the benefit of participants in the name of a trustee appointed for purposes of the Long-Term Incentive Plan or, in the case of non-treasury Restricted Shares, by a custodian with whom shares are deposited by the trustee. Participants will have no custody or control of the Restricted Shares granted to them while they are held by the trustee or the custodian. Restricted Shares will only be released to the participant after the shares become free of all restrictions.

RSUs

A RSU is a contractual promise to issue shares and/or cash in an amount equal to the fair market value (determined at the time of distribution) of the Common Shares subject to the award, at a specified future date, subject to the fulfillment of vesting conditions specified by our Board or the Governance, Compensation and Nominating Committee. Prior to settlement, an RSU will carry no voting or dividend rights or other rights associated with share ownership. An RSU award may be settled in Common Shares, cash or in any combination of both.

DSUs

A DSU is a right to receive, on a deferred payment basis, a Common Share or the cash equivalent of a Common Share on the terms contained in the Long-Term Incentive Plan. The amount will not be paid out until such time as the recipient leaves us, thereby providing an ongoing equity stake throughout the recipient's period of service. A DSU award may be settled in Common Shares, cash, or in any combination of both, however, a determination to settle a DSU in whole or in part in cash may be made by our Board or the Governance, Compensation and Nominating Committee, in its sole discretion.

Summary Compensation Table

The following table sets out information concerning the expected fiscal 2017 compensation to be earned by, paid to, or awarded to our NEOs.

Name and principal position	Year	Salary[1] ($)	Share-based Awards[2] ($)	Option-based Awards[3] ($)	Non-equity incentive plan compensation (Bonus) ($)		All other compensation[5] ($)	Total compensation ($)
					Annual incentive plans[4]	Long-term incentive plans		
Mark Hornick, President and Chief Executive Officer	2017	500,000	—	$787,500	$500,000	—	$25,000	1,812,500
Christopher Snowden, Chief Financial Officer and Corporate Secretary	2017	329,167	—	$270,000	$262,500	—	$16,458	878,125
Regan Stewart, Chief Operations and People Officer	2017	289,583	—	$225,000	$150,000	—	$14,479	679,062
John Doherty, Chief Science and Innovation Officer	2017	300,000	—	$225,000	$150,000	—	$15,000	690,000
Don Bird, Executive Vice President, International Business Development[6]	2017	302,500	—	$225,000	$165,000	—	$33,000	725,500

Notes:

(1) Represents the annualized base salary expected to be paid in fiscal 2017.

(2) We do not intend to grant any share-based awards to our executive officers in fiscal 2017.

(3) Amounts reflect the annual fair value of options expected to be granted during fiscal 2017.

(4) Amounts reflect the annual bonuses expected to be awarded to NEOs in respect of fiscal 2017. The actual amount of bonuses paid in respect of fiscal 2017 may be higher or lower than these amounts depending on our Company's performance in fiscal 2017.

(5) None of our NEOs are entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary. The compensation listed in this column represents the company contributions to the personal savings plans (such as a registered retirement savings plan) made on behalf of the NEOs.

(6) Compensation figures are prorated to reflect that Don Bird joined our Company in February 2017.

Employment Agreements, Termination Benefits and Change of Control Benefits

We have written employment agreements with each of our NEOs and each executive is entitled to receive compensation established by us as well as other benefits in accordance with plans available to the most senior employees. Prior to Closing, we expect to enter into new employment agreements with each NEO setting forth the terms and conditions of employment, which are expected to provide for new base salaries, annual bonus payments and severance arrangements for certain NEOs, and which are expected to include, among other things, provisions regarding confidentiality, non-competition and non-solicitation, as well as eligibility for our new Long-Term Incentive Plan.

Mark Hornick's new employment agreement is expected to provide for his base salary and annual bonus, participation in the Long-Term Incentive Plan, car allowance, RRSP contributions, and is expected to include, among other things, provisions regarding confidentiality, non-competition and non-solicitation (for a period of 12 months following the termination date), as well as eligibility for our benefit plans. In the case of termination of employment without cause or termination in connection with a change of control, Mr. Hornick's employment agreement is expected to provide that he is entitled to (i) a termination payment equal to any earned but unpaid annual bonus and vacation pay up to the termination date, as well as 18 months of total compensation, plus one

month for each completed year of employment beyond one year to a maximum of 24 months, with total compensation including base salary and annual bonus payable during such termination notice period, and (ii) continue to participate in the group benefit plans until the end of the notice period or until he becomes eligible to participate in a similar benefits program through alternate or self-employment. In the case of resignation with good reason, Mr. Hornick's employment agreement is expected to provide that he is entitled to the same benefits as if he had been terminated without cause or in connection with a change of control. In the case of termination of employment for cause, Mr. Hornick's employment agreement is not expected to provide that he is entitled to notice or any payment in lieu thereof.

Chris Snowden's new employment agreement is expected to provide for his base salary and annual bonus, participation in the Long-Term Incentive Plan, car allowance, RRSP contributions, and is expected to include, among other things, provisions regarding confidentiality, non-competition and non-solicitation (for a period of twelve months following the termination date), as well as eligibility for our benefit plans. In the case of termination of employment without cause or termination in connection with a change of control, Mr. Snowden's employment agreement is expected to provide that he is entitled to (i) a termination payment equal to any earned but unpaid annual bonus and vacation pay up to the termination date, as well as 15 months of total compensation, plus one month for each completed year of employment beyond one year to a maximum of 24 months, with total compensation including base salary and annual bonus payable during such termination notice period, and (ii) continue to participate in the group benefit plans until the end of the notice period or until he becomes eligible to participate in a similar benefits program through alternate or self-employment. In the case of resignation with good reason, Mr. Snowden's employment agreement is not expected to provide that he is entitled to the same benefits as if he had been terminated without cause or in connection with a change of control. In the case of termination of employment for cause, Mr. Snowden's employment agreement is not expected to provide that he is entitled to notice or any payment in lieu thereof.

Regan Stewart's new employment agreement is expected to provide for her base salary and annual bonus, participation in the Long-Term Incentive Plan, car allowance, RRSP contributions, and is expected to include, among other things, provisions regarding confidentiality, non-competition and non-solicitation (for a period of twelve months following the termination date), as well as eligibility for our benefit plans. In the case of termination of employment without cause, Ms. Stewart's employment agreement is expected to provide that she is entitled to (i) a termination payment equal to any earned but unpaid annual bonus and vacation pay up to the termination date, as well as 12 months of total compensation, plus one month for each completed year of employment beyond one year to a maximum of 24 months, with total compensation including base salary but excluding annual bonus payable during such termination notice period, and (ii) continue to participate in the group benefit plans until the end of the notice period or until she becomes eligible to participate in a similar benefits program through alternate or self-employment. In the case of termination in connection with a change of control, Ms. Stewart's employment agreement is expected to provide that she is entitled to (i) a termination payment equal to any earned but unpaid annual bonus and vacation pay up to the termination date, as well as 12 months of total compensation, plus one month for each completed year of employment beyond one year to a maximum of 24 months, with total compensation including base salary and annual bonus payable during such termination notice period, and (ii) continue to participate in the group benefit plans until the end of the notice period or until she becomes eligible to participate in a similar benefits program through alternate or self-employment. In the case of resignation with good reason, Ms. Stewart's employment agreement is not expected to provide that she is entitled to the same benefits as if she had been terminated without cause or in connection with a change of control. In the case of termination of employment for cause, Ms. Stewart's employment agreement is not expected to provide that she is entitled to notice or any payment in lieu thereof.

John Doherty's new employment, agreement is expected to provide for his base salary and annual bonus, participation in the Long-Term Incentive Plan, car allowance, RRSP contributions, and is expected to include, among other things, provisions regarding confidentiality, non-competition and non-solicitation (for a period of twelve months following the termination date), as well as eligibility for our benefit plans. In the case of termination of employment without cause, Mr. Doherty's employment agreement is expected to provide that he is entitled to (i) a termination payment equal to any earned but unpaid annual bonus and vacation pay up to the termination date, as well as 12 months of total compensation, plus one month for each completed year of employment beyond one year to a maximum of 24 months, with total compensation including base salary but

excluding annual bonus payable during such termination notice period, and (ii) continue to participate in the group benefit plans until the end of the notice period or until he becomes eligible to participate in a similar benefits program through alternate or self-employment. In the case of termination in connection with a change of control, Mr. Doherty's employment agreement is expected to provide that he is entitled to (i) a termination payment equal to any earned but unpaid annual bonus and vacation pay up to the termination date, as well as 12 months of total compensation, plus one month for each completed year of employment beyond one year to a maximum of 24 months, with total compensation including base salary and annual bonus payable during such termination notice period, and (ii) continue to participate in the group benefit plans until the end of the notice period or until he becomes eligible to participate in a similar benefits program through alternate or self-employment. In the case of resignation with good reason, Mr. Doherty's employment agreement is not expected to provide that he is entitled to the same benefits as if he had been terminated without cause or in connection with a change of control. In the case of termination of employment for cause, Mr. Doherty's employment agreement is not expected to provide that he is entitled to notice or any payment in lieu thereof.

Don Bird's new employment, agreement is expected to provide for his base salary and annual bonus, participation in the Long-Term Incentive Plan, car allowance, individual pension plan contributions, and is expected to include, among other things, provisions regarding confidentiality, non-competition and non-solicitation (for a period of twelve months following the termination date), as well as eligibility for our benefit plans. In the case of termination of employment without cause, Mr. Bird's employment agreement is expected to provide that he is entitled to (i) a termination payment equal to any earned but unpaid annual bonus and vacation pay up to the termination date, as well as 12 months of total compensation, plus one month for each completed year of employment beyond one year to a maximum of 24 months, with total compensation including base salary but excluding annual bonus payable during such termination notice period, and (ii) continue to participate in the group benefit plans until the end of the notice period or until he becomes eligible to participate in a similar benefits program through alternate or self-employment. In the case of termination in connection with a change of control, Mr. Bird's employment agreement is expected to provide that he is entitled to (i) a termination payment equal to any earned but unpaid annual bonus and vacation pay up to the termination date, as well as 12 months of total compensation, plus one month for each completed year of employment beyond one year to a maximum of 24 months, with total compensation including base salary and annual bonus payable during such termination notice period, and (ii) continue to participate in the group benefit plans until the end of the notice period or until he becomes eligible to participate in a similar benefits program through alternate or self-employment. In the case of resignation with good reason, Mr. Bird's employment agreement is not expected to provide that he is entitled to the same benefits as if he had been terminated without cause or in connection with a change of control. In the case of termination of employment for cause, Mr. Bird's employment agreement is not expected to provide that he is entitled to notice or any payment in lieu thereof.

The table below shows the incremental payments that would be made to our named executive officers under the terms of their employment agreements upon the occurrence of certain events, if such events were to occur immediately following the completion of the Offering.

Name and principal position	Event	Severance ($)[1]	Options ($)	Other Compensation ($)[2]	Total ($)
Mark Hornick, President and Chief Executive Officer	Termination without cause	$750,000	—	$1,008,346	$1,758,346
	Termination for change of control	$750,000	—	$1,008,346	$1,758,346
	Resignation with good reason	$750,000	—	$1,008,346	$1,758,346
Christopher Snowden, Chief Financial Officer and Corporate Secretary	Termination without cause	$438,000	—	$ 276,482	$ 713,982
	Termination for change of control	$438,000	—	$ 276,482	$ 713,982
Regan Stewart, Chief Operations and People Officer	Termination without cause	$300,000	—	$ 110,885	$ 410,885
	Termination for change of control	$300,000	—	$ 260,885	$ 560,885
John Doherty, Chief Science and Innovation Officer	Termination without cause	$300,000	—	$ 64,688	$ 364,688
	Termination for change of control	$300,000	—	$ 144,466	$ 444,466
Don Bird, Executive Vice President, International Business Development	Termination without cause	$330,000	—	$ 121,673	$ 451,673
	Termination for change of control	$330,000	—	$ 286,673	$ 616,673

Notes:

(1) Based on annual salary and contractual severance.

(2) Includes accrued and prorated annual bonus payment, as well as group benefit payments and annual bonus for the notice period, when applicable.

Outstanding Option-Based Awards

The following table sets out information concerning the Option-based awards granted to our NEOs that are expected to be outstanding upon completion of the Offering.

Name and principal position	Number of Common Shares underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options
Mark Hornick, President and Chief Executive Officer	1,006,151	$ 6.19	2024	$9,616,031
Christopher Snowden, Chief Financial Officer and Corporate Secretary	434,046	$ 6.87	2024 - 2025	$3,855,261
Regan Stewart, Chief Operations and People Officer	96,242	$12.31	2026	$ 331,541
John Doherty, Chief Science and Innovation Officer	213,781	$ 6.95	2024 - 2025	$1,880,986
Don Bird, Executive Vice President, International Business Development	115,260	$11.81	2027	$ 454,046

Incentive Plan Awards — Value Vested or Earned During the Year

The following table indicates, for each NEO holding Option-based awards, a summary of the value of the Option-based awards expected to be vested in accordance with their terms during fiscal 2017 (assuming the continue employment of each NEO).

Name and principal position	Option-based awards — Value expected to be vested during the year ($)
Mark Hornick, President and Chief Executive Officer	7,549,830
Christopher Snowden, Chief Financial Officer and Corporate Secretary	3,196,973
Regan Stewart, Chief Operations and People Officer	151,250
John Doherty, Chief Science and Innovation Officer	1,027,112
Don Bird, Executive Vice President, International Business Development	206,176

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the Directors, executive officers, employees, former Directors, former executive officers or former employees of our Company or any of our subsidiaries, and none of their respective associates, is or has within 30 days before the date of this prospectus or at any time since the beginning of the most recently completed financial year been indebted to our Company or any of our subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by our Company or any of our subsidiaries.

PLAN OF DISTRIBUTION

General

Pursuant to an underwriting agreement dated June 29, 2017 between us, the Selling Shareholders and the Underwriters (the "**Underwriting Agreement**"), our Company and the Selling Shareholders have agreed to sell and the Underwriters have severally agreed to purchase on Closing an aggregate of 19,050,000 Common Shares at a price of $15.75 per Common Shares payable in cash to us and/or the Selling Shareholders against delivery of the Common Shares for aggregate gross proceeds of $244,987,391 to us and $55,050,109 to the Selling Shareholders. In consideration for their services in connection with the Offering, our Company and the Selling Shareholders have agreed to pay the Underwriters a fee equal to $0.83 per Common Share.

The Offering Price of $15.75 per Common Share was determined by negotiation between us, the Selling Shareholders and the Underwriters and the Underwriters propose to offer the Common Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Common Shares at the price specified on the cover page of this prospectus, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this prospectus, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Common Shares is less than the price paid by the Underwriters to us and/or the Selling Shareholders. The Underwriters may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees. The obligation to pay the sub-underwriting fee is an obligation of the Underwriters and neither we nor the Selling Shareholders is responsible for ensuring that any dealer receives this payment from the Underwriters.

The CCMP Shareholder, or an affiliate thereof, has granted to the Underwriters the Over-Allotment Option, which is exercisable in whole or in part and at any time for a period of 30 days after Closing to purchase from the CCMP Shareholder, or an affiliate thereof, as applicable, up to an additional 15% of the aggregate number of Common Shares issued under the Offering on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares to be delivered upon the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters'

over-allocation position acquires such Common Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Underwriting Agreement, the Underwriters may, at their discretion terminate their obligations under the Underwriting Agreement upon the occurrence of certain stated events. The termination provisions in the Underwriting Agreement include customary "regulatory proceedings out", "disaster out", "market out", "material change out" and "non-compliance with conditions out" clauses. The Underwriters are, however, subject to certain closing conditions severally (and not jointly or jointly and severally) obligated to take up and pay for all of the Common Shares that they have agreed to purchase if any of the Common Shares are purchased under the Underwriting Agreement.

There is currently no market through which the Common Shares may be sold. Subscriptions for Common Shares will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice. The Closing is expected to occur on July 7, 2017 or such other date as us, the Selling Shareholders and the Underwriters may agree, but in any event not later than July 21, 2017. The TSX has conditionally approved the listing of the Common Shares under the symbol "JWEL". Listing is subject to us fulfilling all of the requirements of the TSX on or before September 26, 2017.

Each of the Company and the Selling Shareholders has agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under Canadian securities legislation, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

The Common Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that it will not offer or sell the Common Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Common Shares that they have acquired pursuant to the Underwriting Agreement in the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters may offer and sell the Common Shares outside the United States in accordance with Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

On Closing, our Company, via its transfer agent, will electronically deliver the Common Shares registered in the name of CDS to CDS or its nominee. A purchaser of Common Shares pursuant to the Offering will not receive a share certificate on Closing.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Common Shares from the CCMP Shareholder, or an affiliate thereof, as applicable, through the Over-Allotment Option. If, following Closing, the market price of the Common Shares decreases, the short position created by the over-allocation position in Common Shares may be filled through purchases in the market, creating upward pressure on the price of the Common Shares. If, following Closing, the market price of Common Shares increases, the over-allocation position in Common Shares may be filled through the exercise of the Over-Allotment Option in respect of Common Shares at the Offering Price.

The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters' over-allocation position. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Common Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulatory authorities, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or otherwise.

Lock-up Arrangements

Pursuant to the Underwriting Agreement, each of us, our Directors and executive officers, the Selling Shareholders (other than Headlines) and certain of our other shareholders have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld, issue, offer or sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our Common Shares, or other securities convertible or exchangeable into or otherwise exercisable into our Common Shares or agree or publicly announce any intention to do any of the foregoing for a period commencing on the date hereof and ending 180 days after the Closing Date, subject to certain limited exceptions, including the issuance of our securities pursuant to or in connection with our equity incentive compensation plans. Holders of approximately 93.5% of our issued and outstanding shares prior to the completion of the Pre-Closing Capital Changes will be subject to these lock-up arrangements.

Relationship Between our Company and Certain of the Underwriters

BMO Capital Markets, RBC, CIBC and Scotia are affiliates of Canadian chartered banks that are part of a syndicate of lenders that has provided the Credit Facilities to Jamieson Laboratories. Consequently, we may be considered a "connected issuer" of BMO Capital Markets, RBC, CIBC and Scotia under applicable Canadian securities laws. The decision to issue the Common Shares and the determination of the terms of the Offering were made through negotiation between us, the Selling Shareholders and the Underwriters. The Canadian chartered banks of which BMO Capital Markets, RBC, CIBC and Scotia are affiliates did not have any

involvement in such decision or determination although such Canadian chartered banks may be advised of the Offering and the terms thereof. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters' fee.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The Credit Agreement

On January 31, 2017, Jamieson Laboratories entered into a credit agreement with a syndicate of lenders including affiliates of BMO Capital Markets, RBC, CIBC and Scotia (the "**Credit Agreement**"). The Credit Agreement is comprised of a revolving credit facility in the amount of $75 million including a $10 million swingline facility (the "**Revolving Credit Facility**") and a $195 million term loan facility (the "**Term Loan Facility**" and together with the Revolving Credit Facility, the "**Credit Facilities**"), each maturing on January 31, 2021. The Term Loan Facility was advanced to finance Jamieson Laboratories' acquisitions of Body Plus and Sonoma and to pay related fees, costs and expenses and to refinance existing indebtedness of Jamieson Laboratories. Advances under the Revolving Facility may be used to pay for any fees incurred in connection with the Credit Agreement, to partially finance the Body Plus and Sonoma acquisition, for refinancing existing indebtedness of Jamieson Laboratories and for other general corporate purposes. As at April 30, 2017, the aggregate amount outstanding under the Credit Facilities was approximately $231 million ($36 million under the Revolving Credit Facility and $195 million under the Term Loan Facility).

Under the Revolving Credit Facility, Jamieson Laboratories may borrow in Canadian dollars, by way of Canadian prime rate advances and bankers' acceptances (and BA equivalent notes) and in United States dollars, by way of U.S. base rate advances and LIBOR rate advances, in each case, plus the applicable margin in effect from time to time. Under the Term Loan Facility, Jamieson Laboratories may borrow in Canadian dollars, by way of Canadian prime rate advances and bankers' acceptances (and BA equivalent notes), in each case, plus the applicable margin in effect from time to time.

In connection with the Credit Agreement, each of International Nutrient, Body Plus and Sonoma (collectively, the "**Credit Facility Guarantors**") guaranteed Jamieson Laboratories' indebtedness, liabilities and obligations to the administrative agent and the lenders under the Credit Agreement. Jamieson Laboratories and each of the Credit Facility Guarantors provided a first priority lien over all of their respective property to collateralize the obligations under the Credit Agreement, subject only to permitted liens under the Credit Agreement. Jamieson Laboratories pledged 100% of the equity interests it holds in the capital of each of its subsidiaries.

The Credit Agreement contains covenants customary for credit facilities of this nature, including restrictions on Jamieson Laboratories and each Credit Facility Guarantor, subject to certain exceptions (including obtaining prior consent of the lenders), as to incurring indebtedness, granting liens, merging, amalgamating or consolidating with other companies, disposing of all or any part of its property, making investments, entering into any hedge arrangements, entering into a sale-leaseback transactions, ensuring pension plan compliance, issuing shares or making any hostile acquisitions. Jamieson Laboratories is currently in compliance in all material respects with all covenants contained in the Credit Agreement, and no material breach of the provisions of the Credit Agreement has occurred or been waived.

RISK FACTORS

An investment in our Company and the Common Shares carries a number of risks, many of which are inherent in the business to be conducted by our Company, including the risk that the entire investment may be lost. In addition to all other information set out in this prospectus, the following specific factors could materially adversely affect us and should be considered when deciding whether to make an investment in our Company and the Common Shares. Other risks and uncertainties that we do not currently consider to be material, or of which we are not currently aware, may become important factors that affect our future financial condition and results of operations. The occurrence of any of the risks discussed below could materially adversely affect the business, prospects, financial condition, results of operations or cash flow of our Company. The Common Shares are only suitable for investors (i) who understand the potential risk of capital loss, and (ii) who fully understand and are willing to assume the risks involved in such an investment program. Prospective purchasers of Common Shares should carefully consider the following risks before investing in our Company and the Common Shares.

Risk Factors Related to our Business and Industry

Our success depends upon the continued strength of our reputation and brands, and of the VMS and sports nutrition segments generally

We believe that our reputation and brands are significant contributors to the success of our business. Any negative publicity about our products in particular, or VMS or sports nutrition products generally, or concerning any actual or purported failure by us to meet high quality standards or comply with applicable laws and regulations could do significant damage to our reputation and brands and could harm our financial condition and operating results. As we expand into new geographical markets, maintaining and enhancing our brands may become increasingly difficult and expensive, as consumers in these markets may not be familiar with or value our brands. Failure to maintain and enhance our brands in any of our markets may materially and adversely affect our business, results of operations or financial condition

Our brands and branded products could also be adversely affected by incidents that reflect negatively on us. Moreover, the negative impacts of these events may be aggravated as the perceptions of consumers and others are formed based on modern communication and social media tools over which we have no control. The increasing use of social media has especially heightened the need for reputational risk management procedures. Any actions we take that cause negative public opinion have the potential to negatively impact our reputation, which may materially adversely affect our business, results of operations or financial condition.

Adverse publicity, such as negative media about the VMS and sports nutrition segments generally or about specific types of products within such segments, whether or not accurate, resulting from individuals' use or misuse of our products or new scientific research findings about such products, that associates consumption of our products or any similar products with illness or other adverse effects, questions the benefits of our or similar products or claims that any such products are ineffective, inappropriately labelled or have inaccurate instructions as to their use, could negatively impact our reputation or the market demand for our products.

There may be claims made against us from time to time, including with respect to the intended health effects of our products, that could result in litigation, distract management from our business activities and result in significant liability or damage to our brand. We may also experience product recalls

As a growing company with expanding operations, we increasingly face the risk of litigation and other claims against us. Litigation and other claims may arise in the ordinary course of our business and, in addition to product-oriented allegations and personal injury claims, include employee and customer claims, commercial disputes, landlord-tenant disputes and intellectual property issues. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Litigation and other claims against us, even if we are ultimately successful, could result in unexpected expenses and liabilities, which could materially adversely affect our operations and our reputation.

Our products consist of vitamins, minerals, herbs and other ingredients that are classified as foods or dietary supplements and are not subject to pre-market regulatory approval in certain jurisdictions. Although many of the ingredients in our products are vitamins, minerals, herbs and other substances for which there is a

long history of human consumption, our products contain certain innovative ingredients or combinations of ingredients. Although we believe all of such products and the combinations of ingredients in them are safe when taken as we direct, there is little long-term experience with human or other animal consumption of certain of these ingredients or combinations thereof in concentrated form and previously unknown adverse reactions resulting from human consumption of these ingredients in such form could occur. The products could also have certain side effects if not taken as directed or if taken by a consumer that has certain medical conditions. Such product-related risks, exacerbated by the difficulty with which consumers can isolate our products' negative or positive effects on health, could lead to claims or litigation which could negatively affect our business' financial condition, reputation and results of operations.

We may be subject to material product-related claims if people are harmed by or otherwise take issue with the products we sell, which could increase our costs and adversely affect our reputation, revenues and operating income. Some of the products we sell, distribute or manufacture may expose us to product liability claims relating to personal injury, death, or environmental or property damage, and may require product recalls or other actions.

We may initiate or participate in product recalls, withdrawals or seizures if any of our products are believed to cause injury or illness or if we are alleged to have violated governmental regulations in the labeling, promotion, sale or distribution of our products in one or more jurisdictions. A significant product recall, withdrawal or seizure may require significant management attention, would likely result in substantial and unexpected costs and may materially and adversely affect our business, financial condition and results of operations. Product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses. Furthermore, a significant product recall, withdrawal or seizure may adversely affect consumer confidence in our Branded Business products or in the products we manufacture for our Strategic Partners Business customers and thus decrease consumer demand for our products. If products are offered for sale by us do not comply with applicable regulatory and legal requirements in a particular country, we may be prohibited from marketing and selling such products in that country and may be required to recall or remove such products from the market and may face lawsuits related to any alleged non-compliance, which in certain cases could materially and adversely affect our business, financial condition and results of operation.

In addition to manufacturing, we also offer regulatory, new product development and distribution services to our Strategic Partners Business customers. Our litigation risk extends to these services and any legal incident may jeopardize our strategic partnerships going forward.

Although we maintain liability insurance to mitigate potential claims, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

Because we manufacture a significant amount of the products we sell, disruptions in our manufacturing facilities or losses of our site licenses and other qualifications could adversely affect our sales and customer relationships

We are dependent on the uninterrupted and efficient operations of our three manufacturing facilities and our four distribution facilities. Any significant disruption in our operations at any of our manufacturing or distribution facilities for any reason, including as a result of equipment failures, natural disasters, fires, accidents, work stoppages, power outages, failure of software and hardware or other system failures, shipping problems or other reasons, could disrupt our supply of products to our customers and adversely affect our sales and customer relationships, which could materially adversely affect our business, financial condition or results of operations. Lost sales or increased costs that we may experience during a disruption of operations may not be recoverable under our insurance policies. Additionally, our ability to meet demand for our products, or to supply our customers during a significant disruption, would be dependent on our ability to secure and maintain appropriate third-party manufacturing or supply arrangements. There is no assurance that we would be able to maintain such manufacturing or supply arrangements on terms favourable to us, or at all. Should we fail to maintain such arrangements or to replace them on terms favourable to us, our business, financial condition and operations would be negatively impacted. In addition, any failure to comply with recommendations or requirements arising

from inspections by Health Canada or other regulatory requirements could also have an impact on our ability to continue operating under our various licenses.

Our success depends on our ability to continue to enhance products and develop new products

Our business is subject to changing consumer trends and preferences and our business is dependent, in part, on continued consumer interest in our new products, including line extensions, reformulations, new formulations and new formats. There can be no assurance that consumers will accept any such new products or that we will be able to attain sufficient market share for these products. The success of our new product offerings depends upon a number of factors, including our ability to: (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products in a timely manner; (iv) price our products competitively; (v) manufacture and deliver our products in sufficient volumes and in a timely manner; (vi) differentiate our product offerings from those of our competitors; and (vii) maintain relationships with our scientist employees and consultants and members of the Jamieson Scientific Advisory Board in order to benefit from their expertise and innovations.

The new products of our competitors may beat our products to market, be more potent or effective, have more features or be less expensive than our products. They may obtain better market acceptance than our products or render our products obsolete. If we do not introduce new products to meet the changing needs and tastes of consumers in a timely manner and more effectively than our competitors, we may experience declining sales, which could have an adverse effect on our operating results.

Additionally, the development and introduction of new products may require substantial research, development and marketing expenditures, which we may be unable to recoup if new products do not gain widespread market acceptance or if the market for such products does not develop as expected. Efforts to accelerate our innovation capabilities may exacerbate risks associated with innovation. If we are unsuccessful in meeting our objectives with respect to new products, our business' financial condition, reputation and results of operations could be harmed.

We may experience difficulty maintaining consistent revenue as a result of fluctuations in demand due to the buying patterns of our customers

From time to time, the retailer and distributor customers in our Branded Business or the customers of our Strategic Partners Business may purchase more product than they expect to sell to consumers during a particular time period. Such customers may grow their inventory in anticipation of, or during, our promotional events, which typically provide for reduced prices during a specified time or other customer or consumer incentives. Such customers may also grow inventory in anticipation of a price increase for our products, or otherwise over-order our products as a result of overestimating demand for our products. If our partners increase their inventory during a particular reporting period as a result of a promotional event, anticipated price increase or otherwise, then sales during the subsequent reporting period may be adversely impacted as our partners seek to reduce their inventory to more normal levels. This effect may be particularly pronounced when the promotional event, price increase or other event occurs near the end or beginning of a reporting period or when there are changes in the timing of a promotional event, price increase or similar event, as compared to the prior year. We endeavour to accurately predict these trends and avoid overstocking or understocking our products. Demand for products, however, can change significantly between the time inventory or ingredients are ordered and the date of sale. To the extent our customers seek to reduce their usual or customary inventory levels or change their practices regarding purchases in excess of consumer consumption, our inventory management, revenue and results of operations may be adversely affected in that period.

Loss of business or relationships with our Strategic Partners Business customers could impact our results, as could the increased production and sale of private-label competitive products by retailers to whom we currently sell our products

A portion of our business is providing products and services on a contract manufacturing basis and certain related value-added services to our Strategic Partners Business customers. Should we lose business or our relationships with such customers otherwise deteriorate, our results could be impacted.

In recent years, retailers have been increasing the development of their own private-label products that directly compete with the products of their other suppliers, including ours. Some of our retailers sell private-label products designed, manufactured and branded by the retailers themselves. These retailers may sell their private-label products at prices lower than comparable products sold by us, and, particularly in the event of strong sales of private-label products, may elect to reduce their purchases of our branded products. In some cases, our retailers who sell these private-label products are larger than us and have substantially more resources. An increase in the sale of private-label product by our retailers could have a material adverse effect on our business, financial condition and performance.

We may experience difficulties in maintaining or expanding our sales in our current and targeted international markets and our international sales expose us to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular, where the risks may be heightened

Our products are sold in 40 countries under international distribution arrangements. Furthermore, as is customary in the VMS and sports nutrition segments, we generally only have medium-term contracts of approximately three years, with most of our international distributors. There can be no assurance that we will be able, in the future, to continue to transact with such international distributors or any other similar distributor on favourable terms or at all. Our sales outside Canada represented 9.7%, 8.7% and 6.3% of our total Branded Business sales for fiscal 2016, fiscal 2015 and fiscal 2014, respectively, and we intend to continue to expand our international business. Growth opportunities include international markets such as Eastern Europe, the Middle East and Asia. International markets have been, and will continue to be, a focus for sales growth, and over time we intend for international sales to comprise a larger percentage of our total sales. Several factors, including weakened economic conditions in any of our international markets, could adversely affect such growth.

Additionally, our entry into new international markets requires management attention and financial resources that would otherwise be spent on other parts of our business. Some of the countries in which we sell our products, or otherwise have an international presence, are to some degree subject to political, economic and/or social instability. Our international sales expose us to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular where the risks may be heightened. These risks and expenses include:

- adverse currency exchange rate fluctuations, as all of our international sales are denominated in U.S. dollars;
- risks associated with complying with laws and regulations in the countries in which our products are sold, such as requirements to apply for and obtain licenses, permits or other approvals for our products, and the delays associated with obtaining such licenses, permits or other approvals;
- the costs of adapting our products for sale in foreign countries, including to change our formulations, formats, labelling or packaging;
- multiple, changing, and often inconsistent enforcement of laws, rules and regulations, including regulations and standards relating to consumer health products;
- risks associated with the reliance on our international distributors, including the possible failure of our international distributors to appropriately understand, represent and effectively market and sell our products;
- damage to our reputation or brand if counterfeit versions of our products are introduced into our international markets;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, representatives, and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;

- the imposition of restrictions on currency conversion or the transfer of funds or limitations on our ability to repatriate non-Canadian earnings in a tax effective manner;
- the imposition of Canadian and/or international sanctions against a country, company, person or entity with whom we do business that would restrict or prohibit our continued business with the sanctioned country, company, person or entity;
- downward pricing pressure on our products in our international markets, due to competitive factors or otherwise;
- laws and business practices favouring local companies;
- political, social or economic unrest or instability;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Our international efforts may not produce desired levels of sales. Furthermore, Our experience with selling products in our current international markets may not be relevant or may not necessarily translate into favourable results if we sell in other international markets. If and when we enter into new markets in the future, we may experience different competitive conditions, less familiarity with our brands and/or different consumer tastes and discretionary spending patterns. As a result, we may be less successful than expected in expanding our sales in our current and targeted international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting our overall growth and profitability. To build brand awareness in these new markets, we may need to make greater investments in advertising and promotional activity than originally planned, which could negatively impact the profitability of our sales in those markets. These or one or more of the factors listed above may harm our business, results of operations or financial condition. Any material decrease in our international sales or profitability could also adversely impact our business, results of operations or financial condition.

Furthermore, some of our operations and sales are conducted in parts of the world that experience corruption to some degree. Although we have policies and procedures in place that are designed to promote legal and regulatory compliance, our employees, distributors and consultants could take actions that violate applicable anti-corruption laws or regulations. Violations of these laws, or allegations of such violations, could have a material adverse effect on our business, results of operations or financial position.

Our success is linked to the size and growth rate of the VMS and sports nutrition segments of the consumer health industry and an adverse change in the size or growth rate of either such segments could have a material adverse effect on us.

While we operate in various segments of the consumer health industry, the success of our growth strategy is primarily tied to the size and growth rate of the VMS and sports nutrition segments. Our VMS and sports nutrition sales data is collected for most, but not all channels, and as a result, it is difficult to estimate the size of the market and predict the rate at which the market for our products will grow, if at all. While our market size estimate, which is based on Euromonitor data, was made in good faith and is based on assumptions and estimates they believe to be reasonable, this estimate may not be accurate. Furthermore, underlying market conditions are subject to change based on economic conditions, consumer preferences and other factors that are beyond our control, including media attention and scientific research, which may be positive or negative. An adverse change in size or growth rate of the VMS and/or sports nutrition segments could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully implement our growth strategy on a timely basis or at all

Our future success depends, in part, on our ability to implement our growth strategy, including (i) product innovations within existing categories and growth into adjacent categories and continued growth of existing

products in existing categories; (ii) further penetration into international markets and new geographies; (iii) growth in our Strategic Partners Business; and (iv) in support of our profitability targets, improvements in our operating income, gross profit and Adjusted EBITDA margins. Our ability to implement this growth strategy depends, among other things, on our ability to:

- develop new products and product line extensions that appeal to consumers and will be supported by retailers and distributors;
- maintain and expand brand loyalty and brand recognition by effectively implementing our marketing strategy and advertising initiatives;
- maintain and improve our competitive position with our existing and newly acquired brands in the channels in which we compete;
- identify and successfully enter and market our products in new geographic markets and market segments and categories;
- enter into successful distribution arrangements with international distributors and retailers of our products;
- maintain and, to the extent necessary, improve our high standards for product quality, safety and integrity;
- successfully and efficiently scale up operations in our manufacturing and distribution processes to buoy improvements in our operating income, gross profit and Adjusted EBITDA margins;
- maintain sources for the required supply of quality raw ingredients to meet our growing demand; and
- respond to and profit from trends in the VMS and sports nutrition segments, including the health and wellness mega-trend, an aging population, an increased demand from consumers for scientific support and quality assurance, rising demand for protein in nutritional supplements, increasing regulatory and quality standards and demand in emerging markets.

We may not be able to successfully implement our growth strategy and reach our revenue and profitability improvement targets. We may need to change our strategy. If we fail to implement our growth strategy or if we invest resources in a growth strategy that ultimately proves unsuccessful, our business, financial condition and results of operations may be materially adversely affected.

If we lose the services of members of our management team, scientists or employees who possess specialized market or regulatory knowledge and technical skills, our ability to compete, to manage our operations, or to develop new successful products could be compromised

Many of our senior executives have specialized experience relating to our industry, products, regulatory environment, customers and business. The loss of one or more members of our senior management team could result in the loss of technical knowledge, management expertise and knowledge of our operations, and could result in a diversion of management resources away from our business, as the remaining members of management would need to cover the duties of any senior executive who leaves us and would need to spend time usually reserved for managing our business to search for, hire and integrate new members of management. The loss of some or all of our senior executives could negatively affect our ability to develop and execute on our business strategy, which could materially adversely affect our business, results of operations or financial condition.

Our team of research and development scientists, as well as our relationships with external scientist consultants, has been a critical aspect of our product development capabilities. Many of our ideas for new products have been sourced from our internal team of research scientists and external scientist consultants. Going forward, we also expect our recently formed Jamieson Scientific Advisory Board to provide us with insight and guidance regarding new innovations and collaborate with us on product development. If we fail to maintain existing relationships with our scientist employees, consultants and Jamieson Scientific Advisory Board members, if we fail to build new relationships within the scientific community or if we experience an adverse change in the perception of us among the scientific community, this could adversely impact our ability to

introduce new, innovative brands and products, which in turn could materially and adversely harm our business, financial condition and performance.

In addition, our success depends to a large extent upon our ability to retain skilled employees, including brand marketing personnel, sales team members, and our regulatory and quality control specialists. There is intense competition for qualified and skilled employees, and our failure to recruit, train and retain such employees could have a material adverse effect on our business, results of operations or financial condition. In addition, to implement and execute on our business and growth strategies, we must continue to enhance our innovation capabilities, operational effectiveness and efficiency and continue to attract, train, motivate and manage our employees. If we are not successful in doing so, this may have a material adverse effect on our business, results of operations and financial condition.

We operate in a competitive industry. Our failure to compete effectively could adversely affect our market share, revenues and growth prospects

We compete for sales with heavily advertised national and local brands, including those manufactured by large pharmaceutical and food companies, as well as other retailers. Our success depends in part upon our ability to persuade consumers to purchase our Branded Business products, which generally command a price premium as compared to prices of competitive products. Competitive products are often priced lower than ours and even if we do not increase prices, consumers or retail partners may choose to purchase such products instead of ours, based on the fact that such products cost less and the lack of instant feedback makes it difficult to confirm the quality or superiority of our products. In addition, as some products become more mainstream, our products may experience increased price competition as more participants enter the market. We may not be able to compete effectively and our attempts to do so may require us to reduce our prices, which may result in lower margins. In addition, our retail partners, distributors or Strategic Partners Business partners may pressure us to rescind price increases that we have announced or already implemented, whether through a change in list price or increased promotional activity. A shift in consumer behavior towards increased purchases of VMS or sports nutrition products through e-commerce platforms could also increase price competition and limit our ability to compete effectively. Failure to effectively compete could adversely affect our market share, revenues and growth prospects.

Our suppliers and sources for materials and inputs may fail to support our demand and increasing raw material costs could adversely affect our margins

In carrying out our operations, we are dependent on a stable and consistent supply of raw materials and other inputs, including ingredients and packaging products. Although most of our raw materials and other inputs are generally available from multiple sources, certain of our raw materials and other inputs, for example Vitamin C, are sourced and controlled by a limited number of suppliers.

We source materials and inputs from our suppliers on an ongoing basis at negotiated prices. As is customary in the VMS and sports nutrition segments, we generally do not have long-term contracts with our suppliers. Instead, we often enter into one year contracts for raw materials and other inputs at fixed prices to provide us with time to address price increases and mitigate impact on our margins. Certain of the raw materials and other inputs for our products are commodities that may experience price volatility due to changing supply and demand conditions, especially if they are sourced and controlled by a limited number of suppliers, for example, Vitamin C. In addition, increasing regulatory requirements and standards with respect to VMS and sports nutrition segment products in international jurisdictions may make it more difficult or costly for certain manufacturers and sources of raw materials and other inputs that we rely on to produce those raw materials and other inputs. This may affect the availability and the speed with which such raw materials and other inputs may be produced.

Although we believe our current arrangements for the supply of raw materials and other inputs are adequate to cover existing demand and anticipated growth, there can be no assurance that our suppliers will be able to meet our demand, especially if our business experiences significant growth. Furthermore, there also can be no assurance that we will be able, in the future, to continue to purchase raw materials and other inputs from our current suppliers or any other suppliers on favourable terms or at all. If we experience supply issues or price

increases with certain of our raw materials or other inputs, we may not be able to reformulate our products so as to avoid using those raw materials or other inputs or successfully pass along price increases to our Branded Business or Strategic Partners Business customers. An interruption in the availability of certain raw materials or other inputs, or significant increases in the prices paid by us for them, could have a material adverse effect on our business, financial condition, liquidity and operating results.

Our third party manufacturers may fail to support our demand

Certain of our products are manufactured by third party manufacturers in Canada and in certain foreign countries. There can be no assurance that our third party manufacturers will continue to reliably manufacture products for us at the levels of quality or in the quantities we require. As is customary in our industry, we generally do not have written agreements with our third party manufacturers.

In the event that any of our third party manufacturers were to become unable or unwilling to continue to provide us with products in required volumes and at suitable quality levels, we would be required to identify and use acceptable replacement third party manufacturers. There is no assurance that we would be able to obtain alternative manufacturing sources on a timely basis.

An extended interruption in the supply of products from our third party manufacturers would result in a loss of sales. In addition, any actual or perceived degradation of product quality as a result of our reliance on third party manufacturers may have an adverse effect on our sales and operating results.

We may engage in acquisitions, mergers, or dispositions, which may affect the profit, revenues, profit margins or other aspects of our business and we may not realize the anticipated benefits of future acquisitions, mergers or dispositions to the degree anticipated

We will continue to pursue strategic acquisitions as they enable us to further broaden and diversify our product offerings, and leverage our current manufacturing and distribution facilities for new products. We expect that in the future we will further expand our operations, brands, and product offerings through the acquisition of additional businesses, products or technologies. However, we may not be able to identify suitable acquisition targets and our ability to efficiently integrate large acquisitions may be limited by our lack of experience with them. If we are able to identify suitable targets, we may not be able to acquire these targets on acceptable terms. Also, we may not be able to integrate or profitably manage acquired businesses, including the recent acquisitions of Body Plus and Sonoma, and may experience substantial expenses, delays or other operational or financial problems associated with the integration of acquired businesses. We may also face substantial expenses, delays or other operational or financial problems if we are unable to sustain the distribution channels and other relationships currently in place at an acquired business. The businesses, products, brands or properties we acquire may not achieve or maintain popularity with consumers, and other anticipated benefits may not be realized immediately or at all. Further, integration of an acquired business may divert the attention of our management from our core business. In cases where we acquire businesses that have key talented individuals, we cannot be certain that those persons will continue to work for us after the acquisition or that they will continue to develop popular and profitable products. Loss of such individuals could materially and adversely affect the value of businesses that we acquire.

Acquisitions, including the recent acquisitions of Body Plus and Sonoma, also entail numerous other risks, including but not limited to:

- unanticipated costs and liabilities;
- inability to enforce remedies for liabilities covered by vendor representations or warranties;
- adverse effects on our existing business relationships with our suppliers and customers;
- risk of entering markets in which we have limited or no prior experience;
- amortizing any acquired intangible assets; and
- difficulties in maintaining uniform standards, procedures, controls and policies.

Some or all of the foregoing risks could have a material adverse effect on our business, financial condition and performance. In addition, any businesses, products or technologies we may acquire may not achieve anticipated revenues or income and we may not be able to achieve cost savings and other benefits that we would hope to achieve with an acquisition.

Acquisitions could also consume a substantial portion of our available cash, could result in incurring substantial debt which may not be available on favourable terms, and could result in our assumption of contingent liabilities. In addition, if the business, product or technologies we acquire are unsuccessful it would likely result in the incurrence of a write-down of such acquired assets, that could adversely affect our financial performance. Our failure to manage our acquisition strategy could have a material adverse effect on our business, financial condition and performance.

We may not be able to generate sufficient cash flow or raise capital on acceptable terms to meet our future needs

Our ability to fund any expenditures that may be required for our growth plans, and in particular our planned M&A driven growth opportunities, will depend on our ability to generate cash in the future. Our capital requirements may vary materially from those currently planned if, for example, our revenues do not reach expected levels or we have to incur unforeseen capital expenditures and make investments to maintain our competitive position. If we do not achieve the levels of profitability or generate the amount of cash that we anticipate or if we expand faster than anticipated, we may need to seek additional debt or equity financing to operate and expand our business. Our inability to raise capital could impede our growth or otherwise require us to forego growth opportunities and could materially adversely affect our business, financial condition and results of operations.

We have, and may continue to have and incur, a significant amount of indebtedness and there can be no assurance of consistent or favourable interest rates or that we will be able to pay our indebtedness as it becomes due

We have, and may continue to have and incur, a significant amount of indebtedness, including substantial fixed obligations under the Credit Facilities, and as a result of challenging economic or other conditions affecting us, we may incur greater levels of indebtedness than currently exist. The amount of indebtedness that we currently have and which we may incur in the future could have a material adverse effect on our business, results of operations or financial condition, for example, by (i) limiting our ability to obtain additional financing, (ii) requiring us to dedicate a substantial portion of our cash flow generated from operations to payments on our indebtedness, thereby reducing the funds available for other purposes, (iii) making us more vulnerable to economic downturns, and (iv) limiting our flexibility in planning for, or reacting to, competitive pressures or changes in our business environment.

Our ability to make scheduled payments under our indebtedness will depend on, among other things, our future operating performance and our ability to refinance our indebtedness, if necessary. In addition, as we incur indebtedness which bears interest at fluctuating interest rates, to the extent that these interest rates increase, our interest expense will increase. There can be no assurance that we will be able to generate sufficient cash from our operations to pay our debts and other financing obligations. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond our control.

Covenants contained in the Credit Agreement affect and, in some cases, significantly limit or prohibit the manner in which we operate our business

The Credit Agreement contains certain covenants which affect and, in some cases, significantly limit, among other things, the activities in which we may engage, our ability to incur debt, grant a security interest in our assets, engage in lines of business different from our own and pay dividends or make other distributions if we do not meet a stipulated leverage ratio.

A failure to comply with such contractual obligations or to pay amounts due under the Credit Agreement could result in an acceleration of the debt incurred under such agreement, a termination of the commitments made thereunder, as well as an exercise of remedies provided therein by our creditors. In such a situation, we may not be able to repay the accelerated indebtedness, fulfill our obligations under certain contracts or

otherwise cover our fixed costs, which could result in a material adverse effect on our business, results of operations or financial condition.

We may be adversely affected by currency exchange rate fluctuations

We are subject to currency exchange rate risks. For instance, with respect to our sales in Canada, we purchase some of our raw materials and other inputs in U.S. dollars and sell our products in Canada in Canadian dollars. We manage our net exposure to U.S.-Canadian currency exchange rates with foreign exchange hedging contracts. Our financial results are also impacted by fluctuations in the U.S.-Canadian dollar exchange rate, as we sell our products internationally in U.S. dollars and report our financial results in Canadian dollars. As relates to our international sales, we partially benefit from a natural currency hedge because we purchase some of our raw materials and inputs in U.S. dollars and sell our products internationally in U.S. dollars. We do not have foreign exchange hedging contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange hedging contracts in respect of other foreign currencies. Currency hedging entails a risk of illiquidity and, to the extent the applicable foreign currency depreciates or appreciates (depending on the direction of the hedge) against the Canadian dollar, the use of hedges could result in losses greater than if the hedging had not been used. Also, hedging arrangements may have the effect of limiting or reducing the total returns to us if management's expectations concerning future events or market conditions prove to be incorrect, in which case the costs associated with the hedging strategies may outweigh their benefits. There can be no assurance that our hedging strategies, if any, will be effective in the future or that we will be able to enter into foreign exchange hedging contracts on satisfactory terms.

We will incur increased expenses as a result of being a public company

We will incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSX substantially increases our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, as well as on our personnel.

We also expect these laws, rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board or as officers. As a result of the foregoing, we expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

Compliance with changes in legal, regulatory and industry standards may adversely affect our business

In both Canada and in our international markets, the formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of our products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There is currently no uniform regulation applicable to natural health products worldwide. There can be no assurance that we are in compliance with all of these laws, regulations and other constraints. Our failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact our business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead us to discontinue product sales and may have an adverse effect on the marketing of our products, resulting in significant loss of sales. The introduction of new environmental laws affecting the size or materials composition of our packaging could impact the visibility of our products on the display shelves of our retail partners, resulting in significant loss of sales.

In Canada, natural health products are regulated under the *National Health Products Regulations* of the *Food and Drugs Act* and Health Canada is in the process of updating the *Natural Health Products Regulations*. If such changes result in less stringent rules in Canada, there is a risk this may result in new entrants to the consumer health industry in Canada and thus greater overall competition in our industry. Failure to effectively compete with any new entrants could adversely affect our market share, revenues and growth prospects.

Governmental regulations in countries where we plan to commence or expand operations may prevent or delay entry into those markets or require us to incur additional costs. In addition, our ability to sustain satisfactory levels of sales in our existing markets is dependent in significant part on our ability to introduce additional products into such markets. However, governmental regulations in our existing markets, both domestic and international, can delay or prevent the introduction, or require the reformulation or withdrawal, of certain of our products. Further, such regulatory action, whether or not it results in a final determination adverse to us, could create negative publicity, with detrimental effects on sales.

There has been an increasing movement in certain foreign markets to increase the regulation of natural health products, which will impose additional restrictions or requirements. In addition, there has been increased regulatory scrutiny of nutritional supplements and marketing claims under existing and new regulations. Although we believe our products are prepared for these changes, having a long history of adhering to or exceeding Health Canada's strict standards and our own internal controls, such anticipated regulatory and standards changes may introduce some risk and harm our operations if our products or advertising activities are found to violate existing or new regulations or if we are not able to affect necessary changes to our products in a timely and efficient manner to respond to new regulations.

Our products have a limited shelf life

We hold finished goods in inventory and our products have a limited shelf life, as it is normal for certain vitamins and other ingredients to degrade over time. Our inventory may reach its expiration date and not be sold. Even though we manage our inventory, we may be required to write-down the value of any inventory that has reached its expiration date, which could have a material adverse effect on our business, financial condition, and results of operations.

If we are unable to protect our intellectual property rights, specifically our trademarks and trade secrets, our ability to compete could be negatively impacted

Most of our products are not protected by patents. The labeling regulations governing our natural health products require that the ingredients of such products be precisely and accurately indicated on product containers. Accordingly, patent protection for natural health products often is impractical given the large number of manufacturers who produce natural health products having many active ingredients in common. Additionally, certain of our products are affected by rapid change and frequent reformulations, as the body of scientific research and literature refines current understanding of the application and efficacy of certain substances and the interactions among various substances. In this respect, we maintain an active R&D program that is devoted to developing purer, more potent and more effective formulations of our products. We protect our investment in research, as well as the techniques it uses to improve the purity and effectiveness of our products, by relying on trade secret and trademark laws. Notwithstanding our efforts, there can be no assurance that our efforts to protect our trade secrets and trademarks will be successful. We intend to maintain and keep current all of our trademark registrations and to pay all applicable renewal fees as they become due. The right of a trademark owner to use trademarks, however is based on a number of factors, including their first use in commerce, and trademark owners can lose trademark rights despite trademark registration and payment of renewal fees. We believe that these proprietary rights have been and will continue to be important in enabling us to compete and if for any reason we were unable to maintain our trademarks, our sales of the related products bearing such trademarks could be materially and negatively affected. There can be no assurance that third-parties will not assert claims against us for infringement of their intellectual proprietary rights. If an infringement claim is asserted, we may be required to obtain a license of such rights, pay royalties on a retrospective or prospective basis, or terminate our manufacturing and marketing of our infringing products. Litigation with respect to such matters could result in substantial costs and diversion of management and other resources and could have a material adverse effect on our business, financial condition and operating results.

Our marketing and advertising strategies may not be successful

Our products are marketed in Canada and internationally through a diverse spectrum of advertising and promotional programs, with each of our brands being marketed specifically for our target audience in the regions and countries in which those brands' products are offered. Our marketing efforts are centered on (i) building consumer trust through quality, (ii) educating consumers on our categories of products, (iii) developing tools and platforms to drive superior consumer engagement and (iv) establishing a shelf presence through the use of display and recognizable packaging that promotes a superior shopping experience. Our campaigns are launched across a varied communications platform, including national television, traditional print, radio, digital and social media and we are incrementally shifting some of our advertising budget from television to digital media channels. If these marketing and advertising programs and strategies are not successful, our product sales may be affected.

Our retail customers may not adequately support our products or our relationships with such retailers may deteriorate

We sell our products in Canada and internationally through retailers, on whom we rely to display, present and sell our products to consumers in their brick and mortar stores and through their online e-commerce sites. Our retailers stock and display our products, and, in certain health food and other specialty stores, explain our product attributes and health benefits. Our relationships with these retailers are important for maintaining and building consumer trust in our brands and for executing the advertising and educational programs we continue to deploy. Our failure to maintain these relationships with our retailers or difficulties experienced by these retailers could harm our business.

In fiscal 2016, our three largest Canadian retail customers, accounted for 21.2%, 11.8% and 11.0% of our revenue in Canada. We do not receive long-term purchase commitments from our retailers, and confirmed orders received from our retail partners may be difficult to enforce. In some instances, we are obliged to accept returned inventory. Furthermore, there can be no assurance that we will be able, in the future, to continue to sell our products to our retail customers on favourable trading terms or at all. We may be obligated to stop shipments to our retail customers or such customers may refuse shipments from us in the course of negotiating the resolution of trading issues with such customers. Factors that could affect our ability to maintain or expand our sales to these retailers include: (a) failure to accurately identify the needs of our customers; (b) lack of customer acceptance of new products or product expansions; (c) unwillingness of our retailers to attribute premium value to our existing and new products relative to competing products; (d) failure to obtain shelf space from our retailers; and (e) new, well-received product introductions by competitors. Our sales depend, in part, on retailers effectively displaying our products, including providing attractive space in their stores, including online e-commerce platforms, and, in certain channels, having knowledgeable employees that can explain our products and their health benefits. If we lose any of our key retailers, or if any key retailer reduces their purchases of our existing or new products, reduces their number of stores or operations, promotes products of our competitors over us, or suffers financial difficulty or insolvency, we may experience reduced sales of our products, resulting in lower revenue and gross profit margin, which would harm our profitability and financial condition.

We are dependent on operating subsidiaries

We are a holding company with no business operations of our own or material assets other than the shares of Jamieson Laboratories. Accordingly, all of our operations are conducted by our direct and indirect subsidiaries. As a holding company, we require dividends and other payments from our subsidiaries to meet cash requirements. While we presently intend to pay dividends to holders of Common Shares and anticipate that our subsidiaries will have sufficient cash flow to enable such subsidiaries to pay dividends or otherwise distribute cash to us, the terms of the Credit Agreement contain restrictions on the ability of the subsidiaries to pay dividends and otherwise transfer to us cash or other assets in certain circumstances. As such, a decline in our business, financial condition, cash flows or results of operation may result in, pursuant to the terms of the Credit Agreement, restrictions on the subsidiaries ability to pay dividends or otherwise distribute cash to us. In such event, we may be unable to pay a dividend to holders of Common Shares.

We currently have no obligations that require cash funding from our subsidiaries. If there is an insolvency, liquidation or other reorganization of any of our subsidiaries, shareholders likely will have no right to proceed against the assets of those subsidiaries. Claims of any creditors of any of our operating subsidiaries generally will have priority as to the assets of such subsidiary over our claims and claims of our creditors and shareholders.

Uncertainty and adverse changes in general economic conditions may negatively affect consumer spending, which could have a material adverse effect on our revenue and profitability

Current and future conditions in the economy have an inherent degree of uncertainty. As a result, it is difficult to estimate the level of growth or contraction in the general economy of any of the countries in which our products are sold. It is even more challenging to estimate growth or contraction in various parts, sectors and regions of the economy of those countries. Our budgeting and forecasting are dependent upon estimates of demand for our products and growth or contraction in the markets we serve. Economic uncertainty complicates reliable estimation of our future income and expenditures. Adverse changes in general economic conditions may occur as a result of weakening global economic conditions, tightening of consumer credit, falling consumer confidence, political events or uncertainty, increasing unemployment, declining stock markets or other factors affecting economic conditions generally or in the various countries in which our products are sold. These changes may adversely affect demand for our products, increase the cost or decrease the availability of financing to fund our business and growth plans or increase costs associated with manufacturing and distributing our products, any of which could have a material and adverse effect on our revenue and profitability.

In addition, consumer spending habits, including spending on our products, are affected by, among other things, prevailing economic conditions, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. A general economic slowdown in Canada or in any of our international markets could decrease demand for our products, which would adversely affect our revenue. In addition, an uncertain economic outlook may adversely affect consumer spending habits and customer traffic, which may result in lower revenue. A prolonged economic downturn in any of our markets could have a material negative impact on our business, financial condition and performance.

Natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events could materially adversely affect our business, results of operations or financial condition

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect our business, results of operations or financial condition. These events could result in physical damage to one or more of our properties, increases in fuel or other energy prices, temporary or permanent closure of one or more of our facilities, labour shortages, temporary or long-term disruption in the supply of raw materials and other inputs, temporary disruption in transport to and from overseas markets, disruption in our distribution network or disruption to our information systems, any of which could have a material adverse effect on our business, results of operations or financial results.

Parties with whom we do business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to us

We are a party to business relationships, transactions and contracts with various third parties, pursuant to which such third parties have performance, payment and other obligations to us. If any of these third parties were to become subject to bankruptcy, receivership or similar proceedings, our rights and benefits in relation to our business relationships, contracts and transactions with such third parties could be terminated, modified in a manner adverse to us, or otherwise impaired. We cannot make any assurances that we would be able to arrange for alternate or replacement business relationships, transactions or contracts on terms as favorable as our existing business relationships, transactions or contracts if at all. Any inability on our part to do so could have a material adverse effect on our business and results of operations.

We rely upon independent third party transportation providers for substantially all of our product shipments

We currently rely upon independent third party transportation providers for substantially all of our product shipments, including shipments between our manufacturing and distribution centres and the warehouse, distribution facilities and stores of our retail customers in our Branded Business and our customers in our Strategic Partners Business. Our use of outside delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs (freight and delivery), labour disruptions, inclement weather and shipment delays. If we change any of our transportation providers, we could face logistical difficulties that could adversely impact deliveries and we may incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favourable as those received from the independent third party transportation providers we currently use, which may also result in increased costs. Failure of our third party transportation providers to deliver products in a timely manner may negatively impact our ability to optimize product offerings, customer service levels, brand reputation and profitability.

A material disruption in or security breach affecting our information technology systems could affect our business and lead to reduced revenue, growth prospects and reputational damage

Our business operations are managed through a variety of information technology systems. These systems govern all aspects of our operations around the world. We are dependent on these systems for our customer-facing informational website and for certain commercial transactions including with our customers in our Branded Business and in our Strategic Partners Business and supply chain and inventory management. While our systems are designed to operate without interruption, we may in the future experience, interruptions to the availability of our computer systems from time to time. The failure of our computer systems to operate effectively, keep pace with our growing capacity requirements, smoothly transition to upgraded or replacement systems or integrate with new systems could adversely affect our business. In addition, our computer systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attacks, denial-of-service attacks, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. If our computer systems are damaged or cease to function properly, we may have to make an investment to fix or replace them, and we may suffer loss of critical data, compromise to the integrity or confidentiality of customer and employee information in our systems or networks, disruption to the systems or networks of third parties on which we rely, and interruptions or delays in our operations. A lack of relevant and reliable information that enables management to effectively manage our business could preclude us from optimizing our overall performance. Any significant loss of data or failure to maintain reliable data could have an adverse effect on our business and results of operations. Any such disruption could increase our costs, diminish our growth prospects, expose us to litigation, decrease customer confidence and damage our brand, and a material interruption to any of our computer systems could adversely affect our business or results of operations and our reputation.

Experienced computer programmers and hackers, or even internal users, may be able to penetrate or create systems disruptions or cause shutdowns of our network security or that of third party companies with which we have contracted to provide services. We generally collect and store such information volunteered by customers on our interactive website. Any compromise of customer information could subject us to customer litigation or penalties from government and harm our reputation, which could adversely affect our business and growth. Moreover, we could incur expenses or disruptions of our operations in connection with system failures or data breaches. An increasing number of websites, including several large internet companies, have recently disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their sites. Because the techniques used to obtain unauthorized access, disable or degrade services or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, sophisticated hardware and operating system software and applications that we buy or license from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the security and operation of the systems. The costs to us to eliminate or alleviate security problems, viruses and bugs could be significant, and efforts to address these problems could result in interruptions, delays or cessation of service that may impede distribution or other critical functions.

As a result, we may have to modify our business systems and practices with the goal of further improving data security, which would result in increased expenditures and operating complexity. Any compromise of our security or accidental loss or theft of customer data in our possession could result in a violation of applicable privacy and other laws, significant legal and financial exposure and damage to our reputation, which could adversely impact our business and results of operations.

There are risks related to forward-looking information in this prospectus

The forward-looking information included in this prospectus relating to, among other things, our future results, performance, achievements, prospects, intentions or opportunities or the markets in which we operate (including, in particular, the information contained in "*Prospectus Summary*", "*Our Business*", *"Investment Highlights"*, "*Our Industry*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Principal and Selling Shareholders*", *"Remuneration of Directors"*, *"Use of Proceeds"*, "*Selected Summary Financial Information*", "*Dividend Policy*", "*Description of Share Capital*", "*Directors and Management of our Company*", "*Executive Compensation*" and this section, "*Risk Factors*") is based on opinions, assumptions and estimates made by our management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Outlook*". However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that our actual results in the future will be the same, in whole or in part, as those included in this prospectus. See "*Forward-Looking Information*".

We are subject to insurance-related risks

We maintain director and officer insurance, liability insurance, business interruption and property insurance and our insurance coverage includes deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that the insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us. In addition, there are types of losses we may incur but against which it cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war or certain natural disasters. If we incur these losses and they are material, our business, operating results and financial condition may be adversely affected. Also, certain material events may result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to such market changes.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

Our good labour relations may not continue

211 of our employees in Windsor, Ontario are unionized. The current agreement with Unifor Local 195 covering the Windsor sites was renewed on February 28th, 2017 for a four year term. Currently, labour relations are good; however, the maintenance of a productive and efficient labour environment or the successful renegotiation of the collective agreements cannot be assured. If any of our employees at our other manufacturing facilities unionize in the future, or if protracted and extensive work stoppages occur, labour disruptions such as strikes or lockouts could have a material adverse effect on our business and financial results.

We may experience seasonal risk

Although overall, our business is not deeply affected by seasonal changes in demand due to our diverse product portfolio, certain products, such as cold and cough products, experience significantly higher demand in fall and winter months. Further, sales of our Branded Business products in Canada, in particular our Jamieson and LVHS branded products, tend to be higher in the third and fourth quarters of our fiscal year, with the third quarter having the second highest sales at 5-10% higher on average than the average of our first two quarters, and the fourth quarter having the highest sales at up to 5% higher on average than the third quarter. However, these trends are offset by the timing of our international sales which are not as predictable. Our quarterly results may fluctuate and could fail to meet the expectations of securities analysts and investors.

Many of our business functions are centralized at our Toronto office location and disruptions to the operations at that location could have an adverse effect on our business

Our main office is located in Toronto, Ontario where we have centralized a large number of business functions including activities of senior management and critical resources dedicated to financial and administrative functions. If we are required to shut down the main office location for any reason, including fire, earthquake or other natural disaster or civil disruption, our management and our operations staff would need to find an alternative location, causing significant disruption and expense to our business and operations.

We recognize the need to enhance our disaster recovery, business continuity and document retention plans that would allow us to be operational despite unforeseen events impacting our main office. Without disaster recovery, business continuity and document retention plans, if we encounter difficulties or disasters at our main office, our critical systems, operations and information may not be restored in a timely manner, or at all, and may adversely impact our business operations.

We may be subject to additional taxes

We may be subject to assessments for additional taxes, including sales taxes, which could reduce our operating results. In computing our tax obligations in the jurisdictions in which we operate, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. It is possible that some taxing jurisdictions may attempt to assess additional taxes and penalties on us if the applicable authorities do not agree with our positions. A successful challenge by a tax authority, through asserting either an error in our calculation, or a change in the application of law or an interpretation of the law that differs from ours, could adversely affect the results of operations.

Risk Factors Related to the Offering and our Common Shares

Potential volatility of Common Share price

The market price of our Common Shares could be subject to significant fluctuations after the Offering, and it may decline below the Offering Price. Some of the factors that may cause the market price of our Common Shares to fluctuate include:

- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- short sales, hedging and other derivative transactions in our Common Shares;
- litigation or regulatory action against us;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements;
- publication of research reports or news stories about us, our competitors or our industry;

- positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in general political, economic, industry and market conditions and trends;
- sales of our Common Shares by existing Shareholders;
- recruitment or departure of key personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- the other risk factors described in this section of this prospectus.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of the Common Shares may be materially adversely effected.

In addition, broad market and industry factors may harm the market price of our Common Shares. Hence, the price of our Common Shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our Common Shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

Dilution

Sales of a substantial number of our Common Shares in the public market could occur at any time after the expiration of the 180-day contractual lock-up period described in the "*Plan of Distribution — Lock-up Arrangements*" section of this prospectus. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could significantly reduce the market price of our Common Shares and the market price could decline below the Offering Price. We cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price of our Common Shares. If the market price of our Common Shares was to drop as a result, this might impede our ability to raise additional capital and might cause remaining Shareholders to lose all or part of their investments.

After Closing, assuming the exercise of the Over-Allotment Option in full, we will have 37,685,116 Common Shares outstanding. Pursuant to the Underwriting Agreement, each of us, our Directors and executive officers, the Selling Shareholders (other than Headlines) and certain of our other shareholders have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld, issue, offer, sell, grant any option to purchase or otherwise dispose of (or announce any intention to do so) any of our equity securities, or securities convertible or exchangeable into our equity securities for a period commencing on the Closing Date and ending 180 days after the Closing Date, subject to certain exceptions. Following the expiration of the 180-day period, the Common Shares that will be outstanding immediately following completion of the Offering will be available for sale in the public markets subject to restrictions under applicable securities laws in Canada. In addition, following Closing there will be Options to acquire 3,021,908 Common Shares. The Common Shares issuable upon the exercise of these Options, will, to the extent permitted by any applicable vesting requirements, lock-up agreements and restrictions under applicable securities laws in Canada, also become eligible for sale in the public market.

Further, we cannot predict the size of future issuances of our Common Shares or the effect, if any, that future issuances and sales of our Common Shares will have on the market price of our Common Shares. Sales of substantial amounts of our Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Common Shares.

Absence of a prior public market

There is currently no market through which our Common Shares may be sold and, if a market for our Common Shares does not develop or is not sustained, you may not be able to resell your Common Shares purchased in the Offering. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. The Offering Price of our Common Shares was determined through negotiations between us, the Selling Shareholders and the Underwriters. The Offering Price may not be indicative of the market price of our Common Shares after the Offering. In the absence of an active trading market for our Common Shares, investors may have difficulty selling their Common Shares. We cannot predict the prices at which our Common Shares will trade.

Any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Common Shares, which could depress the price of our Common Shares

Upon completion of the Offering, our Board will have the authority to issue preferred shares and to determine the preferences, limitations and relative rights of preferred shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our Shareholders. Our preferred shares could be issued with liquidation, dividend and other rights superior to the rights of our Common Shares. The potential issuance of preferred shares may delay or prevent a change in control of us, discourage bids for our Common Shares at a premium over the market price and adversely affect the market price and other rights of the holders of our Common Shares.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline

The trading market for our Common Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Common Shares would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who cover us downgrade our Common Shares or publish inaccurate or unfavorable research about our business, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Shares could decrease, which could cause our trading price and volume to decline.

Shareholders will have limited control over our Company's operations

Holders of Common Shares will have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. Our Board will determine major policies, including policies regarding financing, growth, debt capitalization and any future dividends to Shareholders. Generally, our Board may amend or revise these and other policies without a vote of the holders of Common Shares. Holders of Common Shares will only have a right to vote, as a class, in the limited circumstances described elsewhere in this prospectus. Our Board's broad discretion in setting policies and the limited ability of holders of Common Shares to exert control over those policies increases the uncertainty and risks of an investment in our Company.

Financial reporting and other public company requirements

Upon receiving a final receipt for this prospectus, we will become subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Common Shares are then-listed, including National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim*

Filings. These reporting and other obligations will place significant demands on our management, administrative, operational and accounting resources. If we are unable to accomplish any such necessary objectives in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely effected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the trading price of the Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

The CCMP Shareholder will continue to have significant influence over us after the Offering

The CCMP Shareholder, or an affiliate thereof, will continue to have significant influence over us after the Offering, including control over decisions that require the approval of Shareholders, which could limit your ability to influence the outcome of matters submitted to Shareholders for a vote.

We are currently controlled, and after the Offering is completed will continue to be controlled, by the CCMP Shareholder. Upon completion of the Offering, the CCMP Shareholder will have an approximate 47.2% interest in our Company through ownership of, or control or direction over, 17,801,760 Common Shares. If the Over-Allotment Option is exercised in full, the CCMP Shareholder, or an affiliate thereof, will have an approximate 39.7% interest in our Company through ownership of, or control or direction over, 14,944,260 Common Shares. As a result, the CCMP Shareholder, or an affiliate thereof, will have significant influence over us and our affairs. As long as the CCMP Shareholder, or an affiliate thereof, owns or controls at least a majority of our outstanding Common Shares, it will have the ability to exercise substantial control over all corporate actions requiring Shareholder approval, irrespective of how our other Shareholders may vote, including the election and removal of directors and the size of our Board, any amendment of our articles, or the approval of any significant corporate transaction, including a sale of substantially all of our assets. Even if its ownership falls below 50% of the Common Shares, the CCMP Shareholder, or an affiliate thereof, will continue to be able to strongly influence or effectively control our decisions.

Additionally, the CCMP Shareholder' interests may not align with the interests of our other Shareholders. the CCMP Shareholder is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. The CCMP Shareholder may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are, from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition and results of operations.

We are not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against us, nor have we entered into any settlement agreements before a court or with a securities regulatory authority.

LEGAL MATTERS

The matters referred to under "*Eligibility for Investment*", as well as certain other legal matters relating to the issue and sale of the Common Shares, will be passed upon on behalf of us by McCarthy Tétrault LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. As at the date of this prospectus, the partners and associates of each of McCarthy Tétrault LLP and Osler, Hoskin & Harcourt LLP, beneficially own, directly and indirectly, less than 1% of the outstanding securities or other property of our Company, our associates or our affiliates.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this prospectus, there are no material interests, direct or indirect, of any Director or executive officer of our Company, any Shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of the aggregate votes attached to the Common Shares, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Ernst & Young, Chartered Professional Accountants, Licensed Public Accountants, located at EY Tower, 100 Adelaide Street West, Toronto, Ontario M5H 0B3 is our auditor and has confirmed that it is independent of our Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

The transfer agent and registrar for the Common Shares will be Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are our only material agreements that will be in effect on Closing (other than certain agreements entered into in the ordinary course of business):

(a) the Credit Agreement (see "*Description of Material Indebtedness*");

(b) the Underwriting Agreement (see "*Plan of Distribution*");

(c) the Registration Rights Agreement (see "*Agreements with Principal and Selling Shareholder*"); and

(d) the Body Plus and Sonoma Share Purchase Agreement.

On December 17, 2016, Jamieson Laboratories entered into a share purchase agreement (the "**Body Plus and Sonoma Share Purchase Agreement**"), as amended by a joinder and amending agreement dated January 27, 2017, pursuant to which Jamieson Laboratories agreed, subject to the terms and conditions therein, to purchase all of the issued and outstanding shares of each of Body Plus and Sonoma, from Norman Danniels, The Danniels Family Trust (2015) and Proventive Nutritional Therapies Inc. The acquisitions closed on January 31, 2017. In addition to the description of the acquisitions described above under "*Body Plus and Sonoma Acquisitions*", the following is a summary of certain material terms and conditions of the Body Plus and Sonoma Share Purchase Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Body Plus and Sonoma Share Purchase Agreement, which will be filed with the Canadian securities regulatory authorities at www.sedar.com.

The Body Plus and Sonoma Share Purchase Agreement contains customary representations and warranties. The purchase prices for the shares of Body Plus and of Sonoma were $55.5 million and $30.7 million, respectively (cumulatively, the "**Body Plus and Sonoma Purchase Price**"). In addition, Jamieson Laboratories made a $7.5 million loan to Body Plus and Sonoma to enable them to pay bonuses to employees on closing and to pay additional bonuses in the maximum amount of $1.4 million on the one year anniversary of close. Of the Body Plus and Sonoma Purchase Price, $5.5 million was placed in escrow to satisfy any claims by Jamieson Laboratories for indemnification in respect of tax matters under the agreement and a further $6.37 million was placed in escrow to satisfy any claims by Jamieson Laboratories for indemnification generally under the

agreement. Subject to any claims being made by Jamieson Laboratories prior to the scheduled release dates, the tax escrow and the general escrow will be released to the vendors on January 31, 2020 and July 31, 2018, respectively. No claims have been made on either the general escrow account or the tax escrow account as of the date of filing. A further $7.5 million of the Body Plus and Sonoma Purchase Price was held back, to be paid on January 31, 2018 provided a corporate affiliate of Norman Danniels fulfils its commitment to provide the services of Norman Danniels as an independent consultant to Body Plus and Sonoma for the twelve months following closing.

Copies of the foregoing documents will be available following Closing on SEDAR.

AGENT FOR SERVICE OF PROCESS

Douglas Cahill, Joseph Scharfenberger, Richard Zannino, and Dr. Louis Aronne, each a Director, and the CCMP Shareholder are existing or reside outside of Canada, as applicable and have appointed the following agent for service of process:

Name of Person or Company	Name and Address of Agent
CCMP Shareholder	Jamieson Wellness Inc. 2 St. Clair Avenue West, Toronto, Ontario M4V 1L5
Douglas Cahill	Jamieson Wellness Inc. 2 St. Clair Avenue West, Toronto, Ontario M4V 1L5
Joseph Scharfenberger	Jamieson Wellness Inc. 2 St. Clair Avenue West, Toronto, Ontario M4V 1L5
Richard Zannino	Jamieson Wellness Inc. 2 St. Clair Avenue West, Toronto, Ontario M4V 1L5
Dr. Louis Aronne	Jamieson Wellness Inc. 2 St. Clair Avenue West, Toronto, Ontario M4V 1L5

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

EXEMPTIONS

Pursuant to an application made to the Ontario Securities Commission, as principal regulator, our Company has applied for exemptive relief from Item 3.3(1)(a)(i) of National Instrument 52-107 — *Acceptable Accounting Principles and Auditing Standards* ("**NI 52-107**"), with respect to the inclusion of an auditor's report that expresses a qualification of opinion relating to opening inventory relating to the financial statements of Body Plus and Sonoma for the years ended July 31, 2015 and 2014. Item 4.2 of NI 41-101 requires that any financial statements included in a long form prospectus filed in the form of Form 41-101F1 be audited in accordance with NI 52-107 unless an exception in Item 32.5 or 35.1(3) of Form 41-101F1 applies. Item 3.3(1)(a)(i) of NI 52-107 requires that financial statements included in a long form prospectus be audited in accordance with Canadian Generally Accepted Auditing Standards and be accompanied by an auditor's report that expresses an unmodified opinion. Item 5.8(2) of Companion Policy 41-101CP to NI 41-101 contemplates that relief may be granted to non-reporting issuers in appropriate circumstances to permit the auditor's report on such financial statements to contain a modification relating to opening inventory if there is a subsequent audited period of at least six months on which the auditor's report expresses an unmodified opinion and the business is not seasonal. This prospectus includes financial statements of Body Plus and Sonoma for a subsequent audited period of twelve months on which the auditor's report expresses an unmodified opinion and the businesses of Body Plus and Sonoma are not seasonal. The exemption requested will be evidenced by the issuance of a receipt for our final prospectus.

Pursuant to an application made to the Ontario Securities Commission, as principal regulator, we have applied for exemptive relief from Item 32 of Form 41-101F1 as prescribed under NI 41-101, with respect to certain historical financial statements relating to LVHS, which we understand may be considered to form part of the primary business of our Company pursuant to Item 32.1(1)(b) of Form 41-101F1. The treatment of the acquisition of LVHS as forming part of the primary business of our Company would require us to include in this prospectus three years of audited financial statements for LVHS. The exemption requested will be evidenced by the issuance of a receipt for our final prospectus. In the application, we made, among others, the following submissions:

- The size of the LVHS transaction was not significant or otherwise material having regard to the overall size and value of our business and operations. Therefore, we believe that pre-acquisition historical

financial statements with respect to the acquired LVHS assets would not provide meaningful or useful disclosure to potential investors.

- Based on the foregoing, we believe the financial statements of Jamieson included in this prospectus, incorporate the financial impact of the LVHS transaction for a sufficiently substantial period of time given that they incorporate the financial and operating results derived from the LVHS assets following the acquisition for a period of 30 months (including the two most recent fiscal years of Jamieson, the financial statements of which are audited), provide the most accurate and relevant depiction of our business and affairs and are the most appropriate financial statements for the purposes of allowing investors to form a reasonable judgment regarding our Company and the Common Shares. Further, we believe that the financial statements in respect of which the relief is requested are not necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares.

Pursuant to an application made to the Ontario Securities Commission, as principal regulator, we have applied for exemptive relief from Item 32 of Form 41-101F1 as prescribed under NI 41-101, with respect to the historical financial statements of Jamieson Laboratories for the period from January 1, 2014 to January 31, 2014, being the period necessary to constitute our financial statement disclosure for the full third year prior to the date of the prospectus. As described in our financial statements included in this prospectus, in conjunction with the acquisition of Jamieson Laboratories by the CCMP Shareholder, our Company was incorporated on January 24, 2014 and on January 31, 2014, our wholly owned subsidiary, Intrepid Acquisition Corporation ("**Intrepid**"), acquired 100% of the shares of Jamieson Laboratories. On the same day, Intrepid and Jamieson Laboratories amalgamated with the resulting company, our wholly owned subsidiary, carrying on operations under the name Jamieson Laboratories Ltd. Our financial statements included in this prospectus are presented on a consolidated basis for Jamieson Wellness Inc. for periods after January 31, 2014. The exemption requested will be evidenced by the issuance of a receipt for our final prospectus. In the application, we made certain submissions including that our audited annual financial statements and our unaudited interim financial statements included in this prospectus incorporate Jamieson Laboratories' financial and operating results for a sufficiently substantial period of time and that the historical financial results for Jamieson Laboratories for the one month period from January 1, 2014 to January 31, 2014 are not necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

GLOSSARY

"**360 Pure**" has the meaning ascribed thereto under "*Our Business*";

"**Adjusted EBITDA**" has the meaning ascribed thereto under "*Non-IFRS Measures*";

"**Adjusted EBITDA Margin**" has the meaning ascribed thereto under "*Non-IFRS Measures*";

"**Adjusted EPS**" has the meaning ascribed thereto under "*Non-IFRS Measures*";

"**Adjusted Net Income**" has the meaning ascribed thereto under "*Non-IFRS Measures*";

"**Advance Notice Provisions**" has the meaning ascribed thereto under "*Description of Share Capital — Nomination of Directors*";

"**Audit Committee**" means the audit committee of our Company, as further described under the heading "*Directors and Management of our Company — Committees of our Board*";

"**Board**" means the board of directors of our Company;

"**BMO Capital Markets**" means BMO Nesbitt Burns Inc.;

"**Branded Business**" has the meaning ascribed thereto under "*Our Business*";

"**Body Plus**" means Body Plus Nutritional Products Inc.;

"**Body Plus and Sonoma Purchase Price**" has the meaning ascribed thereto under "*Material Contracts*";

"**Body Plus and Sonoma Share Purchase Agreement**" has the meaning ascribed thereto under "*Material Contracts*";

"**CAGR**" means compound annual growth rate;

"**CCMP**" has the meaning ascribed thereto on the cover page of this prospectus;

"**CCMP Shareholder**" has the meaning ascribed thereto on the cover page of this prospectus;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**CIBC**" means CIBC World Markets Inc.;

"**Closing**" means the closing of the Offering;

"**Closing Date**" means July 7, 2017, or such other date as we, the Selling Shareholders and the Underwriters may agree, but in any event no later than July 21, 2017;

"**Code of Conduct**" means the code of conduct of our Company, as further described under "*Directors and Management of our Company*";

"**Common Shares**" has the meaning ascribed thereto on the cover page of this prospectus;

"**Company**" means Jamieson Wellness Inc., as interpreted in the manner described under "*Meaning of Certain References*";

"**Credit Agreement**" has the meaning ascribed thereto under "*Description of Material Indebtedness — The Credit Agreement*";

"**Credit Facilities**" has the meaning ascribed thereto under "*Description of Material Indebtedness — The Credit Agreement*";

"**Credit Facility Guarantors**" has the meaning ascribed thereto under "*Description of Material Indebtedness — The Credit Agreement*";

"**Deferred Plans**" means TFSAs, RRSPs, DPSPs, RRIFs, RESPs and RDSPs;

"**Demand Registration**" has the meaning ascribed thereto under "*Agreements with Principal and Selling Shareholder*";

"**DPSP"** means deferred profit sharing plan;

"**Directors**" means the directors of our Company, and "**Director**" means any one of them;

"**DSUs"** means deferred share units;

"**EBITDA**" has the meaning ascribed thereto under "*Non-IFRS Measures*";

"**Euromonitor**" means Euromonitor International;

"**Finco PN**" has the meaning ascribed thereto under "*Principal and Selling Shareholder"*;

"**forward-looking information**" has the meaning ascribed thereto under "*Forward-Looking Information*";

"**Free Cash Flow**" has the meaning ascribed thereto under "*Non-IFRS Measures*";

"**Free Cash Flow Conversion**" has the meaning ascribed thereto under "*Non-IFRS Measures*";

"**G20**" member nations are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom and United States along with the European Union;

"**Governance, Compensation and Nominating Committee**" means the governance, compensation and nominating committee of our Company, as further described under "*Directors and Management of our Company — Committees of our Board*";

"**GRP**" means gross rating point;

"**Headlines**" means Headlines Promotions Inc.;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**Independent Director**" means a Director who is independent of our Company in accordance with applicable Canadian securities law;

"**International Nutrient**" means International Nutrient Technologies Limited;

"**Jamieson**" has the meaning ascribed thereto on the cover page of this prospectus;

"**Jamieson Laboratories**" means Jamieson Laboratories Ltd.;

"**Jamieson Scientific Advisory Board**" has the meaning ascribed thereto under "*Our Business*";

"**June 13 Term Sheet**" has the meaning ascribed thereto under "*Marketing Materials*";

"**June 29 Term Sheet**" has the meaning ascribed thereto under "*Marketing Materials*";

"**Lead Underwriters**" means BMO Capital Markets and RBC;

"**LVHS**" has the meaning ascribed thereto under "*Our Business — Growth Strategy — Robust Upside Potential — M&A Driven Growth Opportunities*";

"**Legacy Option Plan**" has the meaning ascribed thereto under "*Executive Compensation — Legacy Option Plan*";

"Long-Term Incentive Plan" has the meaning ascribed thereto under "*Executive Compensation — Compensation Risk*";

"**Majority Voting Policy**" has the meaning ascribed thereto under "*Directors and Management of Our Company — Majority Voting Policy*";

"**MD&A**" means management's discussion and analysis of financial condition and results of operations;

"**named executive officers**" means our named executive officers, as further described under "*Executive Compensation*";

"**Net Proceeds of the Treasury Offering**" has the meaning ascribed thereto under "*Use of Proceeds*";

"**NEOs**" means our named executive officers, as further described under "*Executive Compensation*";

"**NI 41-101**" means National Instrument 41-101 — *General Prospectus Requirements* as amended from time to time;

"**NI 52-110**" means National Instrument 52-110 — *Audit Committees of the Canadian Securities Administrators*, as amended from time to time;

"**Notice Date**" has the meaning ascribed thereto under "*Description of Share Capital — Nomination of Directors"*;

"**NPN**" has the meaning ascribed thereto under "*Regulatory Matters — Natural Health Product Regulations"*;

"**Offering**" has the meaning ascribed thereto on the cover page of this prospectus;

"**Offering Price**" has the meaning ascribed thereto on the cover page of this prospectus;

"**Options**" has the meaning ascribed thereto under "*Options to Purchase Shares*";

"**Over-Allotment Option**" has the meaning ascribed thereto on the cover page of this prospectus;

"**Pearl Meyer**" means Pearl Meyer & Partners, LLC;

"**Piggyback Registration**" has the meaning ascribed thereto under "*Agreements with Principal and Selling Shareholder*";

"**Pre-Closing Capital Changes**" has the meaning ascribed thereto under "*Description of Share Capital — Pre-Closing Capital Changes"*;

"**Pre-Closing Notes**" has the meaning ascribed thereto under "*Description of Share Capital — Pre-Closing Capital Changes"*;

"**R&D**" has the meaning ascribed thereto under "*Our Business*";

"**RBC**" means RBC Dominion Securities Inc.;

"**RDSP**" means registered disability savings plan;

"**Registration Rights Agreement**" has the meaning ascribed thereto under "*Agreements with Principal and Selling Shareholder*";

"**RESP**" means registered education savings plan;

"**Registrable Securities**" has the meaning ascribed thereto under "*Agreements with Principal and Selling Shareholder*";

"**Restricted Shares"** mean restricted Common Share;

"**Revolving Credit Facility**" has the meaning ascribed thereto under "*Description of Material Indebtedness — The Credit Agreement*";

"**RRIF**" means registered retirement income fund;

"**RRSP**" means registered retirement savings plan;

"**RSUs"** means restricted share units;

"**SARs"** means stock appreciation rights;

"**Scotia**" means Scotia Capital Inc.;

"**Secondary Offering**" has the meaning ascribed thereto on the cover page of this prospectus;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval at www.sedar.com;

"**Selling Shareholders**" has the meaning ascribed thereto on the cover page of this prospectus;

"**SG&A**" means sales, general, and administrative;

"**Shareholders**" means the holders of the Common Shares, and "**Shareholder**" means any one of them;

"**Sonoma**" means Sonoma Nutraceuticals Inc.;

"**Strategic Partners Business**" has the meaning ascribed thereto under "*Our Business*";

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder;

"**Tax Proposals**" has the meaning ascribed thereto under "*Eligibility for Investment*";

"**Term Loan Facility**" has the meaning ascribed thereto under "*Description of Material Indebtedness — The Credit Agreement*";

"**TFSA**" means tax-free savings account;

"**TGA**" means Therapeutic Goods Administration;

"**Treasury Offering**" has the meaning ascribed thereto on the cover page of this prospectus;

"**TSX**" has the meaning ascribed thereto on the cover page of this prospectus;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**Underwriters**" means, collectively, BMO Capital Markets, RBC, CIBC, Scotia, National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., and Cormark Securities Inc.;

"**Underwriting Agreement**" means the underwriting agreement among us, the Selling Shareholders and the Underwriters dated June 29, 2017, as further described under "*Plan of Distribution*";

"**United States**" has the meaning ascribed thereto in Regulation S under the U.S. Securities Act; and

"**VMS**" has the meaning ascribed thereto on the cover page of this prospectus.

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JAMIESON WELLNESS INC.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017 and 2016

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JAMIESON WELLNESS INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

In thousands of Canadian dollars as at

	Notes	March 31, 2017	December 31, 2016
Assets			
Current assets			
Cash		8,395	15,881
Accounts receivable	**4**	58,483	52,888
Inventories	**5**	55,404	36,417
Prepaid expenses and other current assets		2,228	1,787
		124,510	**106,973**
Non-current assets			
Property, plant and equipment		44,726	43,901
Goodwill		126,455	94,653
Intangible assets		206,674	157,888
Deferred income tax		2,318	1,764
Total Assets		**504,683**	**405,179**
Current liabilities			
Redeemable preferred shares		214,627	197,901
Accounts payable and accrued liabilities		70,045	51,077
Income taxes payable		2,917	2,688
Derivatives	**11**	78	92
Current portion of long-term debt	**7**	9,750	—
		297,417	**251,758**
Long-term liabilities			
Long-term debt	**7**	212,681	152,777
Note to Jamieson Finco LP	**6**	109,291	107,255
Post-retirement benefits		3,917	3,797
Deferred income tax		54,315	41,194
Total Liabilities		**677,621**	**556,781**
Shareholders' equity (deficiency)			
Share capital	**8**	400	400
Contributed surplus		2,903	2,598
Deficit		(175,375)	(153,724)
Accumulated other comprehensive income (loss)		(866)	(876)
Total Shareholders' equity (deficiency)		**(172,938)**	**(151,602)**
Total Liabilities and Shareholders' equity (deficiency)		**504,683**	**405,179**
Subsequent events	**15**		

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

Approved on behalf of the Board:

(Signed) Richard Zannino
Director

(Signed) Joseph Scharfenberger
Director

JAMIESON WELLNESS INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars, except share and per share amounts, for the three months ended March 31,

	Notes	2017	2016
Revenue	**12**	64,901	60,357
Cost of sales		42,692	42,113
Selling, general and administrative expenses		13,441	13,048
Share-based compensation		746	1,233
Earnings from operations		8,022	3,963
Foreign exchange (gain) loss		232	93
Termination benefits and related costs		2,499	609
Acquisition costs	**3**	1,857	—
Other expenses		1,934	8
Preferred share accretion	**8**	15,385	14,392
Interest expense and other financing costs	**10**	8,312	5,787
Income (loss) before income taxes		(22,197)	(16,926)
Provision for (recovery of) income taxes		(546)	(346)
Net income (loss)		**(21,651)**	**(16,580)**
Net movement on cash flow hedges that may be reclassified subsequently to net income (loss)	**11**	14	(4,001)
Income tax		(4)	1,040
Net of tax		10	(2,961)
Total other comprehensive (loss) income		**10**	**(2,961)**
Comprehensive income (loss)		**(21,641)**	**(19,541)**
Earnings per share attributable to common shareholders:	**13**		
Basic, loss per share		**(866.04)**	(663.20)
Diluted, loss per share		**(866.04)**	(663.20)
Weighted average number of shares	**13**		
Basic		**25,000**	25,000
Diluted		**25,000**	25,000

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

JAMIESON WELLNESS INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

In thousands of Canadian dollars

	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive (loss) income	Total Shareholders' equity (deficiency)
As at December 31, 2016	**400**	**2,598**	**(153,724)**	**(876)**	**(151,602)**
Net (loss) for the period	—	**—**	(21,651)	**—**	(21,651)
Other comprehensive income	—	**—**	—	10	10
Share-based compensation (Note 6)	—	305	—	—	305
As at March 31, 2017	**400**	**2,903**	**(175,375)**	**(866)**	**(172,938)**

	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive (loss) income	Total Shareholders' equity (deficiency)
As at December 31, 2015	400	1,315	(128,558)	1,751	(125,092)
Net (loss) for the period	—	—	(16,580)	—	(16,580)
Other comprehensive income	—	—	—	(2,961)	(2,961)
Share-based compensation (Note 6)	—	321	—	—	321
As at March 31, 2016	400	1,636	(145,138)	(1,210)	(144,312)

JAMIESON WELLNESS INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars, for the three months ended March 31,

	Notes	March 31, 2017	March 31, 2016
Cash provided by (used in)			
Operating activities			
Net income (loss)		(21,651)	(16,580)
Items not affecting cash			
Depreciation of property, plant, and equipment		1,271	1,220
Amortization of intangible assets		834	807
Amortization of fair value adjustments		565	—
Amortization of deferred financing fees		3,320	243
Deferred income taxes		(1,011)	(1,446)
Accrued interest	**6**	2,036	2,035
Share-based compensation		746	1,233
Former shareholder consideration reclassified as compensation expense	**3**	1,476	—
Preferred share accretion	**8**	15,385	14,392
Derivatives		10	(2,960)
Others		100	97
Net change in non-cash working capital		855	1,197
		3,936	**238**
Investing activities			
Acquisition of businesses	**3**	(82,142)	—
Additions to property, plant and equipment, net		(704)	(892)
		(82,846)	**(892)**
Financing activities			
Proceeds from revolving credit facility		42,750	1,000
Proceeds from term credit facility		29,314	—
Issuance of redeemable preferred shares	**8**	1,341	—
Financing charges	**7**	(5,801)	—
		67,604	**1,000**
Increase (decrease) in cash		**(11,306)**	**346**
Cash — Beginning of the period		**19,701**	**2,325**
Cash — End of the period		**8,395**	**2,671**
Supplemental disclosure			
Amount of income taxes paid		2,573	65
Amount of interest paid		5,173	3,586

(see the accompanying notes to the consolidated financial statements)

1. COMPANY OVERVIEW

1.1 Description of the business and consolidated financial statements

Jamieson Intermediate Holdings Ltd. ("Jamieson" or the "Company") was incorporated on January 24, 2014. On January 31, 2014, the Company's wholly owned subsidiary, Intrepid Acquisition Corporation ("Intrepid") acquired 100% of the shares of Jamieson Laboratories Ltd. On the same day, Intrepid and Jamieson Laboratories Ltd. amalgamated with the resulting company carrying on operations under the name Jamieson Laboratories Ltd. ("JLL").

The condensed consolidated interim financial statements of Jamieson and its subsidiaries for the three months ended March 31, 2017 were authorized for issue by the Board of Directors of the Company on June 29, 2017. Jamieson is a company incorporated under the *Business Corporations Act* (British Columbia) and resident in Canada whose majority shareholder is Jamieson Intermediate Holdings S.à r.l. ("CCMP"). Jamieson's registered office is located at 550 Burard Street, Suite 2900, Vancouver, B.C., V6C 0A3. On May 4, 2017, the Company's name was changed to Jamieson Wellness Inc.

The Company has manufacturing facilities located in Windsor, Ontario and in Toronto, Ontario and is principally engaged in the development, sales, marketing and distribution of branded and private label 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. Subsidiaries were incorporated in Canada and Canada is their principal place of operations.

As at Entity	March 31, 2017 %	December 31, 2016 %
Jamieson Laboratories Ltd.	**100**	100
International Nutrient Technologies Limited	**100**	100
Body Plus Nutritional Products Inc.	**100**	**—**
Sonoma Nutraceuticals Inc.	**100**	**—**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and statement of compliance

The unaudited condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the December 31, 2016, annual financial statements. The Interim Financial Statements have been prepared using the same accounting policies as disclosed in the December 31, 2016, annual financial statements and there have been no changes to the Company's significant accounting policies. The Interim Financial Statements are presented in Canadian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated.

3. BUSINESS COMBINATIONS

On January 31, 2017, Jamieson acquired 100% of the outstanding shares of Body Plus Nutritional Products Inc. ("Body Plus") and Sonoma Nutraceuticals Inc. ("Sonoma"), and Body Plus and Sonoma became wholly owned subsidiaries of Jamieson.

Consideration for the acquisition totalled $91,000, plus acquisition costs of $2,646 which were recognized in the consolidated statement of operations and comprehensive income (loss) of the Company for the three months ended March 31, 2017, except for approximately $789 of the acquisition costs which the Company recognized during the year ended December 31, 2016. The purchase price was funded with cash of $82,142. An additional $1,358 was set aside to be paid as a retention bonus to key employees of Body Plus and Sonoma, subject to these individuals remaining employed for 12 months following the closing of the acquisition. Further, pursuant to a consulting agreement entered into between JLL and the former owner, if the consulting relationship continues for 12 months following the closing of the acquisition, the former owner is entitled to an additional $7,500 payment from JLL. The deferred compensation of $8,858 comprised of the retention bonus and the amount payable in accordance with the consulting agreement, in accordance with IFRS 3 "Business Combination" and have been accounted for as deferred compensation and the Company has recognized $1,464 in the other expense line on the condensed consolidated interim statements of operations and comprehensive income (loss).

Body Plus markets and distributes premium quality sports nutrition products under the Progressive, Precision and Iron Vegan brands. Sonoma manufactures and distributes sports nutrition products, supplements and also provides contract manufacturing services.

3. BUSINESS COMBINATIONS (Continued)

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

	Body Plus and Sonoma $
Accounts receivable	5,731
Inventories	13,909
Prepaid expenses and other current assets	291
Accounts payable and accrued liabilities	(4,203)
Property, plant and equipment	1,491
Goodwill	31,802
Intangible assets	49,500
Income taxes payable	(2,801)
Deferred income tax liability	(13,578)
Total net assets acquired	**82,142**

The determination of the fair value of assets acquired and liabilities assumed has been based upon management's preliminary estimates and certain assumptions with respect to the fair values of the net assets acquired and liabilities assumed except for deferred taxes, which are based on the full amount required under IAS 12 and are expected to be finalized within one year of acquisition.

The fair value of intangible assets acquired is comprised of $44,800 of trade names and $4,700 of customer relationships.

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 (loss) on a straight-line basis over their estimated useful lives as follows:

Customer relationships	30 years

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

The preliminary goodwill represents the future economic benefit arising from other assets acquired in the acquisition that are not individually identifiable and separately recognized. The preliminary goodwill arising from the acquisition of $31,802 is attributable to expected future income and cash-flow projections and synergies the Company expects to achieve in combining the acquisition into its operations. Preliminary goodwill is allocated between the fair value of the assembled workforce and the residual value.

Indefinite life intangibles including goodwill and 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.

4. ACCOUNTS RECEIVABLE

As at	March 31, 2017 $	December 31, 2016 $
Trade	**56,348**	52,279
Other miscellaneous receivables	**2,940**	1,364
Allowance for doubtful accounts	**(805)**	(755)
	58,483	52,888

The Company maintains an allowance for doubtful accounts that represents its estimate of the uncollectible amounts based on specific losses estimated on individual exposures and provision based on historical experience.

5. INVENTORIES

As at	March 31, 2017 $	December 31, 2016 $
Raw material and packaging	**22,328**	12,455
Bulk product and work in process	**9,584**	8,086
Packaged finished goods	**26,235**	18,047
Inventory provision	**(2,743)**	(2,171)
	55,404	36,417

An inventory provision is estimated by management based on historical sales, inventory aging and expiry, point of sales information 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 (loss).

6. 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.

Amounts included in due to/from related parties are presented on a net basis on the condensed consolidated interim statements of financial position as follows:

(i) Due to Jamieson Finco LP ("Finco")

On January 30, 2014, Finco subscribed for 150,000 common shares in the capital of the Company for proceeds of $83,501. On February 1, 2014, the Company repurchased the common shares it issued to Finco on January 30, 2014 in exchange for a note in the amount of $83,501. The proceeds of the subscription were used by the Company to fund a portion of its acquisition of JLL.

The balance of the note as at March 31, 2017 was $109,291 (2016 — $107,255) including accrued interest of $25,790 (2016 — $23,754). The term of the note is seven years and bears an interest rate of 9.75%.

(ii) Share-based compensation

The Company offers its employees a share-based compensation plan, whereby certain employees receive options to purchase shares of the Company in the event certain conditions are achieved. Please refer to Note 9 for details of the share-based compensation awards. The expense recognized for employee services received related to the share-based compensation plan for the three months ended March 31, 2017 is $305 (2016 — $321), and is classified as contributed surplus on the Company's consolidated statements of financial position.

7. LONG-TERM DEBT

As at	March 31, 2017 $	December 31, 2016 $
Revolving credit facility[(i)(ii)]	**33,000**	—
Term credit facility[(i)(iii)]	**195,000**	155,936
Deferred financing fees	**(5,569)**	(3,159)
	222,431	152,777
Less: Current portion	**(9,750)**	—
	212,681	152,777

(i) On January 31, 2017, JLL extinguished its existing credit facilities with CPPIB (see ii) and Wells Fargo (see iii) and entered into a term loan and revolving credit facility agreement with a syndicate of lenders. The agreement provides a secured term credit facility of $195,000 and a revolving credit facility of $75,000 (including a $10,000 swingline facility) (collectively, the "Credit Facilities"). Financing costs of $4,265 and $1,536 were incurred as part of the issuance of the term credit facility and revolving credit facility,

7. LONG-TERM DEBT (Continued)

respectively. Additionally, the Company expensed the remaining unamortized deferred financing fees of $2,340 related to the CPPIB credit facility and $819 related to the Wells Fargo credit facility.

As at March 31, 2017, the weighted average interest rate on this facility was 4.5%.

For the three month period ended March 31, 2017 JLL made debt repayments of $10,000 applied against the revolving credit facility.

The Credit Facilities are secured by a general security agreement and first charge over the assets including property, plant and equipment of JLL and its subsidiaries, subject to permitted liens.

Under the terms of the Credit Facilities, JLL and its subsidiaries are subject to certain covenants (including financial covenants). JLL and its subsidiaries must maintain an interest coverage ratio of not less than 3.00:1.00 and a leverage ratio less than the following:

Fiscal Quarter	Ratio:
Leverage Ratio	
January 31, 2017 to fiscal quarter ending on or before September 30, 2017	5:45:1.00
Fiscal quarters ending on or after December 31, 2017 to fiscal quarter ending September 30, 2018	4.75:1.00
Fiscal quarters ending on or after December 31, 2018	4.05:1.00
Notwithstanding the foregoing, commencing the first fiscal quarter after closing of an IPO, the Leverage Ratio, on a consolidated basis, must be at all times not greater than 4.05:1.00.	
Interest Coverage Ratio	
Not less than	3.00:1.00

JLL is in compliance with all covenants as at the date of these Interim Financial Statements.

(ii) On January 31, 2014, JLL entered into a second lien term loan agreement with CPPIB Credit Investments Inc. (“CPPIB”). The agreement provided a secure term credit facility of $150,000. On June 12, 2014, JLL amended the term facility to provide an additional $15,000 in committed funds. The term facility was to mature on January 31, 2021, with the outstanding principal amount repayable in full on this date.

Interest on borrowings under this facility accrued based on Canadian Banker’s Acceptance (“BA”) plus an applicable margin of 7.14% with a BA floor of 1.25%. As at March 31, 2016, the weighted average interest rate on this facility was 8.39%.

The term credit facility required an annual repayment based on a percentage of excess cash flow. For the three month period ended March 31, 2016 JLL made debt repayments of $nil.

The term facility was secured by a collateral agreement and second charge over the assets including property, plant and equipment of JLL.

On January 31, 2017, JLL extinguished its term loan with CPPIB and entered into a term loan agreement with a syndicate of lenders (see Note 7.i).

(iii) On January 31, 2014, JLL entered into a credit agreement with Wells Fargo Capital Finance Corporation (“Wells Fargo”). The agreement provided a revolving credit facility of $45,000. The revolving facility was to mature on January 31, 2019, with the outstanding principal amount repayable in full on this date. As at December 31, 2016, JLL had no amounts outstanding and the entire $45,000 revolving credit facility was available to draw upon.

Interest on borrowings under this facility accrued based on BA plus an applicable margin of 2.5% with a BA floor of 1.25%. As at March 31, 2016, the weighted average interest rate on this facility was 3.9%.

The revolving facility was collateralized with first charge over the assets including property, plant and equipment of JLL.

Under the terms of the revolving and term credit facilities, JLL was subject to restrictive covenants and was required to maintain a leverage ratio less than 6.2:1 as at December 31, 2016. JLL was in compliance with all covenants of the credit agreement at December 31, 2016.

On January 31, 2017, JLL extinguished its revolving credit facility with Well Fargo and entered into a revolving credit facility agreement with a syndicate of lenders (see Note 7.i).

8. SHARE CAPITAL AND REDEEMABLE PREFERRED SHARES

	Common Shares		Preferred Shares	
	#	$	#	$
As at December 31, 2016	**25,000**	**400**	**1,024,235**	**197,901**
Issued during the period	—	—	4,644	1,391
Repurchased during the period	—	—	(346)	(50)
Preferred share accretion during the period	—	—	—	15,385
As at March 31, 2017	**25,000**	**400**	**1,028,533**	**214,627**

	Common Shares		Preferred Shares	
	#	$	#	$
As at December 31, 2015	25,000	400	1,024,553	167,467
Preferred share accretion during the period	—	—	—	14,392
As at March 31, 2016	25,000	400	1,024,553	181,859

The authorized share capital consists of:

a) Unlimited number of common shares with no par value.

b) Unlimited number of class A common shares with no par value.

c) Unlimited number of convertible and redeemable preferred shares, voting, with a cumulative dividend accruing at 4.5% annually as and when declared. Retractable by the holder and redeemable by Company at an amount that is the greater of: a) the original purchase price plus any declared but unpaid dividends and b) the as-if converted value (convertible 1:1 for common shares subject to adjustment for declared and unpaid dividends). Upon conversion, the shareholders have agreed that prior to receiving common shares the preferred shareholder who is converting will receive the cumulative dividend plus a return of capital in the amount paid by an investor for the preferred shares less the value, at the time of the issuance of the preferred shares, of the common shares issuable upon conversion of those preferred shares (the "Return of Capital Right"). Excluding special repurchase options on shares issued as deferred compensation. Subsequent to year end the Company filed an application to clarify the Return of Capital Right, refer to Note 15 for details.

Redeemable preferred shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the consolidated statements of financial position.

9. SHARE-BASED COMPENSATION

Senior employees and directors plan

The Company has a share option plan for senior employees and directors of the Company and its subsidiaries for the purchase of class A common shares of Jamieson, with a maximum 122,454 of such shares reserved for issuance as at March 31, 2017 (December 31, 2016 — 122,598). Options are granted with an exercise price equal to or greater than the fair value of the shares into which they may be converted.

Service based options vest at a rate of 50% on each of the third and fourth anniversary from the beginning of the vesting period or 100% upon sale of the Company. Performance based options vest upon the achievement by the CCMP Shareholder of certain targeted returns on a partial or full sale by the CCMP Shareholder of its equity in our Company. Options expire no later than the 10th anniversary of the beginning of the vesting period or upon termination of employment.

10. INTEREST EXPENSE AND OTHER FINANCING COSTS

For the three month period ended	March 31, 2017 $	March 31, 2016 $
Interest on debt and borrowings	**2,956**	3,163
Interest on note to Finco	**2,036**	2,035
Imputed interest on due to shareholder	**—**	346
Amortization of deferred financing fees (Note 7)	**3,320**	243
	8,312	5,787

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Financial instruments

Fair value measurement

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges for forecast purchases and sales in US$ and have been classified as Level 2 in the fair value hierarchy. Derivatives not designated in a formal hedging relationship are classified as fair value through profit or loss and classified as Level 2 in the fair value hierarchy. Net gains and losses on financial instruments held for trading consist of realized and unrealized gains and losses on derivatives that were de-designated or were otherwise not in a formal hedging relationship. The fair values and notional amounts of derivative financial instruments shown below are as at:

	March 31, 2017			December 31, 2016		
	Notional Amount $USD	Fair Value Asset $	Fair Value Liability $	Notional Amount $USD	Fair Value Asset $	Fair Value Liability $
Foreign currency forward contract designated as hedging instruments	**12,800**	**—**	**(78)**	24,000	—	(92)

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the consolidated statements of operations and comprehensive income (loss).

The fair values of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding long-term debt and note to Finco) approximate their carrying value due to their short-term nature and have been classified as Level 2 in the fair value hierarchy.

The carrying value of long-term debt and note to Finco as at March 31, 2017 and December 31, 2016 approximates their fair value. The fair value of the Company's long-term debt was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair value of long-term debt is considered a Level 2 fair value measurement.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. Redeemable preferred shares was the only instrument recorded as Level 3 as the liability was not based on observable inputs. The fair value of the redeemable preferred shares is determined to be the greater of a) the original purchase price plus any unpaid declared dividends, and b) the as-if converted value, and was calculated using a market multiple approach based on trailing twelve months EBITDA, utilizing an EBITDA multiple of 10.1x (December 31, 2016 — 10.1x).

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

The following table demonstrates the sensitivity to a reasonably possible change to the EBITDA multiple, with all other variables held constant, of the Company's net income (loss) before taxes (due to changes in the fair value of the preferred share liability).

	For the three month period ended March 31,	
	Change in EBITDA multiple	Effect on income (loss) before tax $
2017	**1x**	**49,452**
2016	1x	40,794

The Company recorded a charge of $15,385 on the consolidated statement of comprehensive income (loss) related to the change in fair value of the redeemable preferred shares for the three month period ended March 31, 2017 (2016 — $14,392).

For the three month period ended March 31, 2017 and the year ended December 31, 2016 there were no transfers between levels.

Financial instrument risk management objectives and policies

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

Credit risk

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

The Company is also exposed to counterparty credit risk inherent in its financing activities, trade receivable insurance and foreign currency 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 US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposure. As of March 31, 2017, $24,672 (December 31, 2016 — $32,257) of anticipated foreign currency denominated sales and purchases have been hedged with underlying foreign exchange forward contracts settling at various dates in the year preceding the consolidated statement of financial position date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's 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.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

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 income (loss) before taxes:

As at,	Increase/decrease in basis points +/−	Effect on profit before tax $
March 31, 2017	**100**	**463**
December 31, 2016	100	920

Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect net income (loss), 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 redeemable preferred shares, accounts payable and accrued liabilities, various long-term debt agreements, obligations under its post-retirement benefits plan and operating lease commitments.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also 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.

The contractual undiscounted principal cash flows payable in respect of financial liabilities excluding redeemable preferred shares as at the consolidated statement of financial position date, were as follows:

As at	March 31, 2017 $	December 31, 2016 $
Amounts payable in more than 12 months	**331,458**	266,988
Amounts payable in less than 12 months	**79,795**	51,077
	411,253	318,065

The Company has incurred operating losses and has a working capital deficiency primarily resulting from redeemable preferred shares issued to CCMP. The Company has obtained confirmation from CCMP that it would not require the Company to redeem its redeemable preferred shares in the next 12 months.

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's 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 senior debt, credit facilities, and equity, the Company uses leases as additional sources of financing.

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

12. SEGMENT INFORMATION

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

- The Jamieson Brands segment principal activity is the manufacturing, distribution and marketing of branded natural health products including vitamins, minerals and supplements; and
- The Strategic Partners Business segment 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 before the following, as reported to internal management, on a periodic basis.

Inter-segment revenues and expenses are eliminated upon consolidation and reflected in the 'Eliminations' column. Inter-segment revenues relate mainly to sales from the Strategic Partners Business segment to the Jamieson Brands segment. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	For the three month period ended March 31, 2017			
	Jamieson Brands $	**Strategic Partners $**	**Eliminations $**	**Total $**
Revenue	**52,920**	**20,565**	**(8,584)**	**64,901**
Earnings from operations	**6,633**	**1,389**	**—**	**8,022**
Foreign exchange loss				**232**
Termination benefits and related costs				**2,499**
Acquisition costs				**1,857**
Other expense				**1,934**
Preferred share accretion				**15,385**
Interest expense and other financing costs				**8,312**
Provision for (recovery of) income taxes				**(546)**
Net loss				**(21,651)**

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

	For the three month period ended March 31, 2016			
	Jamieson Brands $	**Strategic Partners $**	**Eliminations $**	**Total $**
Revenue	44,402	21,307	(5,352)	60,357
Earnings from operations	2,930	1,033	—	3,963
Foreign exchange loss				93
Termination benefits and related costs				609
Other expense				8
Preferred share accretion				14,392
Interest expense and other financing costs				5,787
Provision for (recovery of) income taxes				(346)
Net loss				(16,580)

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

12. SEGMENT INFORMATION (Continued)

Geographic information

Net income earned outside of Canada for the three months ended March 31, 2017 and 2016 represents an insignificant portion of total net income.

Information about major customers

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

Three months ended March 31,	Revenues 2017 $	Revenues 2016 $
Customer 1	**20.9%**	20.6%
Customer 2	**10.3%**	13.1%
Customer 3	**9.9%**	10.0%
	41.1%	43.7%

The revenue concentration noted mirrors the consolidated nature of the retail grocery landscape in Canada. 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 in excess of 10% of total sales.

13. EARNINGS PER SHARE

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

Diluted earnings (loss) per share amounts are calculated by dividing the net earnings (loss) 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 preferred shares and share options.

The following table sets forth the calculation of basic and diluted earnings (loss) per share ("EPS"):

	2017			2016		
Three months ended March 31,	Net income (loss)	Weighted average number of shares	EPS $	Net income (loss)	Weighted average number of shares	EPS $
Basic						
Continuing operations	**(21,651)**	**25,000**	**(866.04)**	(16,580)	25,000	(663.20)
Diluted						
Continuing operations	**(21,651)**	**25,000**	**(866.04)**	(16,580)	25,000	(663.20)

Excludes the effect of approximately 122,454 (March 31, 2016 — 122,598) options and 1,028,533 (March 31, 2016 — 1,024,553) preferred shares that are anti-dilutive.

14. FUTURE ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of these financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

IFRS 9 "Financial Instruments: Classification and Measurement"

In 2013, the IASB issued amendments to IFRS 9, "Financial Instruments" ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities,

14. FUTURE ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers"

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

IFRS 16, "Leases"

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

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its Interim Financial Statements.

15. EVENTS AFTER THE REPORTING PERIOD

On May 4, 2017, the Company filed articles of amendment to change its name to "Jamieson Wellness Inc.".

On June 8, 2017, the Supreme Court in British Columbia (the Company's governing jurisdiction) granted an order to amend and rectify certain language in the articles of the Company and to create 22 separate classes of preferred shares. The purpose of the order was to clarify the Return of Capital Right of preferred shareholders and to facilitate the payment of a cumulative 4.5% dividend upon declaration prior to the conversion of preferred shares into common shares. The amended articles will be considered in the accounting for the preferred shares on a prospective basis.

Prior to the end of the second quarter of 2017, the Company intends to effect certain amendments that are expected to result in the outstanding options being exercisable for common shares of the Company, rather than class A common shares of the Company. The terms of the Company's common shares and class A common shares are identical.

JAMIESON WELLNESS INC.

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Jamieson Wellness Inc.

We have audited the accompanying consolidated financial statements of Jamieson Wellness Inc., which comprise the consolidated statements of financial position as at December 31, 2016, 2015 and 2014, and the consolidated statements of operations and comprehensive income (loss), changes in equity (deficiency) and cash flows for the years ended December 31, 2016, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Jamieson Wellness Inc. as at December 31, 2016, 2015 and 2014 and its financial performance and its cash flows for the years ended December 31, 2016, 2015 and 2014 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Toronto, Canada
June 29, 2017

Chartered Professional Accountants,
Licensed Public Accountants

JAMIESON WELLNESS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
In thousands of Canadian dollars as at December 31,

	Notes	2016	2015	2014
Assets				
Current assets				
Cash	**5**	15,881	2,325	6,850
Accounts receivable	**6**	52,888	53,991	45,103
Inventories	**7**	36,417	40,842	42,503
Prepaid expenses and other current assets		1,787	931	784
Derivatives	**19**	—	3,200	319
Income taxes recoverable		—	—	1,221
		106,973	**101,289**	**96,780**
Non-current assets				
Property, plant and equipment	**8**	43,901	43,551	42,718
Goodwill	**9**	94,653	94,653	94,653
Intangible assets	**9, 10**	157,888	161,118	164,348
Deferred income tax	**15**	1,764	3,256	5,007
Total Assets		**405,179**	**403,867**	**403,506**
Current liabilities				
Redeemable preferred shares	**16**	197,901	167,467	73,447
Accounts payable and accrued liabilities	**11**	51,077	51,484	45,202
Income taxes payable		2,688	61	50
Derivatives	**19**	92	—	—
Current portion of long-term debt	**13**	—	13,358	10,100
		251,758	**232,370**	**128,799**
Long-term liabilities				
Long-term debt	**13**	152,777	151,810	172,207
Note to Jamieson Finco LP	**12**	107,255	99,105	90,963
Post-retirement benefits	**14**	3,797	3,140	2,947
Deferred income tax	**15**	41,194	42,534	41,636
Total Liabilities		**556,781**	**528,959**	**436,552**
Shareholders' equity (deficiency)				
Share capital	**16**	400	400	400
Contributed surplus	**17**	2,598	1,315	314
Deficit		(153,724)	(128,558)	(33,176)
Accumulated other comprehensive income (loss)		(876)	1,751	(584)
Total Shareholders' equity (deficiency)		**(151,602)**	**(125,092)**	**(33,046)**
Total Liabilities and Shareholders' equity (deficiency)		**405,179**	**403,867**	**403,506**
Commitements and contingencies	**20**			
Subsequent events	**24**			

(see the accompanying notes to the consolidated financial statements)

(Signed) Richard Zannino
Director

(Signed) Joseph Scharfenberger
Director

JAMIESON WELLNESS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars, except share and per share amounts, for the years ended December 31,

	Notes	2016	2015	2014
Revenue	**21**	248,331	230,865	193,218
Cost of sales		167,519	152,966	141,565
Selling, general and administrative expenses		44,837	45,867	36,887
Share-based compensation	**17**	4,934	6,505	4,078
Earnings from operations		31,041	25,527	10,688
Foreign exchange (gain) loss		(192)	(915)	35
Termination benefits and related costs	**11**	1,420	1,959	3,435
Change in value of derivatives	**19**	—	—	(853)
Acquisition costs	**4**	789	—	7,649
Other (income) expense	**20**	(2,876)	634	(50)
Preferred share accretion	**16**	30,434	93,420	15,030
Interest expense and other financing costs	**18**	22,926	23,867	21,804
Income (loss) before income taxes		(21,460)	(93,438)	(36,362)
Provision for (recovery of) income taxes	**15**	3,706	1,944	(3,186)
Net income (loss)		**(25,166)**	**(95,382)**	**(33,176)**
Other comprehensive income (loss)				
Actuarial loss not reclassified to net income (loss)	**14**	(234)	(73)	(781)
Income tax		60	18	197
Net of tax		**(174)**	**(55)**	**(584)**
Net movement on cash flow hedges that may be reclassified subsequently to net income (loss)	**19**	(3,292)	3,200	—
Income tax		839	(810)	—
Net of tax		(2,453)	2,390	—
Total other comprehensive (loss) income		**(2,627)**	**2,335**	**(584)**
Comprehensive income (loss)		**(27,793)**	**(93,047)**	**(33,760)**
Earnings per share attributable to common shareholders:	**22**			
Basic, loss per share		**(1,006.64)**	**(3,815.28)**	**(2,317.56)**
Diluted, loss per share		**(1,006.64)**	**(3,815.28)**	**(2,317.56)**
Weighted average number of shares	**22**			
Basic		**25,000**	**25,000**	**14,315**
Diluted		**25,000**	**25,000**	**14,315**

JAMIESON WELLNESS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

In thousands of Canadian dollars

	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive (loss) income	Total Shareholders' equity (deficiency)
As at January 1, 2014	—	—	—	—	—
Issuance of treasury shares	141,318	—	—	—	141,318
Repurchase of common shares	(83,500)	—	—	—	(83,500)
Exchange of common shares for preferred shares	(57,418)	—	—	—	(57,418)
Net (loss) for the year	—	—	(33,176)	—	(33,176)
Other comprehensive (loss)	—	—	—	(584)	(584)
Share-based compensation (Note 17)	—	314	—	—	314
As at December 31, 2014	**400**	**314**	**(33,176)**	**(584)**	**(33,046)**
Net (loss) for the year	—	—	(95,382)	—	(95,382)
Other comprehensive income	—	—	—	2,335	2,335
Share-based compensation (Note 17)	—	1,001	—	—	1,001
As at December 31, 2015	**400**	**1,315**	**(128,558)**	**1,751**	**(125,092)**
Net income for the year	—	—	(25,166)	—	(25,166)
Other comprehensive (loss)	—	—	—	(2,627)	(2,627)
Share-based compensation (Note 17)	—	1,283	—	—	1,283
As at December 31, 2016	**400**	**2,598**	**(153,724)**	**(876)**	**(151,602)**

JAMIESON WELLNESS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars, for the years ended December 31,

	Notes	2016	2015	2014
Cash provided by (used in)				
Operating activities				
Net income (loss)		(25,166)	(95,382)	(33,176)
Items not affecting cash				
Depreciation of property, plant, and equipment		4,316	4,030	3,650
Amortization of intangible assets		3,230	3,230	2,861
Amortization of fair value adjustments		—	1,019	9,126
Amortization of deferred financing fees		967	967	887
Deferred income taxes		1,052	1,857	(4,186)
Accrued interest	**12**	8,150	8,142	7,462
Share-based compensation		4,934	6,505	4,078
Gain on settlement of deferred purchase consideration	**20**	(2,866)	—	—
Loss on sale of property, plant and equipment		44	7	101
Net gain on settlement of defined benefit plan		—	—	(386)
Preferred share accretion	**16**	30,434	93,420	15,030
Post-retirement benefit expense	**14**	423	120	(1,712)
Net change in non-cash working capital		3,491	(5,906)	6,112
		29,009	**18,009**	**9,847**
Investing activities				
Acquisition of businesses	**4**	—	—	(322,813)
Additions to property, plant and equipment, net		(4,710)	(4,870)	(1,947)
		(4,710)	**(4,870)**	**(324,760)**
Financing activities				
Proceeds from (repayment of) revolving credit facility		—	(13,000)	11,025
Proceeds from (repayment of) term credit facility		(5,743)	(3,321)	165,000
Issuance of redeemable preferred shares	**16**	—	600	1,000
Issuance of common shares	**16**	—	—	141,318
Deferred financing charges		—	—	(5,980)
(Payment to) advance from former shareholder of JLL	**20**	(5,000)	(1,943)	9,400
		(10,743)	**(17,664)**	**321,763**
Increase (decrease) in cash		**13,556**	**(4,525)**	**6,850**
Cash — Beginning of year		**2,325**	**6,850**	**—**
Cash — End of year		**15,881**	**2,325**	**6,850**
Supplemental disclosure				
Amount of income taxes (recovered) paid		59	(1,138)	1,553
Amount of interest paid		13,845	14,743	9,172

(see the accompanying notes to the consolidated financial statements)

1. COMPANY OVERVIEW

1.1 Description of the business and consolidated financial statements

Jamieson Intermediate Holdings Ltd. ("Jamieson" or the "Company") was incorporated on January 24, 2014. On January 31, 2014, the Company's wholly owned subsidiary, Intrepid Acquisition Corporation ("Intrepid") acquired 100% of the shares of Jamieson Laboratories Ltd. On the same day, Intrepid and Jamieson Laboratories Ltd. amalgamated with the resulting company carrying on operations under the name Jamieson Laboratories Ltd. ("JLL"). Refer to Note 4 for further details.

The consolidated financial statements of Jamieson and its subsidiaries for the year ended December 31, 2016 were authorized for issue by the Board of Directors of the Company on June 29, 2017. Jamieson is a company incorporated under the Business Corporations Act (British Columbia) and resident in Canada whose majority shareholder is Jamieson Intermediate Holdings S.à r.l. ("CCMP"). Jamieson's registered office is located at 550 Burard Street, Suite 2900, Vancouver, B.C., V6C 0A3. Subsequent to year end, the Company's name was changed to Jamieson Wellness Inc.

The Company has manufacturing facilities located in Windsor, Ontario and is principally engaged in the development, sales, marketing and distribution of branded and private label 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. Subsidiaries were incorporated in Canada and Canada is their principal place of operations. During 2015 Windsor Research Laboratories was amalgamated with JLL.

As at December 31, Entity	2016 %	2015 %	2014 %
Jamieson Laboratories Ltd.	**100**	100	100
International Nutrient Technologies Limited	**100**	100	100
Windsor Research Laboratories Inc.	**—**	—	100

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and statement of compliance

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

The consolidated financial statements have been prepared on a historical cost basis, except for certain derivative financial instruments and liabilities associated with share-based compensation and defined benefit plans 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 when otherwise indicated.

2.2 Basis of consolidation

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The Company's voting rights and potential voting rights

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

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

2.3 Summary of significant accounting policies

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

2.3.1 Business combinations and goodwill

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

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 (loss).

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 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 statement 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.3.3 Fair value measurement

The Company measures financial instruments, such as derivatives, at fair value at each consolidated statement 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, 9 and 16
- Quantitative disclosures of fair value measurement hierarchy Note 19
- Financial instruments (including those carried at amortized cost) Notes 13 and 19

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

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

Fair value is defined as the price at which an asset or liability could be exchanged in a current transaction between knowledgeable, willing parties, other than in a forced or liquidation sale. 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2.3.4 Revenue recognition

The majority of the Company's revenue is derived from the sale of Jamieson branded products to distributors, retail and wholesale customers, as well as providing contract manufacturing services and the sale of product to strategic partners. The Company recognizes revenue from product sales at the fair value of the consideration received or receivable, net of estimated returns and an estimate of sales incentives provided to customers excluding taxes or duty. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, the Company has satisfied its performance obligations under the arrangement, and has no ongoing involvement with the sold product. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include rebate and promotional programs provided to the Company's customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. 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.

A portion of the Company's revenues derived from contract manufacturing services provided to customers in its Strategic Partners Business 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.

A provision for returns and sales provisions is recognized at the time the product is sold and recognized as a reduction to revenue.

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. All subsidiaries' functional currency is the Canadian dollar.

Transactions and balances

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

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

Differences arising on settlement or translation of monetary items are recognized in 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 statement of operations and comprehensive income (loss). 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 other comprehensive income ("OCI") or equity are also recognized directly in OCI or equity, respectively.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. 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 (loss).

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
- 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 statement of financial position.

2.3.7 Property, plant and equipment

Property 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.

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 years
Machinery and equipment	4 - 10 years
Furniture and fixtures	4 years
Computer equipment and software	3 years
Tools and dies	1 year

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.8 Intangible assets

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

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

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

Customer relationships	30 years

The Company expects its trade name to generate economic benefit in perpetuity, and accordingly, has assigned the trade name as an indefinite life intangible asset.

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.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity ("HTM") investments, available for sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and receivables and other liabilities, net of directly attributable transaction costs.

All financial assets and liabilities are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

The Company has made the following classifications:

Cash	FVTPL
Accounts receivable	Loans and receivables
Redeemable preferred shares	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Note to Jamieson Finco LP	Other liabilities
Current portion of long-term debt	Other liabilities
Long-term debt	Other liabilities
Foreign exchange forwards contracts	FVTPL

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement

The subsequent measurement of financial assets and financial liabilities depends on their classification as described below:

Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Foreign exchange forward contracts classified as fair value through profit and loss are carried in the consolidated statements of financial position at fair value with net changes in fair value presented as foreign exchange loss (gain) in the consolidated statements of operations and comprehensive income (loss), unless designated in an effective hedging relationship. Financial liabilities at fair value through profit or loss include redeemable preferred shares designated as fair value through profit or loss due to the existence of embedded derivatives as a result of the conversion and retraction features.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method, less impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the consolidated statement of operations and comprehensive income (loss). Any losses arising from impairment are recognized in the consolidated statements of operations and comprehensive income (loss) in finance costs for loans and in cost of sales or other operating expenses for receivables.

Impairment of financial assets carried at amortized cost

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as a reduction to the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations and comprehensive income (loss).

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Other liabilities

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of operations and comprehensive income (loss) through the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability. The EIR amortization is included in interest expense in the consolidated statement of operations and comprehensive income (loss).

Derecognition

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 (loss).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3.10 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as foreign exchange forward contracts to hedge its foreign currency risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is executed and are subsequently remeasured at fair value each reporting period end.

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

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

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 until the hedged item affects net earnings.

When a cash flow hedge is discontinued or derecognized, any cumulative adjustment to either the hedged item or other comprehensive income (loss) is recognized in net income (loss). If a designated hedge is no longer effective, the associated derivative instrument is subsequently carried at fair value through net income (loss) without any offset from the hedged item.

Derivatives that do not qualify for hedge accounting are carried at fair value on the consolidated statements of financial position, and subsequent changes in their fair value are recorded 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.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials:

- Purchase cost on a first-in, first-out basis

Finished goods and work in progress:

- 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.

Inventory provision

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 assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. A long-term growth rate is calculated and applied to project future cash flows beyond the budget period.

Impairment losses, if any, of continuing operations are recognized in the consolidated statements of operations and comprehensive income (loss) in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. 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 do 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 statement of operations and comprehensive income (loss).

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized. 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

General

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 (see 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 pro-rated on service and management's best estimate of the appropriate discount rate, health care costs, inflation, mortality and other decrements. The accrued benefit obligation is based on the present value of future benefits based on the last actuarial valuation completed as of December 31, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement 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 (loss) in subsequent periods.

2.3.16 Share-based compensation

The Company has a share option plan for senior employees and directors from which options to purchase class A common shares of the Company are issued (the "Plan"). Options may not be granted with an exercise price of less than fair value at grant date.

The vesting requirements are service and performance based and the options have a contractual life of no more than 10 years.

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.

Time-based share options

The Company grants time-based share options to directors, officers and employees to purchase class A common shares of the Company, which vest over four years with the vesting period generally beginning on the date of grant, but in some cases on an earlier date tied to the beginning of the individual's employment with the Company (50% on each of the third and fourth anniversary from the beginning of the vesting period). Options have an exercise price equal to no less than the market price on the date of grant. The share price on the date of grant is estimated by the Company by calculating the fair value of the Company using a capitalized EBITDA approach and determining the residual value attributable to common shareholders.

The resulting share-based compensation cost is recognized based on the graded vested method of accounting with the corresponding credit to contributed surplus over the vesting period, typically four years, which is considered a contribution as the share option plan is settled in shares of the Company. The compensation expense is based on the estimated number of awards that will eventually vest and adjustments for forfeitures are made as they occur.

Performance-based share options

The Company grants performance-based share options to certain employees to purchase class A common shares of the Company. These options vest based on the achievement by the CCMP Shareholder of certain targeted returns on a partial or full sale by the CCMP Shareholder of its equity in the Company. The Company has concluded that the specified target represents a market condition, and thus, recognizes the compensation cost over the estimated vesting period irrespective of whether the market condition is satisfied provided that service conditions are satisfied. The corresponding credit is recognized as contributed surplus and is considered a contribution as the share option plan is settled in shares of the Company. The compensation expense is based on the estimated number of awards that will eventually vest and adjustments for forfeitures are made as they occur.

Fair value measurement of share options

The fair value of time-based and performance-based options is determined using a binomial option valuation model, which requires the Company to develop a scenario analysis by forecasting several estimated outcomes, including forecasting the consideration the Company may achieve on the sale of the Company and associating a probability to each. Other inputs to the valuation model include discount rate, estimated life and fair value of the Company at the grant date.

2.3.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of operations and comprehensive income (loss).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The Company does not have any finance lease arrangements.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the consolidated statements of operations and comprehensive income (loss) on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgements, 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.

Judgements

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

Estimates and assumptions

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

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, 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.

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 judgement 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, including those with respect to market multiples, future cash inflows and outflows, discount rates, growth rates and asset lives. These estimates and assumptions could affect 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.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

obsolescence. However, code or "best before" dates are very important in the determination of realizable value of inventory. Management ensures that systems are in place to highlight and properly value inventory that may be approaching code dates. To the extent that actual losses on inventory differ from those estimated, inventory, net income (loss), and comprehensive income (loss) will be affected in future periods.

Trade merchandise allowances and other trade discounts

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

Employee benefit plans

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

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

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

Further details about the Company's Post-retirement benefit obligations are provided in Note 14.

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 judgement 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.

To the extent that these estimates differ from those realized, the measured asset or liability, net income (loss), and/or comprehensive income (loss) will be affected in future periods. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 9, 14, 16, 17 and 19.

Taxes

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

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

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

4. BUSINESS COMBINATIONS

The Company completed two business combinations during the year ended December 31, 2014 and one in the period subsequent to December 31, 2016 (refer to Note 4iii for further details). Business combinations are accounted for using the acquisition method and the consolidated financial statements include results of each business from the date of acquisition.

i) Jamieson Laboratories Ltd.

On December 17, 2013, Intrepid was formed as an acquisition vehicle for the January 31, 2014 acquisition of Jamieson Laboratories Ltd. On January 31, 2014, Intrepid acquired 100% of the outstanding shares of Jamieson Laboratories Ltd. from Vauban International Investments ULC and Maginot Corporation. Under the terms of the share purchase agreement, Jamieson Laboratories Ltd. became a wholly-owned subsidiary of Intrepid.

On the same day, through a series of transactions, Intrepid was amalgamated with Jamieson Laboratories Ltd. to form JLL. On amalgamation, all intercompany transactions have been eliminated.

Cash and other consideration paid for the acquisition was $307,513, net of cash acquired, plus acquisition costs of $4,760 recognized in the consolidated statements of operations and comprehensive income (loss). The purchase price was comprised of cash of $298,113 and a note to the former shareholder of $9,400 (See Notes 13 and 20).

The following table provides the value of net assets acquired at their fair value amounts:

	Jamieson Laboratories Ltd $
Accounts receivable	38,220
Inventories	50,027
Prepaid expenses and other current assets	3,222
Income taxes recoverable	631
Accounts payable and accrued liabilities	(32,908)
Property, plant and equipment	44,285
Goodwill	94,287
Intangible assets	157,000
Deferred income tax liabilities	(41,012)
Post-retirement benefits	(4,264)
Debt	(1,975)
Total net assets acquired	**307,513**

ii) Lorna Vanderhaeghe Health Solutions

On June 12, 2014, JLL acquired the assets and assumed certain liabilities of Lorna Vanderhaeghe Health Solutions Inc. ("LVHSI"). Under the terms of the asset purchase agreement the former business of LVHSI ("LVHS"), became a division of JLL.

Consideration paid for the acquisition totalled $15,300 in cash, plus (i) acquisition costs of $739 recognized in the statement of operations and comprehensive income and (ii) 5,263 common shares in the capital of JLL, which were immediately exchanged for 51,316 preferred shares of the Company. The preferred shares issued to LVHSI, in accordance with IFRS 3 "Business Combination" ("IFRS 3") are treated as deferred compensation payable to the former owner. These shares have a guaranteed value of $10,000 and vest 25% on each of the first four anniversary dates of the acquisition. As at December 31, 2016, 75% of the shares remain outstanding (2015 — 75%, 2014 — 100%). Refer to Note 11 (deferred compensation) for further details.

4. BUSINESS COMBINATIONS (Continued)

LVHS markets and distributes premium quality vitamins and nutritional supplements under the Lorna Vanderhaeghe brand.

	LVHS $
Accounts receivable	913
Inventories	4,958
Prepaid expenses and other current assets	46
Accounts payable and accrued liabilities	(1,430)
Property, plant and equipment	237
Goodwill	366
Intangible assets	10,209
Deferred income tax assets	1
Total net assets acquired	**15,300**
Cash purchase consideration	**15,300**

iii) Body Plus Nutritional Products Inc. ("Body Plus") and Sonoma Nutraceuticals Inc. ("Sonoma")

On January 31, 2017, JLL acquired the shares of each of Body Plus and Sonoma and Body Plus and Sonoma have become wholly owned subsidiaries of JLL.

Consideration for the acquisition totalled $91,000, plus acquisition costs of $2,646 which will be recognized in the consolidated statement of operations and comprehensive income (loss) of the Company for the year ended December 31, 2017, except for approximately $789 of the acquisition costs which the Company recognized for the year ended December 31, 2016. The purchase price was funded with cash of $82,142. An additional $1,358 was set aside to be paid as a retention bonus to key employees of Body Plus and Sonoma, subject to these individuals remaining employed for 12 months following the closing of the acquisition. Further, pursuant to a consulting agreement entered into between JLL and the former owner, if the consulting relationship continues for 12 months following the closing of the acquisition, the former owner is entitled to an additional $7,500 payment from JLL. These amounts will be recorded as remuneration costs in the 12 months period post-acquisition.

The Company has not yet established a preliminary purchase price allocation, as management is in the process of identifying and valuing identifiable assets and liabilities.

Body Plus markets and distributes premium quality sports nutrition products under the Progressive, Precision and Iron Vegan brands. Sonoma manufactures and distributes sports nutrition products, Precision and Iron Vegan brands. Sonoma manufactures and distributes sports nutrition products and supplements and also provides contract manufacturing services.

5. CASH

Cash is comprised of cash at the bank. As at December 31, 2016, cash amounted to $15,881 (2015 — $2,325, 2014 — $6,850).

6. ACCOUNTS RECEIVABLE

As at December 31,	2016 $	2015 $	2014 $
Trade	**52,279**	51,550	43,873
Other miscellaneous receivables	**1,364**	3,099	1,261
Allowance for doubtful accounts	**(755)**	(658)	(31)
	52,888	53,991	45,103

The Company maintains an allowance for doubtful accounts that represents its estimate of the uncollectible amounts based on specific losses estimated on individual exposures and provision based on historical experience.

6. ACCOUNTS RECEIVABLE (Continued)

The aging of receivables is as follows:

As at December 31,	2016 $	2015 $	2014 $
Current	**42,401**	41,235	36,418
Aged 1 - 30 days past due	**9,416**	10,784	6,909
Aged 31 - 60 days past due	**701**	1,300	862
Aged > 60 days past due	**370**	672	914
	52,888	53,991	45,103

7. INVENTORIES

Year ended December 31,	2016 $	2015 $	2014 $
Raw material and packaging	**12,455**	16,363	9,957
Bulk product and work in process	**8,086**	7,412	21,153
Packaged finished goods	**18,047**	19,289	13,138
Inventory provision	**(2,171)**	(2,222)	(1,745)
	36,417	40,842	42,503
Inventories expensed during the year	**140,437**	127,652	119,268

An inventory provision is estimated by management based on historical sales, inventory aging and expiry, point of sales information 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 (loss).

8. PROPERTY, PLANT AND EQUIPMENT

	Land $	Buildings $	Machinery and equipment $	Other $	Total $
Cost					
At January 1, 2014	—	—	—	—	—
Acquisitions (Note 4)	2,497	21,395	19,284	1,346	44,522
Additions	—	521	1,170	256	1,947
Disposals	—	—	(102)	(4)	(106)
At December 31, 2014	2,497	21,916	20,352	1,598	46,363
Additions	—	867	3,819	184	4,870
Disposals	—	—	(11)	(3)	(14)
At December 31, 2015	2,497	22,783	24,160	1,779	51,219
Additions	—	562	3,060	1,088	4,710
Disposals	—	(3)	(53)	(2)	(58)
At December 31, 2016	**2,497**	**23,342**	**27,167**	**2,865**	**55,871**
Accumulated Depreciation					
At January 1, 2014	—	—	—	—	—
Depreciation for the year	—	987	2,424	239	3,650
Disposals	—	—	(5)	—	(5)
At December 31, 2014	—	987	2,419	239	3,645
Depreciation for the year	—	1,110	2,591	329	4,030
Disposals	—	—	(6)	(1)	(7)
At December 31, 2015	—	2,097	5,004	567	7,668
Depreciation for the year	—	1,151	2,630	535	4,316
Disposals	—	—	(13)	(1)	(14)
At December 31, 2016	**—**	**3,248**	**7,621**	**1,101**	**11,970**
Net book value					
At December 31, 2016	**2,497**	**20,094**	**19,546**	**1,764**	**43,901**
At December 31, 2015	2,497	20,686	19,156	1,212	43,551
At December 31, 2014	2,497	20,929	17,933	1,359	42,718

There are no fixed assets under finance lease included in the amounts noted above.

9. GOODWILL

Goodwill acquired through business combination and trademarks with indefinite lives (Note 10) are, for the purpose of impairment testing, allocated to the Jamieson Brands segment, being the group expected to benefit from the synergies of the business combination in which the goodwill arose.

The carrying amount of goodwill as at December 31, 2016 was $94,653 (2015 — $94,653, 2014 — $94,653) Annual impairment testing involves determining the recoverable amount of which goodwill and indefinite-life intangibles are allocated and comparing this to the carrying value of the group of CGUs. The measurement of the recoverable amount of the group of CGUs is calculated based on fair value less costs to dispose.

The Company estimated the fair value less costs of disposal of the group of CGUs by using the capitalized EBITDA approach, whereby the Company referenced comparable companies in determining EBITDA multiples. Comparable companies were determined based by reference to size and operation in similar industries.

10. INTANGIBLE ASSETS

	Customer relationships $	Trademarks $	Total $
Cost			
As at January 1, 2014	—	—	—
Acquisitions (Note 4)	96,885	70,324	167,209
At December 31, 2014	96,885	70,324	167,209
At December 31, 2015	96,885	70,324	167,209
At December 31, 2016	**96,885**	**70,324**	**167,209**
Accumulated amortization			
As at January 1, 2014	—	—	—
Amortization charge for the year	2,861	—	2,861
At December 31, 2014	2,861	—	2,861
Amortization charge for the year	3,230	—	3,230
At December 31, 2015	6,091	—	6,091
Amortization charge for the year	3,230	—	3,230
At December 31, 2016	**9,321**	—	**9,321**
Net book value			
At December 31, 2016	**87,564**	**70,324**	**157,888**
At December 31, 2015	90,794	70,324	161,118
At December 31, 2014	94,024	70,324	164,348

Amortization is recorded in cost of sales on the consolidated statements of operations and comprehensive income (loss).

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31,	2016 $	2015 $	2014 $
Trade payables and accrued liabilities	**21,186**	20,230	22,773
Trade and promotional accruals	**16,644**	15,778	12,944
Salaries, commissions and bonuses	**606**	6,387	2,249
Deferred compensation	**10,041**	6,389	3,764
Termination benefits	**414**	313	932
Accrued interest — current	**2,186**	2,387	2,540
	51,077	51,484	45,202

Deferred compensation

In conjunction with the acquisition of assets from LVHSI on June 12, 2014, the Company has put into escrow 51,316 preferred shares of the Company for issuance to LVHSI. The shares vest 25% each year over four years and include a service condition plus the ability to require the Company to repurchase the shares for cash. Based on the service condition, the deferred consideration is treated as compensation for accounting purposes. For the year ended December 31, 2016, 12,829 (2015 — 12,829, 2014 — nil) (Note 16) of the shares vested. In 2016, no shares were repurchased (2015 — 12,829 shares for $2,878, 2014 — nil). The Company recognized share-based compensation expense for the year ended December 31, 2016 of $3,651 (2015 — $5,504, 2014 — $3,764) for these shares.

As the asset purchase agreement provides the former owner the right to redeem the shares for cash, once vested, the Company has classified this instrument as a financial liability that is re-measured to fair value at each reporting year end.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Continued)

Additional information concerning the deferred compensation and outstanding obligations are as follows:

As at December 31,	2016	2015	2014
Puttable shares			
No. of shares outstanding	**38,487**	38,487	51,316
No. of vested shares outstanding	**12,829**	—	—
Fair value ($)	**314.40**	295.95	254.47
Remaining option life in years	**1.46**	2.46	3.46

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.

Amounts included in due to/from related parties are presented on a net basis on the consolidated statements of financial position as follows:

(i) Due to Jamieson Finco LP ("Finco")

On January 30, 2014, Finco subscribed for 150,000 common shares in the capital of the Company for proceeds of $83,501. On February 1, 2014, the Company repurchased the common shares it issued to Finco on January 30, 2014 in exchange for a note in the amount of $83,501. The proceeds of the subscription were used by the Company to fund a portion of its acquisition of JLL.

The balance of the note as at December 31, 2016 was $107,255 (2015 — $99,105, 2014 — $90,963) including accrued interest of $23,754 (2015 — $15,604, 2014 — $7,462, respectively). The term of the note is seven years and bears an interest rate of 9.75%.

(ii) Share-based compensation

The Company offers its employees a share-based compensation plan, whereby certain employees receive options to purchase shares of the Company in the event certain conditions are achieved. Please refer to note 17 for details of the share-based compensation awards. The expense recognized for employee services received related to the share-based compensation plan for the year ended December 31, 2016 is $1,283 (2015 — $1,001 and 2014 — $314), and is classified as contributed surplus on the Company's consolidated statements of financial positions.

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 external 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,	2016 $	2015 $	2014 $
Short-term employee benefits	**1,903**	3,568	915
Share-based compensation	**800**	641	189
Total remuneration	**2,703**	4,209	1,104

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

As at December 31,	2016 $	2015 $	2014 $
Revolving credit facility[i]	**—**	—	13,000
Term credit facility[ii]	**155,936**	161,680	165,000
Due to former shareholder[iii]	**—**	7,614	9,400
Deferred financing fees	**(3,159)**	(4,126)	(5,093)
	152,777	165,168	182,307
Less: Current portion	**—**	(13,358)	(10,100)
	152,777	151,810	172,207

(i) On January 31, 2014, JLL entered into a credit agreement with Wells Fargo Capital Finance Corporation ("Wells Fargo"). The agreement provides a revolving credit facility of $45,000. The revolving facility matures on January 31, 2019, with the outstanding principal amount repayable in full on this date. As at December 31, 2016, JLL has no amounts outstanding and the entire $45,000 revolving credit facility is available to draw upon.

Interest on borrowings under this facility accrues based on Canadian Banker's Acceptance ("BA") plus an applicable margin of 2.5% with a BA floor of 1.25%. As at December 31, 2016, the weighted average interest rate on this facility was 3.9% (2015 — 3.9%, 2014 — 3.75%).

The revolving facility is collateralized with first charge over the assets including property, plant and equipment of JLL.

On January 31, 2017, JLL extinguished its revolving credit facility with Well Fargo and entered into a revolving credit facility agreement with a syndicate of lenders (see Note 13.iv).

(ii) On January 31, 2014, JLL entered into a second lien term loan agreement with CPPIB Credit Investments Inc. ("CPPIB"). The agreement provides a secure term credit facility of $150,000. On June 12, 2014, JLL amended the term facility to provide an additional $15,000 in committed funds. The term facility was to mature on January 31, 2021, with the outstanding principal amount repayable in full on this date.

Interest on borrowings under this facility accrued based on BA plus an applicable margin of 7.14% with a BA floor of 1.25%. As at December 31, 2016, the weighted average interest rate on this facility was 8.39% (2015 — 8.39%, 2014 — 8.39%).

The term credit facility required an annual repayment based on a percentage of excess cash flow. In 2016, JLL made debt repayments of $5,743 (2015 — $1,979, 2014 — $nil).

The term facility was secured by a collateral agreement and second charge over the assets including property, plant and equipment of JLL.

Under the terms of the revolving and term credit facilities, JLL was subject to restrictive covenants and was required to maintain a leverage ratio less than 6.2:1 as at December 31, 2016 (2015 — 6.9, 2014 — 7.3). JLL was in compliance with all covenants of the credit agreement at December 31, 2016, 2015 and 2014.

On January 31, 2017, JLL extinguished its term loan with CPPIB and entered into a term loan agreement with a syndicate of lenders (see Note 13.iv).

(iii) In conjunction with the share purchase agreement ("SPA") dated January 31, 2014 (for the acquisition of Jamieson Laboratories Ltd.), Intrepid issued a $9,400 note payable to the former shareholder. During the year ended December 31, 2016, JLL paid $5,000 (2015 — $1,943, 2014 — $nil). A balance of $nil was outstanding as at December 31, 2016 (2015 — $7,614, 2014 — $9,400) plus accrued interest of $nil (2015-$561, 2014 — $345). Refer to Notes 4 and 20 for further details.

(iv) On January 31, 2017, JLL extinguished its existing credit facilities with CPPIB and Wells Fargo and entered into a term loan and revolving credit facility agreement with a syndicate of lenders. The agreement provides a secured term credit facility of $195,000 and a revolving credit facility of $75,000 (including a $10,000 swingline facility) (collectively, the "Credit Facilities"). Financing costs of $4,265 and $1,538 were incurred as part of the issuance of the term credit facility and revolving credit facility, respectively. Additionally, the Company expensed the remaining unamortized deferred financing fees of $2,340 related to the CPPIB credit facility and $819 related to the Wells Fargo credit facility.

The Credit Facilities are secured by a general security agreement and first charge over the assets including property, plant and equipment of JLL and its subsidiaries, subject to permitted liens.

13. LONG-TERM DEBT (Continued)

Under the terms of the Credit Facilities, JLL and its subsidiaries are subject to certain covenants (including financial covenants). JLL and its subsidiaries must maintain an interest coverage ratio of not less than 3.00:1.00 and a leverage ratio less than the following:

Fiscal Quarter	Ratio:
Leverage Ratio	
January 31, 2017 to fiscal quarter ending on or before September 30, 2017	5:45:1.00
Fiscal quarters ending on or after December 31, 2017 to fiscal quarter ending September 30, 2018	4.75:1.00
Fiscal quarters ending on or after December 31, 2018	4.05:1.00
Notwithstanding the foregoing, commencing the first fiscal quarter after closing of an IPO, the Leverage Ratio, on a consolidated basis, must be at all times not greater than 4.05:1.00.	
Interest Coverage Ratio	
Not less than	3.00:1.00

JLL is in compliance with all covenants as at the date of these consolidated financial statements.

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,	2016 $	2015 $	2014 $
Balance, beginning of the year	**3,140**	2,947	—
Fair value of obligation acquired (Note 4)	**—**	—	4,264
Plan amendments	**—**	(317)	(1,766)
Benefits paid	**(20)**	(20)	(691)
Actuarial loss	**234**	73	781
Interest costs	**133**	138	193
Current service costs	**310**	319	166
Balance, end of the year	**3,797**	3,140	2,947

During the year ended December 31, 2014, the Company curtailed benefits for certain salaried employees entitled under the plan. In connection with the curtailment, the Company paid $691 to settle these obligations and recorded a curtailment gain of $626 in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income (loss).
The following significant economic assumptions were employed to determine the accrued benefit obligation:

As at December 31,	2016 %	2015 %	2014 %
Benefit obligations			
Discount rate — expense for the year	**4.25**	4.25	4.25
Discount rate — year end obligation	**4.00**	4.25	4.75
Health care cost inflation	**5.00 - 6.50**	5.00 - 6.50	5.00 - 7.00
Dental care cost inflation	**4.50**	4.50	4.50

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

	Accrued benefit obligation		Service cost		Interest cost	
As at December 31,	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
2016	**1,045**	**(732)**	**118**	**(81)**	**42**	**(29)**
2015	864	(605)	101	(69)	41	(29)
2014	809	(591)	60	(42)	54	(39)

14. Post-retirement benefits (Continued)

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

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

As at December 31,	2016 $	2015 $	2014 $
Within one year	**20**	20	20
Between 2 and 5 years	**138**	112	90
Between 5 and 10 years	**428**	342	300
Total expected payments	**586**	474	410

15. INCOME TAX

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

As at December 31,	2016 $	2015 $	2014 $
Current income tax expense	**2,688**	1,040	80
Deferred income tax expense (recovery)	**1,018**	904	(3,266)
Provision for (recovery of) income taxes	**3,706**	1,944	(3,186)

Reconciliation of effective tax rate

Income tax expense (recovery) 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,	2016 $	2015 $	2014 $
Income tax expense (recovery) at combined statutory rate of 26.1% (2015 — 25.3%, 2014 — 25.2%)	**(5,601)**	(23,640)	(9,163)
Non-deductible expenses	**60**	41	1,845
Share based compensation	**1,224**	1,654	999
Other and deductible temporary differences not benefited	**8,023**	23,889	3,133
	3,706	1,944	(3,186)

Income tax recognized in other comprehensive income (loss)

As at December 31,	2016 $	2015 $	2014 $
Derivative instruments	**839**	(810)	—
Post-retirement benefit plan	**60**	18	197
	899	(792)	197

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 and deferred financing fees.

15. INCOME TAX (Continued)

Deferred income tax assets and liabilities comprises of the following:

As at December 31,	2016 $	2015 $	2014 $
Deferred income tax assets:			
Non capital losses carried forward	**664**	2,391	4,194
Post retirement	**969**	802	750
Other	**131**	63	63
Total deferred income tax assets	**1,764**	3,256	5,007
Deferred income tax liabilities:			
Property plant and equipment	**4,391**	4,422	4,138
Goodwill and intangible assets	**36,649**	37,152	37,453
Other	**154**	960	45
Total deferred income tax liabilities	**41,194**	42,534	41,636

The Company has Canadian based non-capital loss carry forwards as at December 31, 2016 of $2,598 (2015 — $9,359, 2014 — $18,241) on a pre-tax basis. Canadian losses expire after 20 years and begin to expire in 2032.

Deferred income taxes represents the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following represents deductible temporary differences that have not been recognized in these consolidated financial statements:

	2016 $	2015 $	2014 $
Non-capital loss carryforwards	**52**	60	—
Redeemable preferred shares	**138,884**	108,450	15,030
Deductible temporary differences not recognized	**138,936**	108,510	15,030

Canadian losses expire after 20 years and begin to expire in 2035.

16. SHARE CAPITAL AND REDEEMABLE PREFERRED SHARES

	Common Shares		Redeemable Preferred Shares	
	#	$	#	$
As at January 1, 2014	—	—	—	—
Issued during the year	278,145	141,318	6,916	1,000
Repurchase of common shares	(150,001)	(83,501)	—	—
Exchange of common shares for preferred shares	(103,144)	(57,417)	975,000	57,417
Issued during the year (Note 11)	—	—	51,316	—
Preferred share accretion during the year	—	—	—	15,030
As at December 31, 2014	25,000	400	1,033,232	73,447
Issued during the year	—	—	4,150	600
Repurchased during the year (Note 11)	—	—	(12,829)	—
Preferred share accretion during the year	—	—	—	93,420
As at December 31, 2015	25,000	400	1,024,553	167,467
Issued during the year	—	—	374	100
Repurchased during the year	—	—	(692)	(100)
Preferred share accretion during the year	—	—	—	30,434
As at December 31, 2016	**25,000**	**400**	**1,024,235**	**197,901**

The authorized share capital consists of:

a) Unlimited number of common shares with no par value.

b) Unlimited number of class A common shares with no par value.

c) Unlimited number of convertible and redeemable preferred shares, voting, with a cumulative dividend accruing at 4.5% annually as and when declared. Retractable by the holder and redeemable by Company at an amount that is the greater of: a) the original purchase price plus any declared but unpaid dividends and b) the as-if converted value (convertible 1:1 for common shares subject to adjustment for declared and unpaid dividends). Upon conversion, the shareholders have agreed that prior to receiving common shares the preferred shareholder who is converting will receive the cumulative dividend plus a return of capital in the amount paid by an investor for the preferred shares less the value, at the time of the issuance of the preferred shares, of the common shares issuable upon conversion of those preferred shares (the "Return of Capital Right"). Excluding special repurchase options on shares issued as deferred compensation as described in Note 11. Subsequent to year end the Company filed an application to clarify the Return of Capital Right, refer to Note 24 for details.

The Company was incorporated on January 24, 2014. On January 30, 2014, CCMP was issued 100,000 common shares and Finco, an affiliate of CCMP, was issued 150,000 common shares. The common shares held by Finco were repurchased on February 14, 2014 for a note in the amount of $83,501, leaving CCMP as the only shareholder of the Company at that time. On April 22, 2014, the Company changed the authorized share structure by creating a class of an unlimited number of voting preferred shares without par value, and on May 28, 2014, the Company deleted and replaced the special rights and restrictions attaching to such preferred shares. On June 5, 2014, CCMP was issued 3,143.69 additional common shares. On June 5, 2014, the Board approved the issuance of 975,000 preferred shares to CCMP in exchange for the common shares then held by CCMP. On September 4, 2014, the Company changed the authorized share structure by creating an unlimited number of class A common shares and by changing the special rights and restrictions attaching to the preferred shares by adding a reference to the class A common shares.

Redeemable preferred shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the consolidated statements of financial position.

17. SHARE-BASED COMPENSATION

Senior employees and directors plan

The Plan is applicable to senior employees and directors of the Company and its subsidiaries for the purchase of class A common shares of Jamieson, with a maximum 122,599 of such shares reserved for issuance as at December 31, 2016 (2015 — 124,080, 2014 — 102,906). Options are granted with an exercise price equal to or greater than the fair value of the shares into which they may be converted.

17. SHARE-BASED COMPENSATION (Continued)

Service based options vest at a rate of 50% on each of the third and fourth anniversary from the beginning of the vesting period or 100% upon sale of the Company. Performance based options vest upon sale of the Company and the achievement of predetermined returns ranging from two times the share price on the date the options were issued to three times the share price at inception of the Plan. Options expire no later than the 10th anniversary of the beginning of the vesting period or upon termination of employment. There are no cash settlement alternatives.

Outstanding options held under the Plan (which does not include options that have been cancelled and are therefore no longer outstanding) to purchase class A common shares have the following expiry dates and exercise prices:

Date of grant	Expiry date	Exercise Price $	Number of shares outstanding as at December 31, 2016	2015	2014
December 9, 2014	Various dates 2024	0.01	**47,179**	50,062	50,062
December 9, 2014	Various dates 2024	0.01	**23,590**	25,031	25,031
December 9, 2014	Various dates 2024	289.18	**26,211**	27,812	27,812
July 1, 2015	July 1, 2025	70.42	**2,811**	4,252	—
July 1, 2015	July 1, 2025	70.42	**1,405**	2,126	—
July 1, 2015	July 1, 2025	289.18	**1,560**	2,361	—
November 30, 2015	November 30, 2025	99.92	**6,049**	6,049	—
November 30, 2015	November 30, 2025	99.92	**3,025**	3,025	—
November 30, 2015	November 30, 2025	289.18	**3,361**	3,361	—
May 2, 2016	May 2, 2026	137.46	**1,081**	—	—
May 2, 2016	May 2, 2026	137.46	**541**	—	—
May 2, 2016	May 2, 2026	289.18	**601**	—	—
November 15, 2016	November 15, 2026	137.46	**1,441**	—	—
November 15, 2016	November 15, 2026	137.46	**721**	—	—
November 15, 2016	November 15, 2026	289.18	**801**	—	—
Total			**120,377**	124,080	102,906
Weighted average remaining term (in years)			**7.7**	8.6	9.4

The expense recognized for employee services received during the year ended December 31, 2016 is $1,283 (2015 — $1,001 and 2014 — $314).

Movements during the year

A summary of the status of the Company's outstanding share options and changes during the years ended December 31, presented below:

	2016		2015		2014	
	No. options outstanding	Weighted average exercise price $	No. options outstanding	Weighted average exercise price $	No. options outstanding	Weighted average exercise price $
Outstanding, beginning of year	**124,080**	**89**	102,906	78	—	
Granted	**5,186**	**178**	21,174	142	109,630	78
Exercised	**—**	**—**	—	—	—	—
Forfeited	**(8,889)**	**95**	—	—	(6,724)	78
Outstanding, end of year	**120,377**	**92**	124,080	89	102,906	78
Options currently exercisable	**—**		—		—	

CCMP performs a valuation using the capitalized EBITDA method at each reporting date to determine the fair value of the Company. CCMP then determines the share price of the Company's shares based on this valuation.

17. SHARE-BASED COMPENSATION (Continued)

At grant date, each option series is measured at fair value based on the binomial option pricing model. The inputs used in this model for the options granted during the years ended December 31 are shown in the table below.

As at December 31,	2016	2015	2014
Weighted average share price at the measurement date	**$ 274**	$ 236	$ 136
Weighted average option fair value at the grant date	**$ 109**	$ 57	$ 34
Expected volatility[(i)]	**43%**	43%	50%
Risk-free interest rate[(ii)]	**1.79%**	1.53%	1.30%
Expected life (in years)[(iii)]	**3**	4	5

(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 either.

(ii) Based on Governemnt of Canada Bonds

(iii) Based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

18. INTEREST EXPENSE AND OTHER FINANCING COSTS

As at December 31,	2016 $	2015 $	2014 $
Interest on debt and borrowings	**13,809**	14,758	13,455
Interest on note to Finco	**8,150**	8,142	7,462
Amortization of deferred financing fees (Note 13)	**967**	967	887
	22,926	23,867	21,804

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Financial instruments

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

Fair value measurement

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges for forecast purchases and sales in US$ and have been classified as Level 2 in the fair value hierarchy. Derivatives not designated in a formal hedging relationship are classified as FVTPL and classified as Level 2 in the fair value hierarchy. Net gains and losses on financial instruments held for trading consist of realized and unrealized gains and losses on derivatives that were de-designated or were otherwise not in a formal hedging relationship. The fair values and notional amounts of derivative financial instruments shown below are as at December 31:

	2016			2015			2014		
	Notional Amount $USD	Fair Value Asset $	Fair Value Liability $	Notional Amount $USD	Fair Value Asset $	Fair Value Liability $	Notional Amount $USD	Fair Value Asset $	Fair Value Liability $
Foreign currency forward contract designated as hedging	**24,000**	**—**	**(92)**	32,100	3,200	—	—	—	—
Foreign currency forward contract not in a formal hedging	**—**	**—**	**—**	—	—	—	29,500	319	—
	24,000	**—**	**(92)**	32,100	3,200	—	29,500	319	—

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the consolidated statements of operations and comprehensive income (loss).

The fair values of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding long-term debt and note to Finco) approximate their carrying value due to their short-term nature and have been classified as Level 2 in the fair value hierarchy.

The carrying value of long-term debt and note to Finco as at December 31, 2016, December 31, 2015 and December 31, 2014 approximates its fair value. The fair value of the Company's long-term debt was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair value of long-term debt is considered a Level 2 fair value measurement.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. Redeemable preferred shares was the only instrument recorded as Level 3 as the liability was not based on observable inputs. The fair value of the redeemable preferred shares is determined to be the greater of a) the original purchase price plus any unpaid declared dividends, and b) the as-if converted value, and was calculated using a market multiple approach based on trailing twelve months EBITDA, utilizing an EBITDA multiple of 10.1x (2015 — 10.4x, 2014 — 10.0x).

The following table demonstrates the sensitivity to a reasonably possible change to the EBITDA multiple, with all other variables held constant, of the Company's net income (loss) before taxes (due to changes in the fair value of the preferred share liability).

	For the year ended December 31,	
	Change in EBITDA multiple	**Effect on income (loss) before tax $**
2016	**1x**	**40,414**
2015	1x	39,577
2014	1x	31,336

The Company recorded a charge of $30,434 on the consolidated statement of comprehensive income (loss) related to the change in fair value of the redeemable preferred shares for the year ended December 31, 2016 (2015 — $93,420, 2014 — $15,030).

There were no transfers between levels during 2016, 2015 and 2014.

Financial instrument risk management objectives and policies

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

Credit risk

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

The Company is also exposed to counterparty credit risk inherent in its financing activities, trade receivable insurance and foreign currency 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 US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposure. As of December 31, 2016, $32,257 (2015 — $41,224, 2014 — $34,042) of anticipated foreign currency denominated sales and purchases have been hedged with underlying foreign exchange forward contracts settling at various dates in the year preceding the consolidated statement of financial position date.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's net income (loss) before 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 equity (due to changes in the fair value of foreign exchange forward contracts designated as cash flow hedges).

As at December 31,	Change in US$ fx rate %	Effect on income (loss) before tax $	Effect on pre-tax OCI $
2016	**5**	**796**	**1,200**
2015	5	403	1,605
2014	5	1,734	—

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 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.

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 income (loss) before taxes:

As at December 31,	Increase/decrease in basis points +/−	Effect on profit before tax $
2016	**100**	**920**
2015	100	980
2014	100	1,709

Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect net income (loss), 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 redeemable preferred shares, accounts payable and accrued liabilities, various long-term debt agreements, obligations under its post-retirement benefits plan and operating lease commitments.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also 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.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

The contractual undiscounted principal cash flows payable in respect of financial liabilities excluding redeemable preferred shares as at the consolidated statement of financial position date, were as follows:

As at December 31,	2016 $	2015 $	2014 $
Amounts payable in more than 12 months	**266,988**	258,181	271,210
Amounts payable in less than 12 months	**51,077**	64,842	55,302
	318,065	323,023	326,512

The Company has incurred operating losses and has a working capital deficiency primarily resulting from redeemable preferred shares issued to CCMP. The Company has obtained confirmation from CCMP that it would not require the Company to redeem its redeemable preferred shares in the next 12 months.

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's 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 senior debt, credit facilities, and equity, the Company uses leases as additional sources of financing.

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

20. COMMITMENTS AND CONTINGENCIES

Due to former shareholder

In conjunction with the SPA and the acquisition of JLL disclosed in Note 4, Intrepid issued a $9,400 note payable to Jamieson Laboratories Ltd.'s former shareholder. During the year ended December 31, 2015, JLL paid $1,943 on the note and in accordance with the terms of the SPA, JLL withheld the balance of the note payable. The amount withheld resulted from differences discovered during the purchase accounting process, and the former shareholder filed suit to recover the amount withheld.

On November 7, 2016, management of the Company settled the outstanding litigation for gross payment of $5,000 to the former shareholder of Jamieson Laboratories Ltd. The terms of the settlement forever discharge and release JLL from any and all claims or potential claims with respect to this issue. The resulting gain of $2,866 is recorded in other income on the consolidated statements of operations and comprehensive income (loss).

Trademark claim

In October 2014, JLL was served with a Statement of Claim and motion for interlocutory injunction, alleging that its use and application for the trademark "Omega RED" infringes upon the use of the registered mark for "Megared". On February 20, 2015, JLL received judgement that the interlocutory injunction was upheld.

Subsequent to these proceedings, JLL and the plaintiff came to terms resulting in JLL rebranding its products trademark "Omega Red" to "Omega Complete" and paying settlements of $700 during 2015, included in other expenses on the consolidated statements of operations and comprehensive income (loss), while the plaintiff withdrew their legal proceedings against JLL.

20. COMMITMENTS AND CONTINGENCIES (Continued)

Operating lease commitments

JLL and its subsidiaries have entered into a number of operating leases for vehicles, production equipment, computer and communications equipment, office equipment and office space. Total minimum lease payments payable in future years are as follows:

As at December 31, Year	2016 $	2015 $	2014 $
2015	—	—	1,089
2016	—	1,163	1,007
2017	1,141	950	754
2018	1,053	645	620
2019	730	397	392
2020	46	—	—
	2,970	3,155	3,862

General contingencies

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

21. SEGMENT INFORMATION

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

- The Jamieson Brands segment principal activity is the manufacturing, distribution and marketing of branded natural health products including vitamins, minerals and supplements; and
- The Strategic Partners Business segment 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 before the following, as reported to internal management, on a periodic basis.

Inter-segment revenues and expenses are eliminated upon consolidation and reflected in the 'Eliminations' column. Inter-segment revenues relate mainly to sales from the Strategic Partners Business segment to the Jamieson Brands segment. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	For the year ended December 31, 2016			
	Jamieson Brands $	Strategic Partners $	Eliminations $	Total $
Revenue	**192,496**	**76,328**	**(20,493)**	**248,331**
Earnings from operations	**28,844**	**2,197**	**—**	**31,041**
Foreign exchange gain				**(192)**
Termination benefits and related costs				**1,420**
Acquisition costs				**789**
Other income				**(2,876)**
Preferred share accretion				**30,434**
Interest expense and other financing costs				**22,926**
Provision for income taxes				**3,706**
Net loss				**(25,166)**

21. SEGMENT INFORMATION (Continued)

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

	For the year ended December 31, 2015			
	Jamieson Brands $	Strategic Partners $	Eliminations $	Total $
Revenue	177,033	73,387	(19,555)	230,865
Earnings from operations	22,279	3,248	—	25,527
Foreign exchange gain				(915)
Termination benefits and related costs				1,959
Other expense				634
Preferred share accretion				93,420
Interest expense and other financing costs				23,867
Provision for income taxes				1,944
Net loss				(95,382)

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

	For the year ended December 31, 2014			
	Jamieson Brands $	Strategic Partners $	Eliminations $	Total $
Revenue	146,610	76,448	(29,840)	193,218
Earnings from operations	7,764	2,924	—	10,688
Foreign exchange loss				35
Termination benefits and related costs				3,435
Change in value of derivatives				(853)
Acquisition costs				7,649
Other income				(50)
Preferred share accretion				15,030
Interest expense and other financing costs				21,804
Recovery of income taxes				(3,186)
Net loss				(33,176)

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

Geographic information

Net income earned outside of Canada for the years ended December 31, 2016, 2015 and 2014 represents an insignificant portion of total net income.

21. SEGMENT INFORMATION (Continued)

Information about major customers

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

For the years ended December 31,	Revenues 2016 $	Revenues 2015 $	Revenues 2014 $
Customer 1	**21.2%**	19.5%	22.3%
Customer 2	**11.8%**	12.7%	12.3%
Customer 3	**11.0%**	11.7%	11.8%
	44.0%	43.9%	46.4%

The revenue concentration noted mirrors the consolidated nature of the retail grocery landscape in Canada. 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 in excess of 10% of total sales.

22. EARNINGS PER SHARE

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

Diluted earnings (loss) per share amounts are calculated by dividing the net earnings (loss) 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 preferred shares and share options.

The following table sets forth the calculation of basic and diluted earnings (loss) per share ("EPS"):

	2016			2015			2014		
Year ended December 31,	Net income (loss)	Weighted average number of shares	EPS $	Net income (loss)	Weighted average number of shares	EPS $	Net income (loss)	Weighted average number of shares	EPS $
Basic									
Continuing operations	**(25,166)**	**25,000**	**(1,006.64)**	(95,382)	25,000	(3,815.28)	(33,176)	14,315	(2,317.56)
Diluted									
Continuing operations	**(25,166)**	**25,000**	**(1,006.64)**	(95,382)	25,000	(3,815.28)	(33,176)	14,315	(2,317.56)

Excludes the effect of approximately 120,377 (2015 — 124,080, 2014 — 102,906) options and 1,024,235 (2015 — 1,024,553, 2014 — 1,033,232) preferred shares that are anti-dilutive.

23. FUTURE ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of these financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

IFRS 9 "Financial Instruments: Classification and Measurement"

In 2013, the IASB issued amendments to IFRS 9, "Financial Instruments" ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

23. FUTURE ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

IFRS 15 "Revenue from Contracts with Customers"

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

IFRS 16, "Leases"

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

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its consolidated financial statements.

24. EVENTS AFTER THE REPORTING PERIOD

On January 31, 2017, JLL exited its existing credit facilities with Wells Fargo and CPPIB and entered into the Credit Facilities (see Note 13iv). Additionally, on January 31, 2017 JLL, under the terms of a share purchase agreement, acquired Body Plus and Sonoma (see Note 4).

On May 4, 2017, the Company filed articles of amendment to change its name to "Jamieson Wellness Inc.".

On June 8, 2017, the Supreme Court in British Columbia (the Company's governing jurisdiction) granted an order to amend and rectify certain language in the articles of the Company and to create 22 separate classes of preferred shares. The purpose of the order was to clarify the Return of Capital Right of preferred shareholders and to facilitate the payment of a cumulative 4.5% dividend upon declaration prior to the conversion of preferred shares into common shares. The amended articles will be considered in the accounting for the preferred shares on a prospective basis.

Prior to the end of the second quarter of 2017, the Company intends to effect certain amendments that are expected to result in the outstanding options being exercisable for common shares of the Company, rather than class A common shares of the Company. The terms of the Company's common shares and class A common shares are identical.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF JAMIESON WELLNESS INC.

for the year ended December 31, 2016

JAMIESON WELLNESS INC.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars, except share and per share amounts, for the year ended December 31, 2016

	Jamieson Historical	Body Plus Historical	Sonoma Historical	Pro forma adjustments	Notes	Pro forma Jamieson
	Note 1	Note 1	Note 1			Note 1
Revenue	248,331	37,811	26,973	(16,461)	C	296,654
Cost of sales	167,519	24,009	22,093	(16,416)	A,C	197,205
Selling, general and administrative expenses	44,837	6,924	1,438	—		53,199
Stock-based compensation	4,934	—	—	—		4,934
Earnings from operations	31,041	6,878	3,442	(45)		41,316
Foreign exchange (gain) loss	(192)	217	(333)	—		(308)
Termination benefits	1,420	—	—	—		1,420
Acquisition costs	789	5,176	1,003	(6,968)	B	—
Other (income) expense	(2,876)	(3)	—	—		(2,879)
Preferred share accretion	30,434	—	—	—		30,434
Interest expense and other financing costs	22,926	162	120	(10,128)	D	13,080
Income (loss) before income taxes	(21,460)	1,326	2,652	17,051		(431)
Provision for (recovery of) income taxes	3,706	681	909	4,519	E	9,815
Net income (loss)	**(25,166)**	**645**	**1,743**	**12,532**		**(10,246)**
Other comprehensive income (loss)						
Actuarial loss not reclassified to net income (loss)	(234)	—	—	—		(234)
Income tax	60	—	—	—		60
Net of tax	(174)	—	—	—		(174)
Net movement on cash flow hedges that may be reclassified subsequently to net income (loss)	(3,292)	—	—	—		(3,292)
Income tax	839	—	—	—		839
Net of tax	(2,453)	—	—	—		(2,453)
Total other comprehensive (loss) income	**(2,627)**	**—**	**—**	**—**		**(2,627)**
Comprehensive income (loss)	**(27,793)**	**645**	**1,743**	**12,532**		**(12,873)**
Earnings per share attributable to common shareholders:						
Basic, loss per share	**(1,006.64)**					**(409.83)**
Diluted, loss per share	**(1,006.64)**					**(409.83)**
Weighted average number of shares						
Basic	**25,000**					**25,000**
Diluted	**25,000**					**25,000**

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in $'000)

NOTE 1. BASIS OF PRESENTATION

This Unaudited Pro Forma Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) of Jamieson Wellness Inc. ("Jamieson" or the "Company") reflects the following transactions:

- The acquisition by the Company of all of the outstanding common shares of Body Plus Nutritional Products Inc. ("Body Plus") and Sonoma Nutraceuticals Inc. ("Sonoma") on January 31, 2017 (the "Acquisition").
- The refinancing of credit facilities on January 31, 2017 as described in note 3.

(Collectively the "Transaction")

The Unaudited Pro Forma Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) for the year ended December 31, 2016 have been prepared by management to give effect to the Transaction as if it has been consummated on January 1, 2016.

All financial data in the Unaudited Condensed Consolidated Pro Forma Financial Statements is presented in thousands of Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("IFRS") and Canadian securities regulations.

The Unaudited Pro Forma Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) ("Pro Forma Statement of Operations") was derived from the following:

- the audited consolidated financial statements of Jamieson for the year ended December 31, 2016, included elsewhere in this Prospectus; and
- the unaudited interim financial statements of Body Plus and Sonoma for the 6 month periods ended January 31, 2017 and January 31, 2016 as well as the audited financial statements for the year ended July 31, 2016, included elsewhere in this Prospectus.

The constructed statements of operations and comprehensive income of Body Plus and Sonoma for the 12-month period ended January 31, 2017 used to prepare the Pro Forma Statement of Operations were prepared for the purpose of the Pro Forma Statement of Operations and do not conform with the financial statements of Body Plus and Sonoma included elsewhere in this Prospectus. The historical consolidated financial information has been adjusted to give effect to pro forma events that are directly attributable to the Transaction for which there are firm commitments and for which the complete financial effects are objectively determinable.

The Unaudited Pro Forma Condensed Consolidated Financial Statements are based on preliminary estimates, accounting judgments and currently available information and assumptions that management believes are reasonable. The notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements provide a detailed discussion of how such adjustments were derived and presented in the Unaudited Pro Forma Condensed Consolidated Financial Statements. The Unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with "Consolidated Capitalization", "Summary Financial Information", "Management's Discussion and Analysis" and the audited consolidated financial statements of the Company, and "Management's Discussion and Analysis" and the audited financial statements of Body Plus and Sonoma, included elsewhere in this Prospectus. The Pro Forma Statement of Operations has been prepared for illustrative purposes only and is not indicative of the Company's results of operations had the Transaction actually occurred on the date indicated, nor is such pro forma financial information indicative of the results to be expected in any future period. A number of factors may affect these results and actual results may differ materially.

NOTE 2. BODY PLUS AND SONOMA ACQUISITIONS

On January 31, 2017, the Company acquired 100% of the outstanding shares of Body Plus a leading marketer of sports nutrition products, and Sonoma, a well-established manufacturer of sports nutrition products and supplements and also a provider of private label services. Under the terms of the share purchase agreement Body Plus and Sonoma have become wholly-owned subsidiaries of Jamieson. These companies are located in Scarborough, Ontario. Total consideration for the Acquisition consisted of $82.1 million in cash, $1.4 million in deferred compensation to the employees and $7.5 million in deferred compensation to the former shareholder.

The Acquisition was accounted for using the acquisition method under IFRS 3 "Business Combinations", with the Company identified as the accounting acquirer. The Acquisition is described in Note 3 of the Jamieson unaudited condensed interim consolidated financial statements for the 3 month period ended March 31, 2017 included elsewhere in this Prospectus. Acquisition related costs incurred by the Company were $2.646 million of which $0.789 million was recognized in the December 31, 2016 consolidated statement of operations and comprehensive income (loss) of Jamieson.

NOTE 3. REFINANCING OF LONG TERM DEBT

On January 31, 2017, the Company extinguished its existing term loan facilities and entered into a term loan and revolving credit facility agreement with a syndicate of lenders. This is described in Note 13 of the Jamieson audited consolidated financial statements as at and for the year ended December 31, 2016 included elsewhere in the Prospectus. The agreement provides a secured term credit facility of $195 million and a revolving credit facility of $75 million expandable via a swing line facility to $85 million. The proceeds from this refinancing were used to pay the purchase price of the Acquisition. Financing costs of $4,265 and $1,538 were incurred as part of the issuance of the loan and revolver, respectively. The Company expensed the remaining unamortized deferred financing fees of $3,159 related to the existing term loan facilities.

NOTE 4. EXPLANATORY NOTES

A. Adjusted for reduced depreciation of $112, as a result of reduced depreciation due to an increase in the estimated useful lives of the acquired property, plant and equipment offset by incremental amortization from a fair value adjustment, and incremental amortization $157 as a result of the fair value adjustment to customer lists.

B. A total of $6,968 of acquisition expenses have been adjusted. $789 of acquisition related expenses incurred by the Company prior to December 31, 2016, and $6,179 of purchase consideration, which in accordance with IFRS 3 "Business Combinations", has been accounted for as acquisition expenses incurred by Body Plus and Sonoma prior to January 31, 2017, attributable to the Acquisition, have been eliminated from the Pro Forma Statement of Operations as they are nonrecurring in nature and would not reflect expenses of the combined entity on an ongoing basis.

C. Intercompany sales of $16,461 between Sonoma and Body Plus have been eliminated in the Pro Forma Statement of Operations with an offset to cost of sales.

D. As explained in Note 3, Refinancing of Long Term Debt, concurrently with the Acquisition, the Company has refinanced its long term indebtedness and assumed additional debt of approximately $82 million to finance the Acquisition. This refinancing has resulted in the Company's cost of borrowing reducing from an effective interest rate of 8.39% to 4.5%. The refinancing will result in a reduction of interest expense of $10,128 after considering the amortization of the financing costs on the refinanced debt. This has been reflected in the Pro Forma Statement of Operations. Financing costs of $4,265 and $1,538 were incurred as part of the issuance of the loan and revolver, respectively.

E. Income tax relating to adjustments on the Pro Forma Statement of Operations has been reflected at 26.5% of the net adjustments.

BODY PLUS NUTRITIONAL PRODUCTS INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS & NOTES
For the three and six months ended January 31, 2017 and 2016

BODY PLUS NUTRITIONAL PRODUCTS INC.
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS JANUARY 31, 2017 AND 2016

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BODY PLUS NUTRITIONAL PRODUCTS INC.

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

In Canadian dollars ('000)

	Notes	January 31, 2017	July 31, 2016
Assets			
Current assets			
Cash	**3**	2,019	14,373
Accounts receivable	**4**	4,470	3,766
Inventories	**5**	5,449	6,118
Prepaid expenses and other current assets		113	167
		12,051	**24,424**
Non-current assets			
Property, plant and equipment		33	50
Deferred income tax asset		14	16
Total assets		**12,098**	**24,490**
Current liabilities			
Accounts payable and accrued liabilities	**6**	2,143	1,320
Income taxes payable		1,286	2,717
Due to related company supplier	**7**	—	952
Due to shareholder	**7**	5,176	633
Redeemable shares	**8**	845	24,520
		9,450	**30,142**
Total Liabilities		**9,450**	**30,142**
Shareholder's equity (deficiency)			
Share capital	**8**	1	1
Retained earnings (accumulated deficit)		2,647	(5,653)
Total Shareholder's equity (deficiency)		**2,648**	**(5,652)**
Total Liabilities and Shareholder's equity (deficiency)		**12,098**	**24,490**
Commitments and contingencies	**12**		

The accompanying notes are an integral part of the condensed interim financial statements.

BODY PLUS NUTRITIONAL PRODUCTS INC.

UNAUDITED CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

In Canadian dollars ('000)

	Notes	Three months ended January 31		Six months ended January 31	
		2017	2016	2017	2016
Revenue		8,888	8,437	18,435	17,784
Cost of sales		5,621	5,232	11,358	10,864
Selling, general and administrative expenses		1,881	1,581	3,474	3,047
Earnings from operations		1,386	1,624	3,603	3,873
Foreign exchange (gain) loss		(43)	—	7	—
Other expense	**1**	5,176	—	5,176	—
Interest expense and other financing costs	**9**	28	74	55	146
Income (loss) before income taxes		(3,775)	1,550	(1,635)	3,727
Provision for (recovery of) income taxes		(903)	430	(290)	1,025
Net income (loss)		**(2,872)**	**1,120**	**(1,345)**	**2,702**
Comprehensive income (loss)		**(2,872)**	**1,120**	**(1,345)**	**2,702**

The accompanying notes are an integral part of the condensed interim financial statements.

BODY PLUS NUTRITIONAL PRODUCTS INC.

UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (DEFICIENCY)

In Canadian dollars ('000)

	Share Capital	Retained Earnings (Accumulated Deficit)	Total Shareholder's Equity (deficiency)
As at August 1, 2015	1	(10,325)	(10,324)
Net income during the period	—	2,702	2,702
As at January 31, 2016	**1**	**(7,623)**	**(7,622)**
As at August 1, 2016	1	(5,653)	(5,652)
Conversion of special shares	—	23,675	23,675
Repurchase of common shares	—	(14,030)	(14,030)
Net loss during the period	—	(1,345)	(1,345)
As at January 31, 2017	**1**	**2,647**	**2,648**

The accompanying notes are an integral part of the condensed interim financial statements.

BODY PLUS NUTRITIONAL PRODUCTS INC.

UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

In Canadian dollars ('000)

	Six months ended January 31	
	2017	**2016**
Cash provided by (used in)		
Operating activities		
Net income	(1,345)	2,702
Items not affecting cash:		
Depreciation of property, plant, and equipment	17	18
Net change in non-cash working capital	(596)	(2,990)
	(1,924)	**(270)**
Investing activities		
Additions to property, plant and equipment, net	9	8
	9	**8**
Financing activities		
Repurchase of common shares	(14,030)	—
Advance from shareholder	4,543	432
Advance from (payment to) related company supplier	(952)	2
	(10,439)	**434**
Increase (decrease) in cash	**(12,354)**	**172**
Cash — Beginning of period	**14,373**	**12,303**
Cash — End of period	**2,019**	**12,475**
Supplemental disclosure		
Amount of income taxes paid	1,133	441
Amount of interest paid	306	—

The accompanying notes are an integral part of the condensed interim financial statements.

1. COMPANY OVERVIEW

Body Plus Nutritional Products Inc. ("the Company") is incorporated under the *Business Corporations Act* (Ontario). The Company markets and distributes premium quality sports nutrition products under the Progressive, Precision and Iron Vegan brands, manufactured to its specifications principally by the shareholder's wholly-owned manufacturing facility, Sonoma Nutraceuticals Inc.

On January 31, 2017, the Company and its affiliate Sonoma Nutraceuticals Inc. were purchased by Jamieson Laboratories Ltd. ("Jamieson") under the terms of a share purchase agreement. As a result of the acquisition, the Company incurred $5,176 in compensation costs paid to employees on closing of the transaction.

Jamieson is principally engaged in the development, sales, marketing and distribution of branded and private label health products including vitamins, herbal and mineral nutritional supplements.

The condensed interim financial statements of the Company for three and six months ended January 31, 2017, were authorized for issue by the Board of Directors of the Company on June 29, 2017. The Company's registered office is located at 130 McLevin Avenue Unit 1, Toronto, Ontario M1B 3R6.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed interim financial statements and the notes in this report have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the July 31, 2016, annual financial statements. The interim financial statements have been prepared using the same accounting policies as disclosed in the July 31, 2016, annual financial statements and there have been no changes to the Company's significant accounting policies. The financial statements are presented in Canadian dollars, except when otherwise indicated.

3. CASH

Cash comprises of cash at bank. As at January 31, 2017, cash amounted to $2,019 (July 31, 2016 — $14,373).

4. ACCOUNTS RECEIVABLE

As at,	January 31, 2017 $	July 31, 2016 $
Trade	**3,576**	3,816
Other miscellaneous receivables	**944**	—
Allowance for doubtful accounts	**(50)**	(50)
	4,470	**3,766**

The Company maintains an allowance for doubtful accounts that represents its estimate of the uncollectible amounts based on specific losses estimated on individual exposures and provision based on historical experience.

The aging of receivables is as follows:

As at,	January 31, 2017 $	July 31, 2016 $
Current	**2,693**	2,385
Aged 1 - 30 days past due	**775**	825
Aged 31 - 60 days past due	**703**	562
Aged > 60 days past due	**350**	44
Allowance for doubtful accounts	**(50)**	(50)
	4,470	**3,766**

5. INVENTORIES

As at,	January 31, 2017 $	July 31, 2016 $
Packaged finished goods	**5,617**	6,241
Inventory provision	**(168)**	(123)
	5,449	**6,118**

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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at,	January 31, 2017 $	July 31, 2016 $
Trade payable and accrued liabilities	**1,298**	1,298
Salaries, commissions and bonuses	**771**	20
Other	**74**	2
	2,143	**1,320**

7. RELATED PARTY TRANSACTIONS

The Company's significant supplier/manufacturer of its packaged products, Sonoma Nutraceuticals Inc., is wholly-owned by the shareholder of the Company. Its sales to the Company are generally paid on similar terms of 30 days (2016 — 30 days) as any other vendor to the Company. Transactions occur in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties. During the six months ended January 31, 2017, purchases from this related company supplier totaled $8,288 (2016 — $8,990).

The outstanding shareholder loan as at July 31, 2016 of $633 was fully paid on January 15, 2017 and a new loan to Jamieson of $5,176 was incurred as a result of Jamieson advancing funds to pay compensation costs as part of the January 31, 2017 transaction (Note 1).

8. SHARE CAPITAL AND REDEEMABLE SHARES

In this note, amounts are expressed in whole Canadian dollars.

	Common Shares		Redeemable Shares	
Shares issued and fully paid	#	$	#	$
As at July 31, 2016	100	100	245,200	24,520,000
Converted during the period	(100)	—	(245,200)	(24,520,000)
Issued during the period	96,489,048	—	845,300	845,300
Repurchased during the period	(42,620,170)	—	—	—
As at January 31, 2017	**53,868,878**	**100**	**845,300**	**845,300**

On July 27, 2015, following an amendment to the Company's articles, the shareholder exchanged his common shares for 245,000 new $100 per share Class A special shares redeemable at any time at the option of the holder for $24,500,000 (subject to a price adjustment clause). Following this reorganization 100 new $1 per share common shares and 200 new $100 per share Class B special shares were issued for cash.

On January 27, 2017, the Company amended its articles in order to create and authorize the issuance of:

i) an unlimited number of Class N voting common shares; and

8. SHARE CAPITAL AND REDEEMABLE SHARES (Continued)

ii) an unlimited number of Class N non-voting preference shares with each share redeemable and retractable for $1 per share. On January 29, 2017 the sole shareholder of the Company surrendered the 245,000 Class A special shares, the 200 Class B special shares and the 100 common shares in exchange for 845,300 Class N preference shares redeemable for $1 per share and 67,899,517 Class N common shares.

Subsequently through a series of transactions carried out on January 30, 2017 between the Company and the sole shareholder and his related entities, the Company purchased for cancellation 14,030,640 Class N common shares for $14,030,640 in cash, issued promissory notes totaling $28,590,531 to cancel 28,589,530 Class N common shares and subsequently converted the $28,590,531 promissory notes into 28,589,531 Class N common shares at the request of the sole shareholder and his related entities. These transactions were carried out for tax purposes to facilitate the sale of the Company by the sole shareholder as described in note 1 of these interim financial statements.

Ultimately on January 31, 2017 the Company had 845,300 Class N preference shares redeemable at $1 per share and 53,868,878 Class N common shares. There were no promissory notes outstanding other than to Jamieson.

Redeemable shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the statements of financial position.

9. INTEREST EXPENSE AND OTHER FINANCING COSTS

For six months ending,	January 31, 2017 $	January 31, 2016 $
Interest on shareholder loan advance	55	146
	55	**146**

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Financial instruments

The Company has made the following classifications for financial instruments:

Cash	Fair value through profit or loss
Accounts receivable	Loans and receivables
Due to related company supplier	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Due to Shareholder	Other liabilities
Redeemable shares	Other liabilities

Fair value measurement

The carrying value of the US dollar bank balance is nil as at January 31, 2017 ($4,370 — July 31, 2016).

The fair values of financial assets and liabilities classified as loans and receivables and other financial liabilities approximate their carrying value due to their short-term nature and have been classified as Level 2 in the fair value hierarchy.

There were no transfers between levels during the six months ended January 31, 2017 and 2016.

Financial instrument risk management objectives and policies

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

Credit risk

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

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

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.

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 US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

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 has minimal interest rate risk.

Commodity price risk

The Company is exposed to price risk related to purchases of certain commodities used in its products. 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 as well as redeemable shares.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also 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.

Capital management

The Company considers its redeemable shares, its total shareholder's equity and the amounts due to shareholder totaling $8,669 (July 31, 2016 — $19,501) as its total capital. The Company has no externally imposed capital requirements and manages its capital in a manner so that it has adequate working capital to meet the operating needs of its business.

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

11. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has entered into a number of operating leases for vehicles, production equipment, computer and communications equipment, office equipment and office space. Total minimum lease payments payable in future years are as follows:

	$
2017 (11 months)	331
2018	361
2019	383
2020	159
	1,234

General contingencies

In addition, various claims and potential claims arising in the normal course of operations are pending against the Company. 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.

Body Plus Nutritional Products Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the three and six months ended January 31, 2017

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for Body Plus Nutritional Products Inc. (the "Company" or "Body Plus") should be read in conjunction with the Company's unaudited condensed interim financial statements and the accompanying notes as at and for the three and six months ended January 31, 2017, its audited annual financial statements and accompanying notes and its annual MD&A as at and for the year ended July 31, 2016.

The Company's unaudited condensed interim financial statements and accompanying notes for the three and six months ended January 31, 2017 have been prepared in accordance with IAS 34, "Interim Financial Reporting" under International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars.

Overview

Body Plus is a leading marketer of sports nutrition products and is well known for its Progressive nutritional therapies, Precision sports supplements and the Iron Vegan brand. The Company's operation is comprised of marketing and retail distribution of proprietary products formulated by the Company in the field of nutritional health and wellness supplements and related products, manufactured to its specifications principally by an affiliated company, Sonoma Nutraceuticals Inc. ("Sonoma"). These products are sold through the Company's customer network of retail stores and regional chain store locations across the country.

On January 31, 2017, the Company, together with its related party affiliate Sonoma, were purchased by Jamieson Laboratories Ltd. ("Jamieson") under the terms of a share purchase agreement. As a result of the acquisition, the Company incurred $5.2 million in compensation costs paid to employees on closing of the transaction.

Jamieson is principally engaged in the development, sales, marketing and distribution of branded and private label health products including vitamins, herbal and mineral nutritional supplements.

Summary of Factors Affecting Our Performance

Body Plus' performance and future success depend on a number of factors that present significant opportunities for the Company. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk and Uncertainties" section of this MD&A.

Our Brands

Body Plus is a leading marketer of innovative, on-trend sports nutrition products. The Company's leading brands are strategically targeted towards more focused segments of the market, including healthy and active lifestyle enthusiasts (Progressive), amateur, semi-professional and professional athletes (Precision) and consumers with an active lifestyle looking for a plant-based protein solution (Iron Vegan). Maintaining, enhancing and growing Body Plus' brand appeal in Canada and internationally is critical to the Company's continued success. Failure to maintain and enhance the Company's brands in any of the targeted markets may materially and adversely affect its business, results of operations or financial condition.

Product Innovation and Planning

Body Plus' business is subject to changing consumer trends and preferences which is dependent, in part, on continued consumer interest in Body Plus' new products, including line extensions, reformulations, new formulations and new formats. There can be no assurance that consumers will accept any such new products or that Body Plus will be able to attain sufficient market share for these products. The success of new product offerings depends upon a number of factors, including Body Plus' ability to: (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products in a timely manner; (iv) price products competitively; (v) manufacture and deliver products in sufficient volumes and in a timely manner; and (vi) differentiate product offerings from those of competitors.

If Body Plus does not introduce new products to meet the changing needs and tastes of consumers in a timely manner and more effectively than competitors, the Company may experience declining sales, which could have an adverse effect on operating results. Additionally, the development and introduction of new products may require substantial research, development and marketing expenditures, which Body Plus may be unable to recoup if new products do not gain widespread market acceptance or if the market for such products does not develop as expected. Efforts to accelerate innovation capabilities may exacerbate risks associated with innovation. If Body Plus is unsuccessful in meeting the Company's objectives with respect to new products, business' financial condition, reputation and results of operations could be harmed.

Customer Risk

Body Plus sells products in Canada and internationally through retailers, on whom the Company rely to display, present and sell the Company's products to consumers in their brick and mortar stores and through their online e-commerce sites. Retailers stock and display Body Plus products in health food and other specialty stores and provide consumers with explanations on product attributes and health benefits. Body Plus' relationships with these retailers are important for maintaining and building consumer trust in the Company's brands. Failure to maintain these relationships with retailers or difficulties experienced by these retailers could harm Body Plus' business.

Consumer Trends

Consumer spending habits, including spending on Body Plus' products, are affected by, among other things, prevailing economic conditions, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. A general economic slowdown in Canada and other parts of the world could decrease demand for Body Plus' products which would adversely affect the Company's revenue; an uncertain economic outlook may adversely affect consumer spending habits and customer traffic, which may result in lower revenue. A prolonged global economic downturn could have a material negative impact on the Company's business, financial condition and performance.

Competition

Body Plus competes for sales in a highly fragmented, high margin sports nutrition segment of the health and wellness industry through the health food store, specialty, and online channel. Although consumers in this channel are willing to pay premium prices for more specialized formulations and products, as some products become more mainstream, those products may experience increased price competition as more participants enter the market. Body Plus may not be able to compete effectively and the Company's attempts to do so may require price reductions, which may result in lower margins. A shift in consumer behavior towards increased purchases of sports nutrition products through e-commerce platforms could also increase price competition and limit the Company's ability to compete effectively. Failure to effectively compete could adversely affect Body Plus' market share, revenues and growth prospects.

Foreign Exchange

The Company's exposure to the risk of changes in foreign exchange rates relates primarily from transactions in US dollars such as a portion of trade accounts payable, trade accounts receivable and cash. Fluctuating US-Canadian currency exchange rate could negatively impact the Company's business and financial condition where the products sold contain materials and inputs purchased with U.S. dollars.

Regulation

The formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of Body Plus' products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels in Canada. There can be no assurance that the Company is in compliance with all of these laws, regulations and other constraints. Body Plus' failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the

imposition of significant penalties or claims and could negatively impact the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead the Company to discontinue product sales and may have an adverse effect on the marketing of Body Plus' products, resulting in significant loss of sales. The introduction of new environmental laws affecting the size or materials composition of packaging could impact the visibility of the Company's products on the display shelves of retailer partners, resulting in significant loss of sales.

In Canada, natural health products are regulated under the National Health Products Regulations of the Food and Drugs Act and Health Canada is in the process of updating the Natural Health Products Regulations. If such changes result in less stringent rules in Canada, there is a risk this may result in new entrants to the health and wellness industry in Canada and thus greater overall competition in the industry. Failure to effectively compete with any new entrants could adversely affect Body Plus' market share, revenues and growth prospects.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing 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 non-IFRS measures including "EBITDA", "Adjusted EBITDA", and "Adjusted Net Income" to provide supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"EBITDA" is defined as net income before: (i) provision for income taxes; (ii) interest expense and other financing costs; and (iii) depreciation of property, plant, and equipment.

"Adjusted EBITDA" is used by management to evaluate and compare our operating performance and cash flow to other companies in the same industry by excluding the effects of interest, taxes, depreciation and amortization costs, expenses that management believes are not reflective of underlying business performance and other one-time, non-recurring or non-cash expenses.

"Adjusted Net Income" is used by management in assessing the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of underlying business performance and other one-time or non-recurring expenses. Adjusted Net Income is defined as net income (loss) adjusted for the impact of normalization of executive salary and foreign exchange (gain) and loss net of related tax effects.

Selected Financial Information

The following table provides selected historical information and other data of the Company which should be read in conjunction with the unaudited condensed interim financial statements of the Company.

A reconciliation of net income to EBITDA, Adjusted EBITDA, and Adjusted Net Income can be found in the below "Results of Operations" sections for the respective periods.

($ in 000's)	Three months ended January 31		Six months ended January 31	
	2017	2016	2017	2016
Revenue	**8,888**	**8,437**	**18,435**	**17,784**
Cost of sales	5,621	5,232	11,358	10,864
Gross profit	3,267	3,205	7,077	6,920
Selling, general and administrative expenses	1,881	1,581	3,474	3,047
Earnings from operations	**1,386**	**1,624**	**3,603**	**3,873**
Operating margin	**15.6%**	**19.2%**	**19.5%**	**21.8%**
Foreign exchange (gain)/loss	(43)	—	7	—
Other expense	5,176	—	5,176	—
Interest expense and other financing costs	28	74	55	146
Income (loss) before income taxes	(3,775)	1,550	(1,635)	3,727
Provision for (recovery of) income taxes	(903)	430	(290)	1,025
Net income (loss)	**(2,872)**	**1,120**	**(1,345)**	**2,702**
EBITDA	**(3,738)**	**1,633**	**(1,563)**	**3,891**
Adjusted EBITDA	**1,282**	**1,520**	**3,395**	**3,666**
Adjusted net income	**818**	**1,037**	**2,299**	**2,537**

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

($ in 000's)	As at January 31, 2017	As at July 31, 2016
Selected Consolidated Financial Position Data:		
Total assets	12,098	24,490
Total non-current liabilities	—	—

Results of Operations — three months ended January 31, 2017 and 2016

The following table provides a summary of the Company's results for the three months ended January 31, 2017 and January 31, 2016.

($ in 000's)	Three months ended January 31 2017	2016	$ Change	% Change
Revenue	**8,888**	**8,437**	**451**	**5.3%**
Cost of sales	5,621	5,232	389	7.4%
Gross profit	3,267	3,205	62	1.9%
Selling, general and administrative expenses	1,881	1,581	300	19.0%
Earnings from operations	**1,386**	**1,624**	**(238)**	**(14.7)%**
Operating margin	**15.6%**	**19.2%**	—	**(3.6)%**
Foreign exchange (gain)	(43)	—	(43)	—
Other expense	5,176	—	5,176	—
Interest expense and other financing costs	28	74	(46)	(62.2)%
Income (loss) before income taxes	(3,775)	1,550	(5,325)	(343.5)%
Provision for (recovery of) income taxes	(903)	430	(1,333)	(310.0)%
Net income (loss)	**(2,872)**	**1,120**	**(3,992)**	**(356.4)%**
EBITDA	**(3,738)**	**1,633**	**(5,371)**	**(328.9)%**
Adjusted EBITDA	**1,282**	**1,520**	**(238)**	**(15.7)%**
Adjusted net income	**818**	**1,037**	**(219)**	**(21.1)%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the three months ended January 31, 2017 and January 31, 2016.

($ in 000's)	Three months ended January 31 2017	2016	$ Change	% Change
Net income (loss)	**(2,872)**	**1,120**	**(3,992)**	**(356.4)%**
Add:				
Provision for (recovery of) income taxes	(903)	430	(1,333)	(310.0)%
Interest expense and other financing costs	28	74	(46)	(62.2)%
Depreciation of property, plant, and equipment	9	9	—	—
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**(3,738)**	**1,633**	**(5,371)**	**(328.9)%**
Add EBITDA adjustments:				
Normalization of executive salary[1]	(113)	(113)	—	—
Other expense[2]	5,176	—	5,176	—
Foreign exchange (gain)	(43)	—	(43)	—
Adjusted EBITDA	**1,282**	**1,520**	**(238)**	**(15.7)%**

(1) This adjustment normalizes key management compensation based on expected salary subsequent to the sale to Jamieson on January 31, 2017.

(2) As per the terms of the share purchase agreement, $5.2 million in compensation costs was paid to employees on closing of the sale of the Company to Jamieson.

The following table provides a reconciliation of net income to Adjusted Net Income for the three months ended January 31, 2017 and January 31, 2016.

($ in 000's)	Three months ended January 31 2017	2016	$ Change	% Change
Net income (loss)	**(2,872)**	**1,120**	**(3,992)**	**(356.4)%**
Adjustments to net income (loss):				
Normalization of executive salary	(113)	(113)	—	—
Other expense	5,176	—	5,176	—
Foreign exchange (gain)	(43)	—	(43)	—
Related tax effects	(1,330)	30	(1,360)	(4,533.3)%
Adjusted net income	**818**	**1,037**	**(219)**	**(21.1)%**

Revenue

Revenue increased 5.3%, or $0.5 million, to $8.9 million in 2017 from $8.4 million in 2016. The increase was primarily driven by growth in the "Progressive" brand of $0.5 million, the "Iron Vegan" brand of $0.4 million, and other brands totalling $0.1 million, partially offset by lower sales of the "Precision" brand of $0.5 million.

Earnings from operations and operating margin

Earnings from operations decreased 14.7%, or $0.2 million, to $1.4 million in 2017 from $1.6 million in 2016 and operating margin decreased 360 basis points to 15.6% in 2017 from 19.2% in 2016. The decrease in operating margin was due to an increase in cost of sales as a percentage of revenue primarily due to product mix and higher retailer incentives, and an increase in selling, general and administrative ("SG&A") expenses primarily due to increased consulting fees of $0.2 million and compensation costs of $0.1 million. Cost of sales as a percentage of revenue increased 120 basis points and SG&A expenses as a percentage of revenue increased 240 basis points in 2017.

Foreign exchange gain

Foreign exchange gain in 2017 was due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Other expense

Other expense of $5.2 million in 2017 pertains to compensation costs paid to employees on closing of the sale of the Company to Jamieson.

Interest expense and other financing costs

Interest expense and other financing costs decreased by a nominal amount in 2017 due to an overall lower balance of outstanding shareholder advances compared to the same period in prior year.

Provision for income taxes

Income tax expense decreased 310.0%, or $1.3 million, from an expense of $0.4 million in 2016 to a recovery position of $0.9 million in 2017. The decrease was mainly due to lower income before taxes of $5.3 million. The statutory income tax rates for 2017 and 2016 remained constant at 26.5% for both years. The effective income tax rates for 2017 and 2016 were 23.9% and 27.7% respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent year over year.

EBITDA and Adjusted EBITDA

EBITDA decreased by 328.9%, or $5.3 million, to a loss of $3.7 million in 2017 from $1.6 million in 2016 primarily due to the factors discussed above.

Adjusted EBITDA decreased by 15.7%, or $0.2 million, to $1.3 million in 2017 from $1.5 million in 2016 primarily due to the factors discussed above and normalization of executive salary. The former shareholder received a salary of $nil in both periods, which has been normalized to the go forward expected salary of $0.1 million per quarter.

Results of Operations — six months ended January 31, 2017 and 2016

The following table provides a summary of the Company's results for the six months ended January 31, 2017 and January 31, 2016.

	Six months ended January 31			
($ in 000's)	**2017**	**2016**	**$ Change**	**% Change**
Revenue	**18,435**	**17,784**	**651**	**3.7%**
Cost of sales	11,358	10,864	494	4.5%
Gross profit	7,077	6,920	157	2.3%
Selling, general and administrative expenses	3,474	3,047	427	14.0%
Earnings from operations	**3,603**	**3,873**	**(270)**	**(7.0)%**
Operating margin	**19.5%**	**21.8%**	**—**	**(2.3)%**
Foreign exchange loss	7	—	7	—
Other expense	5,176	—	5,176	—
Interest expense and other financing costs	55	146	(91)	(62.3)%
Income (loss) before income taxes	(1,635)	3,727	(5,362)	(143.9)%
Provision for (recovery of) income taxes	(290)	1,025	(1,315)	(128.3)%
Net income (loss)	**(1,345)**	**2,702**	**(4,047)**	**(149.8)%**
EBITDA	**(1,563)**	**3,891**	**(5,454)**	**(140.2)%**
Adjusted EBITDA	**3,395**	**3,666**	**(271)**	**(7.4)%**
Adjusted net income	**2,299**	**2,537**	**(238)**	**(9.4)%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the six months ended January 31, 2017 and January 31, 2016.

	Six months ended January 31			
($ in 000's)	**2017**	**2016**	**$ Change**	**% Change**
Net income (loss)	**(1,345)**	**2,702**	**(4,047)**	**(149.8)%**
Add:				
Provision for (recovery of) income taxes	(290)	1,025	(1,315)	(128.3)%
Interest expense and other financing costs	55	146	(91)	(62.3)%
Depreciation of property, plant, and equipment	17	18	(1)	(5.6)%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**(1,563)**	**3,891**	**(5,454)**	**(140.2)%**
Add EBITDA adjustments:				
Normalization of executive salary[1]	(225)	(225)	—	—
Other expense[2]	5,176	—	5,176	—
Foreign exchange loss	7	—	7	—
Adjusted EBITDA	**3,395**	**3,666**	**(271)**	**(7.4)%**

(1) This adjustment normalizes key management compensation based on expected salary subsequent to the sale to Jamieson on January 31, 2017.

(2) As per the terms of the share purchase agreement, $5.2 million in compensation costs was paid to employees on closing of the sale of the Company to Jamieson.

The following table provides a reconciliation of net income to Adjusted Net Income for the six months ended January 31, 2017 and January 31, 2016.

($ in 000's)	Six months ended January 31 2017	2016	$ Change	% Change
Net income (loss)	**(1,345)**	**2,702**	**(4,047)**	**(149.8)%**
Adjustments to net income (loss):				
Normalization of executive salary	(225)	(225)	—	—
Other expense	5,176	—	5,176	—
Foreign exchange loss	7	—	7	—
Related tax effects	(1,314)	60	(1,374)	(2,290.0)%
Adjusted net income	**2,299**	**2,537**	**(238)**	**(9.4)%**

Revenue

Revenue increased by 3.7%, or $0.6 million, to $18.4 million in 2017 from $17.8 million in 2016. The increase was primarily driven by growth in the "Progressive" brand of $0.6 million, the "Iron Vegan" brand of $0.8 million, and other brands totalling $0.2 million, partially offset by lower sales of the "Precision" brand for $1.0 million.

Earnings from operations and operating margin

Earnings from operations decreased 7.0%, or $0.3 million, to $3.6 million in 2017 from $3.9 million in 2016 and operating margin decreased 230 basis points to 19.5% in 2017 from 21.8% in 2016. The decrease in operating margin was due to an increase in cost of sales as a percentage of revenue primarily due to product mix and higher retailer incentives, and an increase in SG&A expenses primarily due to increased consulting of $0.2 million and compensation costs of $0.2 million. Cost of sales as a percentage of revenue increased 50 basis points and SG&A expenses as a percentage of revenue increased 170 basis points in 2017.

Foreign exchange loss

Foreign exchange loss in 2017 was due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Other expense

Other expense of $5.2 million in 2017 pertains to compensation costs paid to employees on closing of the sale of the Company to Jamieson.

Interest expense and other financing costs

Interest expense and other financing costs decreased 62.3%, or $0.1 million, to a nominal amount in 2017 due to an overall lower balance of outstanding shareholder advances compared to the same period in prior year.

Provision for income taxes

Income tax expense decreased 128.3%, or $1.3 million, from an expense of $1.0 million in 2016 to a recovery position of $0.3 million in 2017. The decrease was mainly due to lower income before taxes of $5.4 million. The statutory income tax rates for 2017 and 2016 remained constant at 26.5% for both years. The effective income tax rates for 2017 and 2016 were 17.7% and 27.5% respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent year over year.

EBITDA and Adjusted EBITDA

EBITDA decreased by 140.2%, or $5.5 million, to a loss of $1.6 million in 2017 from $3.9 million in 2016 primarily due to the factors discussed above.

Adjusted EBITDA decreased by 7.4%, or $0.3 million, to $3.4 million in 2017 from $3.7 million in 2016 primarily due to the factors discussed above. The former shareholder received a salary of $nil in both periods, which has been normalized to the go forward expected salary of $0.1 million per quarter.

Liquidity and Capital Resources

Overview

Body Plus' principal uses of funds are for operating expenses, working capital and general corporate needs, capital expenditures, and repayment of shareholder advances. Management believes that cash generated from operations will be sufficient to meet its future operating expenses, capital expenditures, and repayment of shareholder advances. However, Body Plus' ability to fund operating expenses, capital expenditures, and repay shareholder advances will depend on its future operating performance which will be affected by general economic, financial and other factors including factors beyond its control. See "Risk and Uncertainties".

In the six months ended January 31, 2017, cash used in operations consisted of a non-recurring compensation costs of $5.2 million paid to employees on closing of the sale of Body Plus to Jamieson and $0.6 million to fund working capital increases. Prior to the closing of the sale of Body Plus to Jamieson, $14.0 million was used to repurchase common shares and $1.0 million was used to the repay related company advances.

Analysis of Cash Flows — six months ended January 31, 2017 and 2016

	Six months ended January 31			
($ in 000's)	**2017**	**2016**	**$ Change**	**% Change**
Cash, beginning of period	**14,373**	**12,303**	**2,070**	**16.8%**
Cash flows from (used in):				
Operating activities	(1,924)	(270)	(1,654)	(612.6)%
Investing activities	9	8	1	12.5%
Financing activities	(10,439)	434	(10,873)	(2,505.3)%
Cash, end of period	**2,019**	**12,475**	**(10,456)**	**(83.8)%**

Cash Flows (Used in) Operating Activities

Cash flows used in operating activities totalled $1.9 million in 2017 compared to $0.3 million in 2016. This was primarily due to an increase in cash used in operating activities before working capital considerations of $4.0 million partially offset by a reduction of cash used in working capital of $2.4 million.

Cash Flows Generated from Investing Activities

Cash flows generated from investing activities in 2017 were relatively consistent with 2016. Property, plant, and equipment could fluctuate based on the timing of investments and consists mainly of office equipment and computers.

Cash Flows (Used in)/ Generated from Financing Activities

Cash flows used in financing activities in 2017 was related to repurchase of common shares of $14.0 million and repayment of a related company supplier advance of $1.0 million partially offset by an advance received

from the shareholder of $4.5 million, compared to advance received from the shareholder of $0.4 million in the prior year.

Contractual Obligations

There was no material change in the Company's contractual obligations and commitments from the annual MD&A as at and for the year ended July 31, 2016.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Purchases from related company supplier

The Company's significant supplier/manufacturer of its packaged products, Sonoma, is wholly-owned by the shareholder of the Company. Its sales to the Company are generally paid on similar terms of 30 days (2016 — 30 days) as any other vendor to the Company. Transactions occur in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties. During the six months ended January 31, 2017, purchases from this related company supplier totaled $8.3 million (2016 — $9.0 million).

Shareholder advance

($ in 000's)	As at January 31, 2017	As at July 31, 2016
Due to shareholder	5,176	633

The outstanding shareholder loan as at July 31, 2016 of $0.6 million was fully paid on January 15, 2017 and a new loan to Jamieson of $5.2 million was incurred as a result of Jamieson advancing funds to pay compensation costs as part of the January 31, 2017 transaction.

Outstanding Share Capital and Redeemable Shares

	Common Shares		Redeemable Shares	
Expressed in whole Canadian dollars	**#**	**$**	**#**	**$**
Shares issued and fully paid				
As at July 31, 2016	100	100	245,200	24,520,000
Converted during the period	(100)	—	(245,200)	(24,520,000)
Issued during the period	96,489,048	—	845,300	845,300
Repurchased during the period	(42,620,170)	—	—	—
As at January 31, 2017	**53,868,878**	**100**	**845,300**	**845,300**

On July 27, 2015, following an amendment to the Company's articles, the shareholder exchanged his common shares for 245,000 new $100 dollar per share Class A special shares redeemable at any time at the option of the holder for $24.5 million (subject to a price adjustment clause). Following this reorganization 100 new $1 dollar per share common shares and 200 new $100 dollar per share Class B special shares were issued for cash.

On January 27, 2017, the Company amended its articles in order to create and authorize the issuance of:

(i) an unlimited number of Class N voting common shares; and

(ii) an unlimited number of Class N non-voting preference shares with each share redeemable and retractable for $1 dollar per share. On January 29, 2017 the sole shareholder of the Company

surrendered the 245,000 Class A special shares, the 200 Class B special shares and the 100 common shares in exchange for 845,300 Class N preference shares redeemable for $1 dollar per share and 67,899,517 Class N common shares.

Subsequently through a series of transactions carried out on January 30, 2017 between the Company and the sole shareholder and his related entities, the Company purchased for cancellation 14,030,640 Class N common shares for $14.0 million in cash, issued promissory notes totaling $28.6 million to cancel 28,589,530 Class N common shares and subsequently converted the $28.6 million promissory notes into 28,589,531 Class N common shares at the request of the sole shareholder and his related entities. These transactions were carried out for tax purposes to facilitate the sale of the Company by the sole shareholder.

Ultimately on January 31, 2017 the Company had 845,300 Class N preference shares redeemable at $1 dollar per share and 53,868,878 Class N common shares. There were no promissory notes outstanding other than to Jamieson.

Redeemable shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the statements of financial position.

Critical Accounting Estimates and Judgments

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

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

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 the 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.

Trade merchandise allowances and other trade discounts

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

Taxes

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgments 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 statements of financial position, a charge or credit to income tax expense in the 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.

Significant Accounting Policies

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

Accounting Pronouncements Issued But Not Yet Effective

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

IFRS 9 "Financial Instruments"

In 2013, the International Accounting Standards Board issued amendments to IFRS 9, Financial Instruments ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers"

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

IFRS 16, "Leases"

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

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its financial statements.

Risk and Uncertainties

Body Plus's performance and future success depends on a number of factors that present significant opportunities for the Company. The risks and uncertainties that management believes could materially affect business activities, financial condition, cash flows and results of operations were included in the 2016 annual MD&A for the fiscal year ended July 31, 2016. There was no significant change to these risks and uncertainties during the three and six months ended January 31, 2017, other than those described elsewhere in this MD&A.

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

Forward-Looking Information

Certain statements made in this MD&A include forward-looking information relating to Body Plus future outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding expectations of future results, performance, achievements, prospects or opportunities are forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information is based on management's opinions, estimates and assumptions in light of the Company's experience and perception of historical trends, current conditions and expected future developments, as well as other factors believe to be appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that management considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described in "*Risks and Uncertainties*" within the 2016 annual MD&A for the fiscal year ended July 31, 2016.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "*Risks and Uncertainties*" should be considered carefully by readers.

Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known or presently believed are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents management's expectations as of the date of this MD&A and are subject to change after such date. However, management disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

BODY PLUS NUTRITIONAL PRODUCTS INC.

FINANCIAL STATEMENTS
July 31, 2016, 2015 and 2014

BODY PLUS NUTRITIONAL PRODUCTS INC.

July 31, 2016, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of
Body Plus Nutritional Products Inc.

We have audited the accompanying financial statements of Body Plus Nutritional Products Inc., which comprise the statements of financial position as at July 31, 2016, 2015 and 2014, and the statements of operations and comprehensive income, changes in shareholder's equity (deficiency) and cash flows for the years ended July 31, 2016, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements for the year ended July 31, 2014 and the financial performance and cash flows for the year ended July 31, 2015 and our unmodified audit opinion on the financial position as at July 31, 2015 and financial statements for the year ended July 31, 2016.

Basis for qualified opinion on the financial statements for the year ended July 31, 2014 and the financial performance and cash flows for the year ended July 31, 2015

Because we were appointed auditors of Body Plus Nutritional Products Inc. during 2017, we were not able to observe the counting of the physical inventories at the beginning of 2014 and 2015 or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the financial performance and cash flows, we were unable to determine whether adjustments to inventories as at July 31, 2014, and to the financial performance and cash flows for the years ended July 31, 2015 and 2014, might be necessary.

Qualified opinion on the financial statements for the year ended July 31, 2014 and the financial performance and cash flows for the year ended July 31, 2015

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Body Plus Nutritional Products Inc. as at July 31, 2014, and its financial performance and cash flows of Body Plus Nutritional Products Inc. for the years ended July 31, 2015 and 2014 in accordance with International Financial Reporting Standards.

Opinion on the financial position as at July 31, 2015 and financial statements for the year ended July 31, 2016

In our opinion, the financial statements present fairly, in all material respects, the financial position of Body Plus Nutritional Products Inc. as at July 31, 2016 and 2015 and its financial performance and its cash flows for the year ended July 31, 2016 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Toronto, Canada
June 29, 2017

Chartered Professional Accountants
Licensed Public Accountants

BODY PLUS NUTRITIONAL PRODUCTS INC.

STATEMENTS OF FINANCIAL POSITION

In Canadian dollars ('000) as at July 31,

	Notes	2016	2015	2014
Assets				
Current assets				
Cash	**4**	14,373	12,303	8,570
Accounts receivable	**5**	3,766	4,659	9,528
Inventories	**6**	6,118	6,282	6,049
Prepaid expenses and other current assets		167	116	142
		24,424	**23,360**	**24,289**
Non-current assets				
Property, plant and equipment	**7**	50	77	101
Deferred income tax asset	**10**	16	15	9
Total Assets		**24,490**	**23,452**	**24,399**
Current liabilities				
Accounts payable and accrued liabilities	**8**	1,320	3,611	4,130
Income taxes payable		2,717	1,240	1,549
Due to related company supplier	**9**	952	2,209	6,097
Due to shareholder	**9**	633	2,196	1,446
Redeemable shares	**11**	24,520	24,520	—
		30,142	**33,776**	**13,222**
Total Liabilities		**30,142**	**33,776**	**13,222**
Shareholder's equity (deficiency)				
Share capital	**11**	1	1	1
Retained earnings (accumulated deficit)		(5,653)	(10,325)	11,176
Total Shareholder's equity (deficiency)		**(5,652)**	**(10,324)**	**11,177**
Total Liabilities and Shareholder's equity (deficiency)		**24,490**	**23,452**	**24,399**
Commitments and contingencies	**14**			
Events after the reporting period	**16**			

(see the accompanying notes to the financial statements)

Approved on behalf of the Board:

(Signed) Mark Hornick
Director

BODY PLUS NUTRITIONAL PRODUCTS INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

In Canadian dollars ('000), for the years ended July 31,

	Notes	2016	2015	2014
Revenue		37,160	37,773	45,585
Cost of sales		23,515	24,731	31,870
Selling, general and administrative expenses		6,497	8,964	8,946
Earnings from operations		7,148	4,078	4,769
Foreign exchange loss (gain)		210	(754)	(260)
Other income		(3)	(43)	(20)
Interest expense and other financing costs	**12**	253	161	129
Income before income taxes		6,688	4,714	4,920
Provision for income taxes	**10**	1,996	1,425	1,365
Net income		**4,692**	**3,289**	**3,555**
Comprehensive income		**4,692**	**3,289**	**3,555**

(see the accompanying notes to the financial statements)

BODY PLUS NUTRITIONAL PRODUCTS INC.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (DEFICIENCY)

In Canadian dollars ('000)

	Share capital	Retained earnings (accumulated deficit)	Total Shareholder's equity (deficiency)
As at August 1, 2013	1	7,621	7,622
Net income for the year	—	3,555	3,555
As at July 31, 2014	**1**	**11,176**	**11,177**
Dividends paid for the year	—	(290)	(290)
Conversion of common shares	(1)	—	(1)
Issuance of common shares	1	—	1
Net income for the year	—	3,289	3,289
Issuance of redeemable shares	—	(24,500)	(24,500)
As at July 31, 2015	**1**	**(10,325)**	**(10,324)**
Dividends paid for the year	—	(20)	(20)
Net income for the year	—	4,692	4,692
As at July 31, 2016	**1**	**(5,653)**	**(5,652)**

(see the accompanying notes to the financial statements)

BODY PLUS NUTRITIONAL PRODUCTS INC.

STATEMENTS OF CASH FLOWS

In Canadian dollars ('000), for the years ended July 31,

	2016	2015	2014
Cash provided by (used in)			
Operating activities			
Net income	4,692	3,289	3,555
Items not affecting cash			
Depreciation of property, plant, and equipment	39	35	31
Net change in non-cash working capital	(1,066)	(61)	(1,509)
	3,665	**3,263**	**2,077**
Investing activities			
Additions to property, plant and equipment, net	(12)	(11)	(113)
	(12)	**(11)**	**(113)**
Financing activities			
Dividend paid	(20)	(290)	—
Issuance of common shares	—	1	—
Issuance of redeemable shares	—	20	—
Advance from (payment to) shareholder	(1,563)	750	(1,351)
	(1,583)	**481**	**(1,351)**
Increase in cash	**2,070**	**3,733**	**613**
Cash — Beginning of year	**12,303**	**8,570**	**7,957**
Cash — End of year	**14,373**	**12,303**	**8,570**
Supplemental disclosure			
Amount of income taxes paid	519	1,742	873
Amount of interest paid	160	133	—

(see the accompanying notes to the financial statements)

1. COMPANY OVERVIEW

Body Plus Nutritional Products Inc. ("the Company") is incorporated under the *Business Corporations Act* (Ontario). The Company markets and distributes premium quality sports nutrition products under the Progressive, Precision and Iron Vegan brands, manufactured to its specifications principally by the shareholder's wholly owned manufacturing facility, Sonoma Nutraceuticals Inc.

The financial statements of the Company for the year ended July 31, 2016 were authorized for issue by the Board of Directors of the Company on June 29, 2017. The Company is 100% privately owned. The Company's registered office is located at 130 McLevin Avenue Unit 1, Toronto, Ontario M1B 3R6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following are the significant accounting policies applied by the Company in preparing its financial statements:

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the 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 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

All other liabilities are classified as non-current.

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

2.3 Fair value measurement

The Company measures financial instruments, such as derivatives, at fair value at each statement 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
- Disclosures for valuation methods, significant estimates and assumptions, Note 3
- Financial instruments (including those carried at amortized cost), Note 13

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

2.4 Revenue recognition

The Company recognizes revenue from product sales upon the shipment of packaged goods to its customers' destinations at the fair value of the consideration received or receivable, net of estimated returns and an estimate of sales incentives provided to customers excluding taxes or duty. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, the Company has satisfied its performance obligations under the arrangement, and has no ongoing involvement with the sold product. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include rebate and promotional programs provided to the Company's customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. 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.

A provision for returns and sales provisions is recognized at the time the product is sold and recognized as a reduction to revenue.

2.5 Foreign currencies

The Company's financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar.

Transactions and balances

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 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 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 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.

Deferred income tax assets are recognized for unused tax loss on 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 other comprehensive income ("OCI") or equity are also recognized directly in OCI or equity, respectively.

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 statements of financial position.

2.7 Property, plant and equipment

Property, plant, and equipment is recorded at cost less accumulated depreciation and any net accumulated impairment losses. Repair and maintenance costs are recognized in profit or loss as incurred.

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

Vehicles and warehouse equipment	4 years
Office furniture	4 years
Computer equipment	3 years

When parts of an item of property, plant, and equipment have different useful lives, those components are accounted for as components of property, plant, 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 statements of operations and income when the asset is derecognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 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.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and receivables and other liabilities, net of directly attributable transaction costs.

All financial assets and liabilities are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are capitalized to the carrying amount of the instrument and amortized using the effective interest rate method ("EIR").

The Company has made the following classifications:

Cash	Fair value through profit or loss
Accounts receivable	Loans and receivables
Due to related company supplier	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Due to shareholder	Other liabilities
Redeemable shares	Other liabilities

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR, less impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the statements of operations and comprehensive income. Any losses arising from impairment are recognized in the statements of operations and comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Impairment of financial assets carried at amortized cost

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as a reduction to the allowance account. Changes in the carrying amount of the allowance account are recognized in selling, general and administrative expenses.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Other liabilities

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of operations and comprehensive income through the EIR. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability. The EIR amortization is included in interest expense in the statements of operations and comprehensive income.

Derecognition

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 statements of operations and comprehensive income.

2.9 Inventories

Inventories consist of packaged products for resale to the Company's customers and are valued at the lower of cost and net realizable value.

Cost is determined on a first-in, first-out basis.

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.

2.10 Impairment of non-financial assets

Disclosures relating to impairment of non-financial assets are summarized in the following notes:

- Accounting policy disclosures, Note 2
- Disclosures for significant assumptions, Note 3
- Property, plant and equipment, Note 7

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or cash generating units ("CGU's") recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses, if any, of continuing operations are recognized in the statements of operations and comprehensive income in those expense categories consistent with the function of the impaired asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Cash

Cash, held in both Canadian and US denominations, consists of cash and cash investments in a bank daily interest savings accounts and money market accounts valued at the current accumulated principal amount. These cash investments earn nominal interest and are available for daily operational needs. Cash in the statements of financial position comprises of cash balances that are subject to an insignificant risk of changes in value.

2.12 Provisions

General

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.

2.13 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statements of operations and comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The Company does not have any finance lease arrangements.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statements of operations and comprehensive income on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's 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, which management had made in the process of applying the Company's accounting policies, and which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

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.

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 the 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.

Trade merchandise allowances and other trade discounts

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

Taxes

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgments 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 statements of financial position, a charge or credit to income tax expense in the 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.

4. CASH

Cash comprises of cash at bank. As at July 31, 2016, cash amounted to $14,373 (2015 — $12,303 and 2014 — $8,570).

5. ACCOUNTS RECEIVABLE

As at July 31,	2016 $	2015 $	2014 $
Trade	**3,816**	4,514	9,191
Other miscellaneous receivables	**—**	320	523
Allowance for doubtful accounts	**(50)**	(175)	(186)
	3,766	**4,659**	**9,528**

The Company maintains an allowance for doubtful accounts that represents its estimate of the uncollectible amounts based on specific losses estimated on individual exposures and provision based on historical experience.

5. ACCOUNTS RECEIVABLE (Continued)

The aging of receivables is as follows:

As at July 31,	2016 $	2015 $	2014 $
Current	**2,385**	2,686	5,043
Aged 1 - 30 days past due	**825**	908	1,392
Aged 31 - 60 days past due	**562**	657	2,592
Aged > 60 days past due	**44**	583	687
Allowance for doubtful accounts	**(50)**	(175)	(186)
	3,766	**4,659**	**9,528**

6. INVENTORIES

As at July 31,	2016 $	2015 $	2014 $
Packaged finished goods	**6,241**	6,442	6,201
Inventory reserve	**(123)**	(160)	(152)
	6,118	**6,282**	**6,049**
Inventories expensed during the year	**19,877**	**21,079**	**31,324**

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

7. PROPERTY, PLANT AND EQUIPMENT

	Vehicles and warehouse equipment $	Office furniture $	Computer equipment $	Total $
Cost				
As at August 1, 2013	9	47	26	82
Additions	74	39	—	113
As at July 31, 2014	83	86	26	195
Additions	—	—	11	11
As at July 31, 2015	83	86	37	206
Additions	—	—	12	12
As at July 31, 2016	**83**	**86**	**49**	**218**
Accumulated Depreciation				
As at August 1, 2013	(9)	(28)	(26)	(63)
Depreciation for the year	(15)	(16)	—	(31)
As at July 31, 2014	(24)	(44)	(26)	(94)
Depreciation for the year	(19)	(15)	(1)	(35)
As at July 31, 2015	(43)	(59)	(27)	(129)
Depreciation for the year	(19)	(14)	(6)	(39)
As at July 31, 2016	**(62)**	**(73)**	**(33)**	**(168)**
Net book value				
As at July 31, 2016	**21**	**13**	**16**	**50**
As at July 31, 2015	40	27	10	77
As at July 31, 2014	59	42	—	101

There are no fixed assets under finance lease included in the amounts noted above.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at July 31,	2016 $	2015 $	2014 $
Trade payables and accrued liabilities	**1,298**	3,579	4,014
Salaries, commissions and bonuses	**20**	6	38
Other	**2**	26	78
	1,320	**3,611**	**4,130**

9. RELATED PARTY TRANSACTIONS

Related party transactions

The Company's significant supplier/manufacturer of its packaged products, Sonoma Nutraceuticals Inc., is wholly owned by the shareholder of the Company. Its sales to the Company are generally paid on similar terms of 30 days (2015 — 45 to 60 days and 2014 — 45 to 60 days) as any other vendor to the Company. In fiscal year 2016, purchases from this related company supplier totaled $17,979 (2015 — $17,857 and 2014 — $27,502).

The Company has paid one-month deposit for rent of $21 (2015 — $21 and 2014 — $21) as well as insurance premiums of $32 (2015 — $28 and 2014 — $37) on behalf of Sonoma Nutraceuticals Inc.

9. RELATED PARTY TRANSACTIONS (Continued)

Related party balances

As at July 31,	2016 $	2015 $	2014 $
Due to related company supplier	**952**	2,209	6,097
Due to shareholder[(i)]	**633**	2,196	1,446
	1,585	**4,405**	**7,543**

(i) Amounts due to shareholder are payable on demand, are unsecured and bear interest at a rate of 12% annually.

Cross guarantee of bank loan

In 2012, together with its affiliates Sonoma Nutraceuticals Inc. and the shareholder's wholly owned company Proventive Nutritional Therapies Inc. as joint and several borrowers, the Company entered into a credit agreement, as amended in 2014. The Company provided cross guarantees of its affiliates as part of the security related to the credit facilities, requiring the Company to meet certain shared covenants. The banking covenants with respect to the combined companies' net worth have been met. The outstanding balance of the loan was repaid in 2015 ($1,718 outstanding as at July 31, 2014) and no amounts were subsequently withdrawn.

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, directly or indirectly, including any external director of the Company.

Remuneration of key management personnel of the Company is comprised of the following expenses:

For the years ended July 31,	2016 $	2015 $	2014 $
Salary	**—**	1,750	1,700
Total remuneration	**—**	**1,750**	**1,700**

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

10. INCOME TAX

The major components of income tax expense are as follows:

For the years ended July 31,	2016 $	2015 $	2014 $
Current income tax expense	**1,997**	1,431	1,353
Deferred income tax expense (recovery)	**(1)**	(6)	12
	1,996	**1,425**	**1,365**

10. INCOME TAX (Continued)

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:

For the years ended July 31,	2016 $	2015 $	2014 $
Income tax expense at combined statutory rate of 26.5% (2015—26.5%, 2014—26.5%)	**1,772**	1,250	1,304
Non-deductible expenses	**7**	5	3
Arrears interest	**53**	—	—
Impact of interest and penalties on voluntary disclosure adjustments	**166**	197	67
Other	**(2)**	(27)	(9)
	1,996	**1,425**	**1,365**

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities arise on the timing differences between accounting and tax treatment of property, plant and equipment.

Deferred income tax assets comprise of the following:

As at July 31,	2016 $	2015 $	2014 $
Property, plant and equipment	**16**	15	9
Total deferred income tax asset	**16**	**15**	**9**

11. SHARE CAPITAL AND REDEEMABLE SHARES

In this note, amounts are expressed in whole Canadian dollars.

	Common Shares		Redeemable Shares	
Shares issued and fully paid	#	$	#	$
As at August 1, 2013	200	200	—	—
As at July 31, 2014	200	200	—	—
Converted in 2015	(200)	(200)	—	—
Issued in 2015	100	100	245,200	24,520,000
As at July 31, 2015	100	100	245,200	24,520,000
As at July 31, 2016	**100**	**100**	**245,200**	**24,520,000**

The authorized share capital consists of:

i) unlimited number of voting common shares;

ii) unlimited number of Class A special shares; and

iii) unlimited number of voting Class B special shares.

The Class A special shares have a redemption price of $100 per share (subject to a price adjustment clause) and can be redeemed at the option of the Company or the shareholder at any time. These shares are non-voting and are entitled to receive dividends when declared by the Board at the rate of one percent of the redemption amount.

11. SHARE CAPITAL AND REDEEMABLE SHARES (Continued)

The Class B special shares have a redemption price of $100 per share (subject to a price adjustment clause) and can be redeemed at the option of the Company or the shareholder at any time. These shares have voting rights and are entitled to receive dividends when declared by the Board at the rate of one percent of the redemption amount.

On July 27, 2015, following an amendment to the Company's articles, the shareholder exchanged 200 common shares (representing all the issued shares) for 245,000 new $100 per share Class A special shares redeemable at any time at the option of the holder for $24,500,000 (subject to a price adjustment clause). Following this reorganization 100 new $1 per share common shares and 200 new $100 per share Class B special shares were issued for cash.

Redeemable shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the statements of financial position.

12. INTEREST EXPENSE AND OTHER FINANCING COSTS

For the years ended July 31,	2016 $	2015 $	2014 $
Interest on shareholder loan advance	**250**	**157**	125
Other	**3**	**4**	4
	253	**161**	**129**

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Financial instruments

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

Fair value measurement

The carrying value of the US dollar bank balance is $4,370 as July 31, 2016 (2015 — $3,415 and 2014 — $2,214).

The fair values of financial assets and liabilities classified as loans and receivables and other financial liabilities approximate their carrying values due to their short-term nature and have been classified as Level 2 in the fair value hierarchy.

There were no transfers between levels during 2016, 2015 and 2014.

Financial instrument risk management objectives and policies

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

Credit risk

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

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 US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's net income (loss) before taxes due to changes in the fair value of monetary assets and liabilities.

As at July 31,	Change in US dollar FX rate %	Effect on income (loss) before tax $
2016	**5**	**219**
2015	5	**171**
2014	5	**111**

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 has minimal interest rate risk.

Commodity price risk

The Company is exposed to price risk related to purchases of certain commodities used in its products. 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 that 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 as well as redeemable shares.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also 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.

Capital management

The Company considers its redeemable shares, its total shareholder's equity and the amounts due to shareholder totaling $19,501 (2015 and$16,392 and 2014 — $12,623) as its total capital. The Company has no externally imposed capital requirements and manages its capital in a manner so that it has adequate working capital to meet the operating needs of its business.

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

14. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has entered into a lease of its office and warehouse space at both of its business operating locations. Total minimum lease payments payable in future years are as follows:

	$
2017	361
2018	361
2019	383
2020	159
	1,264

14. COMMITMENTS AND CONTINGENCIES (Continued)

General contingencies

In addition, various claims and potential claims arising in the normal course of operation are pending against the Company. 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.

15. FUTURE ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of these financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

IFRS 9, Financial Instruments

In 2013, the International Accounting Standards Board issued amendments to IFRS 9, *Financial Instruments* ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15, Revenue from Contracts with Customers

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

IFRS 16, Leases

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

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its financial statements.

16. EVENTS AFTER THE REPORTING PERIOD

In this note, amounts are expressed in whole Canadian dollars.

On January 27, 2017, the Company amended its articles in order to create and authorize the issuance of:

i) an unlimited number of Class N voting common shares; and

ii) an unlimited number of Class N non-voting preference shares with each share redeemable and retractable for $1 per share. On January 29, 2017 the sole shareholder of the Company surrendered the 245,000 Class A special shares, the 200 Class B special shares and the 100 common shares in exchange for 845,300 Class N preference shares redeemable for $1 per share and 67,899,517 Class N common shares.

Subsequently through a series of transactions carried out on January 30, 2017 between the Company and the sole shareholder and his related entities, the Company purchased for cancellation 14,030,640 Class N common shares for $14,030,640 in cash, issued promissory notes totaling $28,589,531 to cancel 28,589,530 Class N common shares and subsequently converted the $28,589,531 promissory notes into 28,589,531 Class N common shares at the request of the sole shareholder and his related entities. These transactions were carried out for tax purposes to facilitate the sale of the Company by the sole shareholder.

On January 31, 2017, the Company, under the terms of a share purchase agreement, as amended by a joinder and amending agreement, was acquired by Jamieson Laboratories Ltd. In connection with the acquisition, the Company was released from its obligations under the credit facilities and related cross-guarantees and subsequently entered into a new credit agreement as guarantor to the borrower, Jamieson Laboratories Ltd.

Body Plus Nutritional Products Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the years ended July 31, 2016, July 31, 2015 and July 31, 2014

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for Body Plus Nutritional Products Inc. (the "Company" or "Body Plus") should be read in conjunction with the Company's annual audited financial statements and the accompanying notes for the years ended July 31, 2016, 2015, and 2014.

The Company's annual audited financial statements and accompanying notes for the years ended July 31, 2016, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars.

Overview

Body Plus is a leading marketer of sports nutrition products and is well known for its Progressive nutritional therapies, Precision sports supplements and the Iron Vegan brand. The Company's operation is comprised of marketing and retail distribution of proprietary products formulated by the Company in the field of nutritional health and wellness supplements and related products, manufactured to its specifications principally by an affiliated company, Sonoma Nutraceuticals Inc. ("Sonoma"). These products are sold through the Company's customer network of retail stores and regional chain store locations across the country.

On January 31, 2017, Body Plus and Sonoma, were acquired by Jamieson Laboratories Ltd. ("Jamieson"). Under the terms of the share purchase agreement, Body Plus and Sonoma have become wholly owned subsidiaries of Jamieson.

Summary of Factors Affecting Our Performance

Body Plus' performance and future success depend on a number of factors that present significant opportunities for the Company. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk and Uncertainties" section of this MD&A.

Our Brands

Body Plus is a leading marketer of innovative, on-trend sports nutrition products. The Company's leading brands are strategically targeted towards more focused segments of the market, including healthy and active lifestyle enthusiasts (Progressive), amateur, semi-professional and professional athletes (Precision) and consumers with an active lifestyle looking for a plant-based protein solution (Iron Vegan). Maintaining, enhancing and growing Body Plus' brand appeal in Canada and internationally is critical to the Company's continued success. Failure to maintain and enhance the Company's brands in any of the targeted markets may materially and adversely affect its business, results of operations or financial condition.

Product Innovation and Planning

Body Plus' business is subject to changing consumer trends and preferences which is dependent, in part, on continued consumer interest in Body Plus' new products, including line extensions, reformulations, new formulations and new formats. There can be no assurance that consumers will accept any such new products or that Body Plus will be able to attain sufficient market share for these products. The success of new product offerings depends upon a number of factors, including Body Plus' ability to: (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products in a timely manner; (iv) price products competitively; (v) manufacture and deliver products in sufficient volumes and in a timely manner; and (vi) differentiate product offerings from those of competitors.

If Body Plus does not introduce new products to meet the changing needs and tastes of consumers in a timely manner and more effectively than competitors, the Company may experience declining sales, which could have an adverse effect on operating results. Additionally, the development and introduction of new products may require substantial research, development and marketing expenditures, which Body Plus may be unable to

recoup if new products do not gain widespread market acceptance or if the market for such products does not develop as expected. Efforts to accelerate innovation capabilities may exacerbate risks associated with innovation. If Body Plus is unsuccessful in meeting the Company's objectives with respect to new products, business' financial condition, reputation and results of operations could be harmed.

Customer Risk

Body Plus sells products in Canada and internationally through retailers, on whom the Company rely to display, present and sell the Company's products to consumers in their brick and mortar stores and through their online e-commerce sites. Retailers stock and display Body Plus products in health food and other specialty stores and provide consumers with explanations on product attributes and health benefits. Body Plus' relationships with these retailers are important for maintaining and building consumer trust in the Company's brands. Failure to maintain these relationships with retailers or difficulties experienced by these retailers could harm Body Plus' business.

Consumer Trends

Consumer spending habits, including spending on Body Plus' products, are affected by, among other things, prevailing economic conditions, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. A general economic slowdown in Canada and other parts of the world could decrease demand for Body Plus' products which would adversely affect the Company's revenue; an uncertain economic outlook may adversely affect consumer spending habits and customer traffic, which may result in lower revenue. A prolonged global economic downturn could have a material negative impact on the Company's business, financial condition and performance.

Competition

Body Plus competes for sales in a highly fragmented, high margin sports nutrition segment of the health and wellness industry through the health food store, specialty, and online channel. Although consumers in this channel are willing to pay premium prices for more specialized formulations and products, as some products become more mainstream, those products may experience increased price competition as more participants enter the market. Body Plus may not be able to compete effectively and the Company's attempts to do so may require price reductions, which may result in lower margins. A shift in consumer behavior towards increased purchases of sports nutrition products through e-commerce platforms could also increase price competition and limit the Company's ability to compete effectively. Failure to effectively compete could adversely affect Body Plus' market share, revenues and growth prospects.

Foreign Exchange

The Company's exposure to the risk of changes in foreign exchange rates relates primarily from transactions in US dollars such as a portion of trade accounts payable, trade accounts receivable and cash. Fluctuating US-Canadian currency exchange rate could negatively impact the Company's business and financial condition where the products sold contain materials and inputs purchased with U.S. dollars.

Regulation

The formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of Body Plus' products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels in Canada. There can be no assurance that the Company is in compliance with all of these laws, regulations and other constraints. Body Plus' failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead the Company to discontinue product sales and may have an adverse effect on the marketing of Body Plus' products, resulting in significant loss of sales. The introduction of new

environmental laws affecting the size or materials composition of packaging could impact the visibility of the Company's products on the display shelves of retailer partners, resulting in significant loss of sales.

In Canada, natural health products are regulated under the National Health Products Regulations of the Food and Drugs Act and Health Canada is in the process of updating the Natural Health Products Regulations. If such changes result in less stringent rules in Canada, there is a risk this may result in new entrants to the health and wellness industry in Canada and thus greater overall competition in the industry. Failure to effectively compete with any new entrants could adversely affect Body Plus' market share, revenues and growth prospects.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing 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 non-IFRS measures including "EBITDA", "Adjusted EBITDA", and "Adjusted Net Income" to provide supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"EBITDA" is defined as net income before: (i) provision for income taxes; (ii) interest expense and other financing costs; and (iii) depreciation of property, plant, and equipment.

"Adjusted EBITDA" is used by management to evaluate and compare our operating performance and cash flow to other companies in the same industry by excluding the effects of interest, taxes, depreciation and amortization costs, expenses that management believes are not reflective of underlying business performance and other one-time, non-recurring or non-cash expenses.

"Adjusted Net Income" is used by management in assessing the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of underlying business performance and other one-time or non-recurring expenses. Adjusted Net Income is defined as net income (loss) adjusted for the impact of normalization of executive salary and foreign exchange (gain) and loss net of related tax effects.

Selected Financial Information

The following table provides selected historical information and other data of the Company which should be read in conjunction with the audited financial statements of the Company.

A reconciliation of net income to EBITDA, Adjusted EBITDA, and Adjusted Net Income can be found in the below "Results of Operations" sections for the respective fiscal periods.

($ in 000's) For the fiscal years ended July 31,	2016	2015	2014
Revenue	**37,160**	**37,773**	**45,585**
Cost of sales	23,515	24,731	31,870
Gross profit	13,645	13,042	13,715
Selling, general and administrative expenses	6,497	8,964	8,946
Earnings from operations	**7,148**	**4,078**	**4,769**
Operating margin	**19.2%**	**10.8%**	**10.5%**
Foreign exchange loss / (gain)	210	(754)	(260)
Other (income)	(3)	(43)	(20)
Interest expense and other financing costs	253	161	129
Income before income taxes	6,688	4,714	4,920
Provision for income taxes	1,996	1,425	1,365
Net income	**4,692**	**3,289**	**3,555**
EBITDA	**6,980**	**4,910**	**5,080**
Adjusted EBITDA	**6,740**	**5,456**	**6,120**
Adjusted net income	**4,516**	**3,690**	**4,319**

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

($ in 000's) As at July 31,	2016	2015	2014
Selected Consolidated Financial Position Data:			
Total assets	24,490	23,452	24,399
Total non-current liabilities	—	—	—

Results of Operations — Q4 2016 to Q4 2015

The following table provides a summary of the Company's results for the quarters ended July 31, 2016 and July 31, 2015.

($ in 000's) For the quarters ended July 31,	2016	2015	$ Change	% Change
Revenue	**9,587**	**9,057**	**530**	**5.9%**
Cost of sales	6,020	6,017	3	0.0%
Gross profit	3,567	3,040	527	17.3%
Selling, general and administrative expenses	1,853	1,928	(75)	(3.9)%
Earnings from operations	**1,714**	**1,112**	**602**	**54.1%**
Operating margin	**17.9%**	**12.3%**	**—**	**5.6%**
Foreign exchange loss / (gain)	53	(189)	242	128.0%
Other (income)	(1)	(11)	10	90.9%
Interest expense and other financing costs	63	40	23	57.5%
Income before income taxes	1,599	1,272	327	25.7%
Provision for income taxes	477	385	92	23.9%
Net income	**1,122**	**887**	**235**	**26.5%**
EBITDA	**1,672**	**1,321**	**351**	**26.6%**
Adjusted EBITDA	**1,612**	**1,457**	**155**	**10.6%**
Adjusted net income	**1,078**	**987**	**91**	**9.2%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the quarters ended July 31, 2016 and July 31, 2015.

($ in 000's) For the quarters ended July 31,	2016	2015	$ Change	% Change
Net income	**1,122**	**887**	**235**	**26.5%**
Add:				
Provision for income taxes	477	385	92	23.9%
Interest expense and other financing costs	63	40	23	57.5%
Depreciation of property, plant, and equipment	10	9	1	11.1%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**1,672**	**1,321**	**351**	**26.6%**
Add EBITDA Adjustments				
Normalization of executive salary[(1)]	(113)	325	(438)	(134.8)%
Foreign exchange loss / (gain)	53	(189)	242	128.0%
Adjusted EBITDA	**1,612**	**1,457**	**155**	**10.6%**

(1) This adjustment normalizes key management compensation based on expected salary subsequent to the sale to Jamieson on January 31, 2017.

The following table provides a reconciliation of net income to Adjusted Net Income for the quarters ended July 31, 2016 and July 31, 2015.

($ in 000's) For the quarters ended July 31,	2016	2015	$ Change	% Change
Net income	**1,122**	**887**	**235**	**26.5%**
Adjustments to net income:				
Normalization of executive salary	(113)	325	(438)	(134.8)%
Foreign exchange loss / (gain)	53	(189)	242	128.0%
Related tax effects	16	(36)	52	144.4%
Adjusted net income	**1,078**	**987**	**91**	**9.2%**

Revenue

Revenue increased 5.9%, or $0.5 million, to $9.6 million in Q4 2016 from $9.1 million in Q4 2015. The increase was primarily driven by growth in the "Progressive" and "Iron Vegan" brands of $1.2 million and $0.4 million respectively, offset by a decline in sales of the "Precision" brand for $0.4 million and the discontinuation of non-core brands "PharmaFreak", "SD Pharma" and "Veeva" in Q4 2016 which reduced sales of other brands by $0.7 million.

Earnings from operations and operating margin

Earnings from operations increased 54.1%, or $0.6 million, to $1.7 million in Q4 2016 from $1.1 million in Q4 2015 and operating margin increased 560 basis points to 17.9% in Q4 2016 from 12.3% in Q4 2015. The increase in operating margin was due to a decline in cost of sales as a percentage of revenue primarily due to product mix and lower retailer incentives, and a decline in selling, general and administrative ("SG&A") expenses primarily due to lower consulting services of $0.1 million. Cost of sales as a percentage of revenue decreased 360 basis points and SG&A expenses as a percentage of revenue decreased 200 basis points in Q4 2016.

Foreign exchange loss / (gain)

Foreign exchange was a minor loss in Q4 2016 compared to a gain of $0.2 million in Q4 2015 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Interest expense / (income) and other financing costs

Interest expense and other financing costs remained relatively consistent with the same period in prior year.

Provision for income taxes

Income tax expense increased by 23.9%, or $0.1 million, to $0.5 million in Q4 2016 from $0.4 million in Q4 2015. The increase was mainly due to higher income before taxes of $0.3 million. The statutory income tax rates for 2016 and 2015 remained constant at 26.5% for both quarters. The effective income tax rates for Q4 2016 and Q4 2015 were 29.8% and 30.3% respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent with the same period in prior year.

EBITDA and Adjusted EBITDA

EBITDA increased by 26.6%, or $0.4 million, to $1.7 million in Q4 2016 from $1.3 million in Q4 2015 primarily due to the factors discussed above.

Adjusted EBITDA increased by 10.6%, or $0.1 million, to $1.6 million in Q4 2016 from $1.5 million in Q4 2015 primarily due to the factors discussed above and normalization of executive salary. The former shareholder received a salary of $nil in Q4 2016 and $0.4 million in Q4 2015, which has been normalized to the go forward expected salary of $0.1 million per quarter.

Results of Operations — Fiscal 2016 to Fiscal 2015

The following table provides a summary of the Company's results for the fiscal years ended July 31, 2016 and July 31, 2015.

($ in 000's) **For the fiscal years ended July 31,**	**2016**	**2015**	**$ Change**	**% Change**
Revenue	**37,160**	**37,773**	**(613)**	**(1.6)%**
Cost of sales	23,515	24,731	(1,216)	(4.9)%
Gross profit	13,645	13,042	603	4.6%
Selling, general and administrative expenses	6,497	8,964	(2,467)	(27.5)%
Earnings from operations	**7,148**	**4,078**	**3,070**	**75.3%**
Operating margin	**19.2%**	**10.8%**	**—**	**8.4%**
Foreign exchange loss / (gain)	210	(754)	964	127.9%
Other (income)	(3)	(43)	40	93.0%
Interest expense and other financing costs	253	161	92	57.1%
Income before income taxes	6,688	4,714	1,974	41.9%
Provision for income taxes	1,996	1,425	571	40.1%
Net income	**4,692**	**3,289**	**1,403**	**42.7%**
EBITDA	**6,980**	**4,910**	**2,070**	**42.2%**
Adjusted EBITDA	**6,740**	**5,456**	**1,284**	**23.5%**
Adjusted net income	**4,516**	**3,690**	**826**	**22.4%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the fiscal years ended July 31, 2016 and July 31, 2015.

($ in 000's) For the fiscal years ended July 31,	2016	2015	$ Change	% Change
Net income	**4,692**	**3,289**	**1,403**	**42.7%**
Add:				
Provision for income taxes	1,996	1,425	571	40.1%
Interest expense and other financing costs	253	161	92	57.1%
Depreciation of property, plant, and equipment	39	35	4	11.4%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**6,980**	**4,910**	**2,070**	**42.2%**
Add EBITDA adjustments:				
Normalization of executive salary[(1)]	(450)	1,300	(1,750)	(134.6)%
Foreign exchange loss / (gain)	210	(754)	964	127.9%
Adjusted EBITDA	**6,740**	**5,456**	**1,284**	**23.5%**

(1) This adjustment normalizes key management compensation based on expected salary subsequent to the sale to Jamieson on January 31, 2017.

The following table provides a reconciliation of net income to adjusted net income for the fiscal years ended July 31, 2016 and July 31, 2015.

($ in 000's) For the fiscal years ended July 31,	2016	2015	$ Change	% Change
Net income	**4,692**	**3,289**	**1,403**	**42.7%**
Adjustments to net income				
Normalization of executive salary	(450)	1,300	(1,750)	(134.6)%
Foreign exchange loss / (gain)	210	(754)	964	127.9%
Related tax effects	64	(145)	209	144.1%
Adjusted net income	**4,516**	**3,690**	**826**	**22.4%**

Revenue

Revenue decreased 1.6%, or $0.6 million, to $37.2 million in fiscal 2016 from $37.8 million in fiscal 2015. The decrease was primarily driven by the discontinuation of non-core brands "PharmaFreak", "SD Pharma" and "Veeva" in fiscal 2016 which reduced sales of other brands by $2.7 million, along with a decline in sales of the "Precision" brand for $0.4 million partially offset by growth in the "Progressive" and "Iron Vegan" brands for $1.5 million and $1.0 million respectively.

Earnings from operations and operating margin

Earnings from operations increased 75.3%, or $3.0 million, to $7.1 million in fiscal 2016 from $4.1 million in fiscal 2015 and operating margin increased 840 basis points to 19.2% in fiscal 2016 from 10.8% in fiscal 2015. The increase in operating margin was due to a decline in cost of sales as a percentage of revenue primarily due to product mix and lower retailer incentives, and a decline in SG&A expenses primarily due to lower executive salary of $1.8 million, consulting services of $0.3 million, compensation costs of $0.2 million and other administrative costs of $0.2 million. Cost of sales as a percentage of revenue decreased 220 basis points and SG&A expenses as a percentage of revenue decreased 620 basis points in fiscal 2016.

Foreign exchange loss / (gain)

Foreign exchange was a loss of $0.2 million in fiscal 2016 compared to a gain of $0.8 million in fiscal 2015 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Interest expense and other financing costs

Interest expense and other financing costs increased by 57.1%, or $0.1 million, to $0.3 million in fiscal 2016 from $0.2 million in fiscal 2015 due primarily to timing of shareholder advances.

Provision for income taxes

Income tax expense increased by 40.1%, or $0.6 million, to $2.0 million in fiscal 2016 from $1.4 million in fiscal 2015. The increase was mainly due to higher income before taxes of $2.0 million. The statutory income tax rates for fiscal 2016 and fiscal 2015 remained constant at 26.5% for both fiscal years. The effective income tax rates for fiscal 2016 and fiscal 2015 were 29.8% and 30.2%, respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent year over year, with a minor increase attributed to computer equipment.

EBITDA and Adjusted EBITDA

EBITDA increased by 42.2%, or $2.1 million, to $7.0 million in fiscal 2016 from $4.9 million in fiscal 2015 primarily due to the factors discussed above.

Adjusted EBITDA increased by 23.5%, or $1.2 million, to $6.7 million in fiscal 2016 from $5.5 million in fiscal 2015 primarily due to the factors discussed above and normalization of executive salary. The former shareholder received a salary of $nil in 2016 and $1.8 million in 2015, which has been normalized to the go forward expected salary of $0.5 million annually.

Results of Operations — Fiscal 2015 to Fiscal 2014

The following table provides a summary of the Company's results for the fiscal years ended July 31, 2015 and July 31, 2014.

($ in 000's) **For the fiscal years ended July 31,**	**2015**	**2014**	**$ Change**	**% Change**
Revenue	**37,773**	**45,585**	**(7,812)**	**(17.1)%**
Cost of sales	24,731	31,870	(7,139)	(22.4)%
Gross profit	13,042	13,715	(673)	(4.9)%
Selling, general and administrative expenses	8,964	8,946	18	0.2%
Earnings from operations	**4,078**	**4,769**	**(691)**	**(14.5)%**
Operating margin	**10.8%**	**10.5%**	**—**	**0.3%**
Foreign exchange (gain)	(754)	(260)	(494)	(190.0)%
Other (income)	(43)	(20)	(23)	(115.0)%
Interest expense and other financing costs	161	129	32	24.8%
Income before income taxes	4,714	4,920	(206)	(4.2)%
Provision for income taxes	1,425	1,365	60	4.4%
Net income	**3,289**	**3,555**	**(266)**	**(7.5)%**
EBITDA	**4,910**	**5,080**	**(170)**	**(3.3)%**
Adjusted EBITDA	**5,456**	**6,120**	**(664)**	**(10.8)%**
Adjusted net income	**3,690**	**4,319**	**(629)**	**(14.6)%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the fiscal years ended July 31, 2015 and July 31, 2014.

($ in 000's) For the fiscal years ended July 31,	2015	2014	$ Change	% Change
Net income	**3,289**	**3,555**	**(266)**	**(7.5)%**
Add:				
Provision for income taxes	1,425	1,365	60	4.4%
Interest expense and other financing costs	161	129	32	24.8%
Depreciation of property, plant, and equipment	35	31	4	12.9%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**4,910**	**5,080**	**(170)**	**(3.3)%**
Add EBITDA adjustments:				
Normalization of executive salary[(1)]	1,300	1,300	—	—
Foreign exchange (gain)	(754)	(260)	(494)	(190.0)%
Adjusted EBITDA	**5,456**	**6,120**	**(664)**	**(10.8)%**

(1) This adjustment normalizes key management compensation based on expected salary subsequent to the sale to Jamieson on January 31, 2017.

The following table provides a reconciliation of net income to Adjusted Net Income for the fiscal years ended July 31, 2015 and July 31, 2014.

($ in 000's) For the fiscal years ended July 31,	2015	2014	$ Change	% Change
Net income	**3,289**	**3,555**	**(266)**	**(7.5)%**
Adjustments to net income				
Normalization of executive salary	1,300	1,300	—	—
Foreign exchange (gain)	(754)	(260)	(494)	(190.0)%
Related tax effects	(145)	(276)	131	47.5%
Adjusted net income	**3,690**	**4,319**	**(629)**	**(14.6)%**

Revenue

Revenue decreased 17.1%, or $7.8 million to $37.8 million in fiscal 2015 from $45.6 million in fiscal 2014. The decrease was primarily driven by the transfer of sales to a major customer from Body Plus to its affiliate, Sonoma, whereby the invoicing and shipping to the customer was no longer handled by Body Plus of $10.4 million and lower sales of non-core brands by $0.7 million. This was partially offset by higher sales in for the "Progressive" brand by $3.3 million.

Earnings from operations and operating margin

Earnings from operations decreased 14.5%, or $0.7 million, to $4.1 million in fiscal 2015 from $4.8 million in fiscal 2014 and operating margin increased 30 basis points to 10.8% in fiscal 2015 from 10.5% in fiscal 2014. The increase in operating margin was due to a decline in cost of sales as a percentage of revenue primarily due to favourable product mix resulting from the transfer of lower margin sales from Body Plus to Sonoma as discussed above, partially offset by higher retailer incentives while SG&A expenses remained consistent in fiscal 2015 versus fiscal 2014. Cost of sales as a percentage of revenue decreased 440 basis points and SG&A expenses as a percentage of revenue increased 410 basis points in fiscal 2015.

Foreign exchange gain

Foreign exchange gain increased by 190.0%, or $0.5 million, to $0.8 million in fiscal 2015 from $0.3 million in fiscal 2014, due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Provision for income taxes

Income tax expense increased by 4.4%, or $0.1 million, to $1.4 million in fiscal 2015. The increase was mainly due to the impact of interest and penalties on voluntary disclosure adjustments partially offset by lower income tax expense due to a decrease in income before taxes of $0.2 million. The statutory income tax rates for fiscal 2015 and fiscal 2014 remained constant at 26.5% for both fiscal years. The effective income tax rates for fiscal 2015 and fiscal 2014 were 30.2% and 27.7%, respectively, due to the factors listed above.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent year over year, with a minor increase attributed to computer equipment.

EBITDA and Adjusted EBITDA

EBITDA decreased by 3.3%, or $0.2 million, to $4.9 million in fiscal 2015 from $5.1 million in fiscal 2014 primarily due to the factors discussed above.

Adjusted EBITDA decreased by 10.8%, or $0.6 million, to $5.5 million in fiscal 2015 from $6.1 million in fiscal 2014 primarily due to the factors discussed above. Normalization of executive salary has remained consistent year over year, whereby the former shareholder received a salary of $1.8 million in both 2015 and 2014, which has been normalized to the go forward expected salary of $0.5 million annually.

Liquidity and Capital Resources

Overview

Body Plus' principal uses of funds are for operating expenses, working capital and general corporate needs, capital expenditures, and repayment of shareholder advances. Management believes that cash generated from operations will be sufficient to meet its future operating expenses, capital expenditures, and repayment of shareholder advances. However, Body Plus' ability to fund operating expenses, capital expenditures, and repay shareholder advances will depend on its future operating performance which will be affected by general economic, financial and other factors including factors beyond its control. See "Risk and Uncertainties".

In fiscal 2016, cash generated from operations of $3.7 million was primarily used to repay shareholder advances of $1.6 million which provided cash outstanding of $14.4 million as at July 31, 2016. In fiscal 2015, cash generated from operations of $3.3 million and shareholder advances of $0.8 million were primarily used to pay dividends of $0.3 million which provided cash outstanding of $12.3 million as at July 31, 2015.

Analysis of Cash Flows — Q4 2016 to Q4 2015

($ in 000's) **For the quarters ended July 31,**	**2016**	**2015**	**$ Change**	**% Change**
Cash, beginning of period	14,713	10,176	4,537	44.6%
Cash flows from (used in):				
Operating activities	514	2,099	(1,585)	(75.5)%
Investing activities	(5)	(5)	—	—
Financing activities	(849)	33	(882)	(2,672.7)%
Cash, end of period	**14,373**	**12,303**	**2,070**	**16.8%**

Cash Flows Generated from Operating Activities

In Q4 2016, cash flows generated from operating activities totalled $0.5 million, compared to $2.1 million for Q4 2015. Cash flows from operating activities is primarily impacted by timing of collections on accounts receivable.

Cash Flows (Used in) Investing Activities

Cash flows used in investing activities in Q4 2016 was consistent with the same period in prior year. Expenditures for property, plant, and equipment mainly relate to scheduled preventative maintenance and can fluctuate based on the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows (Used in)/Generated from Financing Activities

In Q4 2016, cash flows used in financing activities totalled $0.8 million, compared to nominal cash flows generated from financing activities in Q4 2015. This was primarily due to repayment of an advance received from the shareholder in the amount of $0.8 million.

Analysis of Cash Flows — Fiscal 2016 to Fiscal 2015

($ in 000's) **For the fiscal years ended July 31,**	**2016**	**2015**	**$ Change**	**% Change**
Cash, beginning of period	**12,303**	**8,570**	**3,733**	**43.6%**
Cash flows from (used in):				
Operating activities	3,665	3,263	402	12.3%
Investing activities	(12)	(11)	(1)	(9.1)%
Financing activities	(1,583)	481	(2,064)	(429.1)%
Cash, end of period	**14,373**	**12,303**	**2,070**	**16.8%**

Cash Flows Generated from Operating Activities

For fiscal 2016, cash flows generated from operating activities totalled $3.7 million, compared to $3.3 million for fiscal 2015. The increase in cash from operating activities includes operating activities before working capital considerations of $1.4 million offset by cash used in working capital of $1.0 million. Cash used in working capital is primarily due to the impact of lower accounts receivable resulting from the timing of collections.

Cash Flows (Used in) Investing Activities

Cash flows used in investing activities in 2016 was relatively consistent with the prior year. Expenditures for property, plant, and equipment mainly relate to scheduled preventative maintenance and can fluctuate based on the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows (Used in)/Generated from Financing Activities

For fiscal 2016, cash flows used in financing activities totalled $1.6 million, compared to cash flows generated from financing activities of $0.5 million in fiscal 2015. This was primarily due to an advance received from the shareholder in the amount of $0.8 million offset by dividends paid in the amount of $0.3 million in 2015, compared to a payment to the shareholder in the amount of $1.6 million in 2016.

Contractual Obligations

The following table summarizes significant undiscounted maturities of the Company's contractual obligations and commitments as at July 31, 2016.

($ in 000's)	**2017**	**2018 - 2021**	**Thereafter**	**Total**
Operating Leases	$ 361	$903	$—	$1,264
Trade and other payable	1,320	—	—	1,320
Total contractual obligations	$1,681	$903	$—	$2,584

Operating lease commitments

The Company has entered into a lease of its office and warehouse space at both of its business operating locations. Total minimum lease payments payable in future years is $1.3 million.

Off-Balance Sheet Arrangements

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

Related Party Transactions

The Company's significant supplier/manufacturer of its packaged products, Sonoma, is an affiliate of the Company. The Company generally pays Sonoma within 30 days of purchase (2015 — 45-60 days and 2014 — 45-60 days) on similar payment terms as any other vendor to the Company. In fiscal 2016, purchases from Sonoma totaled $18.0 million (2015 — $17.9 million and 2014 — $27.5 million).

Related party balances

($ in 000's) As at July 31,	**2016**	**2015**	**2014**
Due to related company supplier	952	2,209	6,097
Due to shareholder[1]	633	2,196	1,446
	1,585	**4,405**	**7,543**

(1) Amounts due to shareholder are payable on demand, are unsecured and bear interest at a rate of 12% annually.

Cross guarantee of bank loan

In 2012, together with its affiliates Sonoma and the shareholder's wholly owned company Proventive Nutritional Therapies Inc. as joint and several borrowers, the Company entered into a credit agreement, as amended in 2014. The Company provided cross guarantees of its affiliates as part of the security related to the credit facilities, requiring the Company to meet certain shared covenants. The banking covenants with respect to the combined companies' net worth have been met. The outstanding balance of the loan was repaid in 2015 ($1.7 million outstanding as at July 31, 2014) and no amounts were subsequently withdrawn.

Outstanding Share Capital and Redeemable Special Shares

	Common Shares		**Redeemable Shares**	
Expressed in whole Canadian dollars	**#**	**$**	**#**	**$**
Shares issued and fully paid				
As at August 1, 2013	200	200	—	—
As at July 31, 2014	200	200	—	—
Converted in 2015	(200)	(200)	—	—
Issued in 2015	100	100	245,200	24,520,000
As at July 31, 2015	100	100	245,200	24,520,000
As at July 31, 2016	**100**	**100**	**245,200**	**24,520,000**

The authorized share capital consists of:

(i) unlimited number of voting common shares;

(ii) unlimited number of Class A special shares; and

(iii) unlimited number of voting Class B special shares.

The Class A special shares have a redemption price of $100 dollar per share (subject to a price adjustment clause) and can be redeemed at the option of the Company or the shareholder at any time. These shares are non-voting and are entitled to receive dividends when declared by the Board at the rate of one percent of the redemption amount.

The Class B special shares have a redemption price of $100 dollar per share (subject to a price adjustment clause) and can be redeemed at the option of the Company or the shareholder at any time. These shares have voting rights and are entitled to receive dividends when declared by the Board at the rate of one percent of the redemption amount.

On July 27, 2015, following an amendment to the Company's articles, the shareholder exchanged 200 common shares (representing all the issued shares) for 245,000 new $100 dollar per share Class A special shares redeemable at any time at the option of the holder for $24.5 million (subject to a price adjustment clause). Following this reorganization 100 new $1 dollar per share common shares and 200 new $100 dollar per share Class B special shares were issued for cash.

Subsequent sale of the Company

On January 27, 2017, the Company amended its articles in order to create and authorize the issuance of:

(i) an unlimited number of Class N voting common shares; and

(ii) an unlimited number of Class N non-voting preference shares with each share redeemable and retractable for $1 dollar per share. On January 29, 2017 the sole shareholder of the Company surrendered the 245,000 Class A special shares, the 200 Class B special shares and the 100 common shares in exchange for 845,300 Class N preference shares redeemable for $1 dollar per share and 67,899,517 Class N common shares.

Subsequently through a series of transactions carried out on January 30, 2017 between the Company and the sole shareholder and his related entities, the Company purchased for cancellation 14,030,640 Class N common shares for $14.0 million in cash, issued promissory notes totaling $28.6 million to cancel 28,589,530 Class N common shares and subsequently converted the $28.6 million promissory notes into 28,589,531 Class N common shares at the request of the sole shareholder and his related entities. These transactions were carried out for tax purposes to facilitate the sale of the Company by the sole shareholder.

On January 31, 2017, the Company, under the terms of a share purchase agreement, as amended by a joinder and amending agreement, was acquired by Jamieson Laboratories Ltd. In connection with the acquisition, the Company was released from its obligations under the credit facilities and related cross-guarantees and subsequently entered into a new credit agreement as guarantor to the borrower, Jamieson Laboratories Ltd.

Redeemable special shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the statements of financial position.

Critical Accounting Estimates and Judgments

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

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

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 the 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.

Trade merchandise allowances and other trade discounts

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

Taxes

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgments 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 statements of financial position, a charge or credit to income tax expense in the 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.

Significant Accounting Policies

The financial statements of Body Plus have been prepared in accordance with IFRS.

The Company's significant accounting policies are described in Note 2 in the accompanying notes of the Company's annual audited financial statements for the year ended July 31, 2016.

Accounting Pronouncements Issued But Not Yet Effective

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

IFRS 9 "Financial Instruments"

In 2013, the International Accounting Standards Board issued amendments to IFRS 9, Financial Instruments ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity.

IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers"

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

IFRS 16, "Leases"

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

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its financial statements.

Risk and Uncertainties

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

Credit risk

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

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 US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

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 has minimal interest rate risk.

Commodity price risk

The Company is exposed to price risk related to purchases of certain commodities used in its products. 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 that 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 as well as redeemable shares.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also 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.

Forward-Looking Information

Certain statements made in this MD&A include forward-looking information relating to Body Plus' future outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding expectations of future results, performance, achievements, prospects or opportunities are forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information is based on management's opinions, estimates and assumptions in light of the Company's experience and perception of historical trends, current conditions and expected future developments, as well as other factors believe to be appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

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

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "*Risks and Uncertainties*" should be considered carefully by readers.

Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known or presently believed are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents management's expectations as of the date of this MD&A and are subject to change after such date. However, management disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

SONOMA NUTRACEUTICALS INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS & NOTES

For the three and six months ended January 31, 2017 and 2016

SONOMA NUTRACEUTICALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

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SONOMA NUTRACEUTICALS INC.

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

In Canadian dollars ('000)

	Notes	January 31, 2017	July 31, 2016
Assets			
Current assets			
Cash	**3**	1,801	8,641
Accounts receivable	**4**	1,261	1,604
Inventories	**5**	7,804	5,877
Prepaid expenses and other current assets		178	111
Due from related company		—	952
		11,044	**17,185**
Non-current assets			
Property, plant and equipment		708	652
Total assets		**11,752**	**17,837**
Current liabilities			
Accounts payable and accrued liabilities	**6**	2,153	1,120
Income taxes payable		1,575	2,475
Due to shareholder	**7**	1,003	832
Redeemable shares	**8**	21	10,020
		4,752	**14,447**
Long-term liabilities			
Deferred income tax liability		30	28
Total Liabilities		**4,782**	**14,475**
Shareholder's equity			
Share capital	**8**	1	1
Retained earnings		6,969	3,361
Total Shareholder's equity		**6,970**	**3,362**
Total Liabilities and Shareholder's equity		**11,752**	**17,837**
Commitments and contingencies	**12**		

The accompanying notes are an integral part of the condensed interim financial statements.

SONOMA NUTRACEUTICALS INC.

UNAUDITED CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

In Canadian dollars ('000)

	Notes	Three months ended January 31		Six months ended January 31	
		2017	2016	2017	2016
Revenue		5,463	5,155	11,937	14,027
Cost of sales		4,600	4,116	10,078	11,238
Selling, general and administrative expenses		403	440	730	809
Earnings from operations		460	599	1,129	1,980
Foreign exchange gain		(24)	(78)	(207)	(362)
Other expense	**1**	1,003	—	1,003	—
Interest expense and other financing costs	**9**	28	37	56	73
Income (loss) before income taxes		(547)	640	277	2,269
Provision for (recovery of) income taxes		(120)	194	123	648
Net income (loss)		**(427)**	**446**	**154**	**1,621**
Comprehensive income (loss)		**(427)**	**446**	**154**	**1,621**

The accompanying notes are an integral part of the condensed interim financial statements.

SONOMA NUTRACEUTICALS INC.

UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

In Canadian dollars ('000)

	Share Capital	Retained Earnings	Total Shareholder's Equity
As at August 1, 2015	1	161	162
Net income during the period	—	1,621	1,621
As at January 31, 2016	**1**	**1,782**	**1,783**
As at August 1, 2016	1	3,361	3,362
Conversion of redeemable shares	—	9,999	9,999
Repurchase of common shares	—	(6,545)	(6,545)
Net income during the period	—	154	154
As at January 31, 2017	**1**	**6,969**	**6,970**

The accompanying notes are an integral part of the condensed interim financial statements.

SONOMA NUTRACEUTICALS INC.

UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

In Canadian dollars ('000)

	Six months ended January 31	
	2017	**2016**
Cash provided by (used in)		
Operating activities		
Net income	154	1,621
Items not affecting cash		
Depreciation of property, plant, and equipment	127	122
Net change in non-cash working capital	(1,516)	(580)
	(1,235)	**1,163**
Investing activities		
Additions to property, plant and equipment, net	(183)	(171)
	(183)	**(171)**
Financing activities		
Repurchase of common shares	(6,545)	—
Payment to (advance from) shareholder	171	(55)
Advance from related company supplier	952	551
	(5,422)	**496**
Increase (decrease) in cash	**(6,840)**	**1,488**
Cash — Beginning of period	**8,641**	**1,687**
Cash — End of period	**1,801**	**3,175**
Supplemental disclosure		
Amount of income taxes paid	1,023	601
Amount of interest paid	191	—

The accompanying notes are an integral part of the condensed interim financial statements.

1. COMPANY OVERVIEW

Sonoma Nutraceuticals Inc. ("the Company") is incorporated under the Business Corporations Act (Ontario). The Company operates principally as a significant source producer of proprietary products for the shareholder's wholly-owned company, Body Plus Nutritional Products Inc. as well as a contract manufacturer of private label products for other businesses in the same market segment.

On January 31, 2017, the Company and its affiliate Body Plus Nutritional Products Inc. were purchased by Jamieson Laboratories Ltd. ("Jamieson") under the terms of a share purchase agreement. As a result of the acquisition, the Company incurred $1,003 in compensation costs paid to employees on closing of the transaction.

Jamieson is principally engaged in the development, sales, marketing and distribution of branded and private label health products including vitamins, herbal and mineral nutritional supplements.

The condensed interim financial statements of the Company for three and six months ended January 31, 2017 were authorized for issue by the Board of Directors of the Company on June 29, 2017. The Company's registered office is located at 130 McLevin Avenue Unit 7, Toronto, Ontario M1B 3R6.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed interim financial statements and the notes in this report have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the July 31, 2016, annual financial statements. The interim financial statements have been prepared using the same accounting policies as disclosed in the July 31, 2016, annual financial statements and there have been no changes to the Company's significant accounting policies. The financial statements are presented in Canadian dollars, except when otherwise indicated.

3. CASH

Cash is comprised of cash at bank, held in Canadian and United States dollars. As at January 31, 2017, cash amounted to $1,801 (July 31, 2016 — $8,641).

4. ACCOUNTS RECEIVABLE

The Company maintains an allowance for doubtful accounts that represents its estimate of the uncollectible amounts based on specific losses estimated on individual exposures and provision based on historical experience. There was no allowance for doubtful accounts for the six months ended January 31, 2017 and 2016.

The aging of receivables is as follows:

As at,	January 31, 2017 $	July 31, 2016 $
Current	**793**	1,173
Aged 1 - 30 days past due	**324**	273
Aged 31 - 60 days past due	**128**	70
Aged > 60 days past due	**16**	88
	1,261	**1,604**

5. INVENTORIES

As at,	January 31, 2017 $	July 31, 2016 $
Raw material and packaging	**7,755**	5,859
Packaged finished goods	**203**	166
Inventory provision	**(154)**	(148)
	7,804	5,877

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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at,	January 31, 2017 $	July 31, 2016 $
Trade payables and accrued liabilities	**1,502**	905
Government payables	**5**	155
Salaries, commissions and bonuses	**646**	40
Derivative liability	**—**	7
Other	**—**	13
	2,153	**1,120**

7. RELATED PARTY TRANSACTIONS

The sales to the related wholesale distribution company, Body Plus Nutritional Products Inc., are at normal trade terms wherein the Company is paid in 30 days (2016 — 30 days). The sales of product to the related company during the six months ended January 2017 were $8,828 (2016 — $8,990).

The outstanding shareholder loan as at July 31, 2016 of $832 was fully paid on January 15, 2017 and a new loan to Jamieson of $1,003 was incurred as a result of Jamieson advancing funds to pay compensation costs as part of the January 31, 2017 transaction (Note 1).

8. SHARE CAPITAL AND REDEEMABLE SHARES

In this note, amounts are expressed in whole Canadian dollars.

	Common Shares		Redeemable Shares	
Shares issued and fully paid	#	$	#	$
As at July 31, 2016	100	100	100,200	10,020,000
Converted during the period	(100)	—	(100,200)	(10,020,000)
Issued during the period	54,289,655	—	21,100	21,100
Repurchased during the period	(24,587,519)	—	—	—
As at January 31, 2017	**29,702,136**	**100**	**21,100**	**21,100**

On July 27, 2015, following an amendment to the Company's articles, the shareholder exchanged his common shares for 100,000 new $100 per share Class A special shares redeemable at any time at the option of the holder for $10,000,000 (subject to a price adjustment clause). Following this reorganization 100 new $1 per share common shares and 200 new $100 per share Class B special shares were issued for cash.

8. SHARE CAPITAL AND REDEEMABLE SHARES (Continued)

On January 27, 2017, the Company amended its articles in order to create and authorize the issuance of:

i) an unlimited number of Class N voting common shares; and

ii) an unlimited number of Class N non-voting preference shares with each share redeemable and retractable for $1 per share. On January 29, 2017, the sole shareholder of the Company surrendered the 100,000 Class A special shares, the 200 Class B special shares and the 100 common shares in exchange for 21,100 Class N preference shares redeemable for $1 per share and 36,247,547 Class N common shares.

Subsequently through a series of transactions carried out on January 30, 2017 between the Company and the sole shareholder and his related entities, the Company purchased for cancellation 6,545,411 Class N common shares for $6,545,411 in cash, issued promissory notes totaling $18,042,108 to cancel 18,042,108 Class N common shares and subsequently converted the $18,042,108 promissory notes into 18,042,108 Class N common shares at the request of the sole shareholder and his related entities. These transactions were carried out for tax purposes to facilitate the sale of the Company by the sole shareholder as described in note 1 of these interim financial statements.

Ultimately on January 31, 2017, the Company had 21,100 Class N preference shares redeemable at $1 per share and 29,702,136 Class N common shares. There were no promissory notes outstanding other than to Jamieson.

Redeemable shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the statements of financial position.

9. INTEREST EXPENSE AND OTHER FINANCING COSTS

For the period ended,	January 31, 2017 $	January 31, 2016 $
Interest on shareholder loan	56	71
Other	—	2
	56	**73**

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Financial instruments

The Company has made the following classifications for financial instruments:

Cash	Fair value through profit or loss
Accounts receivable	Loans and receivables
Related company receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Due to shareholder	Other liabilities
Redeemable shares	Other liabilities
Derivative assets (liabilities)	Held-for-trading

Fair value measurement

The carrying value of the US dollar bank balance is $3 as at January 31, 2017 (July 31, 2016 — $453).

The fair values of financial assets and liabilities classified as loans and receivables and other financial liabilities approximate their carrying value due to their short-term nature and have been classified as Level 2 in the fair value hierarchy.

There were no transfers between levels during the six months ended January 31, 2017 and 2016.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

Financial instrument risk management objectives and policies

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk from its customers (primarily related to trade accounts receivable) in the normal course of business. The Company's affiliate, Body Plus Nutritional Products Inc., accounts for 62% of the revenue of the Company (2015 — 59% and 2014 — 92%) and is current in its payment terms. 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.

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 US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

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 has minimal interest rate risk.

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 as well as redeemable shares.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also 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.

Capital management

The Company considers its redeemable shares, its total shareholder's equity and the amounts due to shareholder totaling $7,994 (July 31, 2016 — $14,214) as its total capital. The Company has no externally imposed capital requirements and manages its capital in a manner so that it has adequate working capital to meet the operating needs of its business.

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

11. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has entered into a number of operating leases for vehicles, production equipment, computer and communications equipment, office equipment and office space. Total minimum lease payments payable in future years are as follows:

	$
2017 (11 months)	471
2018	530
2019	530
2020	221
	1,752

General contingencies

In addition, various claims and potential claims arising in the normal course of operations are pending against the Company. 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.

Sonoma Nutraceuticals Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the three and six months ended January 31, 2017

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for Sonoma Nutraceuticals Inc. (the "Company" or "Sonoma") should be read in conjunction with the Company's unaudited condensed interim financial statements and the accompanying notes as at and for the three and six months ended January 31, 2017, its audited annual financial statements and accompanying notes and its annual MD&A as at and for the year ended July 31, 2016.

The Company's unaudited condensed interim financial statements and accompanying notes for the three and six months ended January 31, 2017 have been prepared in accordance with IAS 34, "Interim Financial Reporting" under International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars.

Overview

Sonoma is a well-established manufacturer of sports nutrition products and supplements and also a provider of contract manufacturing services. The Company operates principally as a significant source producer of proprietary products for an affiliated company, Body Plus Nutritional Products Inc. ("Body Plus") whose products include Progressive nutritional therapies, Precision sports supplements and the Iron Vegan brand. In the last few years, the Company also produced non-competing private label products for other businesses in the same market segment.

On January 31, 2017, the Company and its affiliate Body Plus were purchased by Jamieson Laboratories Ltd. ("Jamieson") under the terms of a share purchase agreement. As a result of the acquisition, the Company incurred $1.0 million in compensation costs paid to employees on closing of the transaction.

Jamieson is principally engaged in the development, sales, marketing and distribution of branded and private label health products including vitamins, herbal and mineral nutritional supplements.

Summary of Factors Affecting Our Performance

Sonoma's performance and future success depend on a number of factors that present significant opportunities for the Company. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk and Uncertainties" section of this MD&A.

Customer Risk

Sonoma's main customer is the Company's affiliate, Body Plus, which accounts for 62% of the revenue of the Company (2015 — 59% and 2014 — 92%). Sonoma's success is highly dependent on the success of Body Plus and its ability to sell products through its retail channels based on the strength of the Progressive, Precision and Iron Vegan brands. In the last few years, the Company has diversified production and began producing non-competing private label products for other businesses in the same market segment.

Sourcing and Production

Sonoma is dependent on a stable and consistent supply of raw materials and other inputs, including ingredients and packaging products. Although raw materials and other inputs are generally available from multiple sources, certain raw materials and other inputs are sourced and controlled by a limited number of suppliers.

Sonoma sources materials and inputs from suppliers on an ongoing basis at negotiated prices. As is customary in the sports nutrition segment, Sonoma does not have long-term contracts with suppliers and often enters into one year contracts for raw materials and other inputs at fixed prices to provide time to address price increases and mitigate impact on the Company's margins.

Although management believes that current arrangements for the supply of raw materials and other inputs are adequate to cover existing demand and anticipated growth, there can be no assurance that: suppliers will be

able to meet Sonoma's growing demand; Sonoma will continue to purchase raw materials and other inputs from current suppliers or any other supplier on favourable terms or at all; and Sonoma can reformulate products so as to avoid using those raw materials or other inputs or successfully pass along price increases to customers. An interruption in the availability of certain raw materials or other inputs, or significant increases in the prices paid for them, could have a material adverse effect on Sonoma's business, financial condition, liquidity and operating results.

Regulation

The formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of Sonoma's products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels in Canada. There can be no assurance that the Company is in compliance with all of these laws, regulations and other constraints. Sonoma's failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead the Company to discontinue production of certain products for customers, resulting in significant loss of sales.

Customer demands

From time to time, retail customers may purchase more product than they expect to sell to end consumers during a particular time period. They may grow their inventory in anticipation of promotional events, which typically provide for reduced prices during a specified time or other consumer incentives. If customers increase their inventory during a particular reporting period as a result of a promotional event, then sales during the subsequent reporting period may be adversely impacted as customers seek to reduce their inventory to more normal levels. This effect may be particularly pronounced when the promotional event occurs near the end or beginning of a reporting period or when there are changes in the timing of a promotional event as compared to the prior year. Customers' demand for products, however, can change significantly between the time inventory or ingredients are ordered and the date of sale. To the extent customers seek to reduce their usual or customary inventory levels or change their practices regarding purchases in excess of consumer consumption, Sonoma's inventory management, net sales and results of operations may be adversely affected in that period.

Significant fixed operating cost

The fixed costs involved in owning and operating the Company's manufacturing and distribution facilities can reduce gross profit margins when sales and production decline. Sonoma's profitability is dependent, in part, on the Company's ability to spread fixed costs over an increasing number of products sold and shipped, and if required to reduce rate of production, gross profit margins could be negatively affected. Consequently, decreased demand or the need to reduce inventories can lower Sonoma's ability to absorb fixed costs, which could have a material adverse effect on the business, results of operations or financial condition.

Manufacturing, warehousing, and distribution faculties

Sonoma depends on the orderly operation of the Company's manufacturing, warehousing and distribution processes, which rely on adherence to shipping schedules and effective management of manufacturing, warehousing and distribution centres and sufficiently planned capacity. Although management believes that the Company's manufacturing, warehousing and distribution processes are efficient, and that the Company has appropriate contingency plans, unforeseen disruptions in operations due to fire, severe weather conditions, natural disasters, or other catastrophic events, electronic or power interruptions, failure of software and hardware or other system failures, labour disagreements or shipping problems may result in delays in the delivery of products to customers and retail partners. Additionally, although management believes that the capacity of the Company's manufacturing, warehousing and distribution centres meets current needs, the Company may need to expand manufacturing, warehousing and distribution capacity in the future to

accommodate for potential growth. Failure to expand manufacturing, warehousing and distribution capacity in a timely manner would inhibit growth and could have an adverse effect on our business.

Although the Company maintains business interruption insurance and property insurance, management cannot provide any assurance that the insurance coverage will adequately protect the Company from the adverse effects that could result from significant disruptions to manufacturing, warehousing and distribution systems, such as the long-term loss of customers, or that insurance proceeds will be paid in a timely manner. Problems with the Company's manufacturing, warehousing and distribution systems could adversely impact Sonoma's ability to meet customer expectations, manage inventory, complete sales and achieve growth targets.

Consumer Trends

Consumer spending habits, including spending on products produced for Sonoma's customers, are affected by, among other things, prevailing economic conditions, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. A general economic slowdown in Canada and other parts of the world could decrease demand for Sonoma's customers' products which would adversely affect the Company's revenue; an uncertain economic outlook may adversely affect consumer spending habits and customer traffic, which may result in lower revenue. A prolonged global economic downturn could have a material negative impact on the Company's business, financial condition and performance.

Competition

Sonoma competes for sales in a highly fragmented, high margin sports nutrition segment of the health and wellness industry. Although end consumers in this channel are willing to pay premium prices for more specialized formulations and products, as some products become more mainstream, those products may experience increased price competition as more participants enter the market. Customers may negotiate with the Company for price reductions in order to provide more attractive retail prices, which may result in lower margins. A shift in consumer behavior towards increased purchases of sports nutrition products through e-commerce platforms could also increase price competition and limit the Company's ability to increase prices or maintain margins. Failure to effectively negotiate contract rates could adversely affect Sonoma's market share, revenues and growth prospects.

Foreign Exchange

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. Fluctuating US-Canadian currency exchange rate could negatively impact the Company's business and financial condition where the products sold contain materials and inputs purchased with U.S. dollars.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing 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 non-IFRS measures "EBITDA", "Adjusted EBITDA", and "Adjusted Net Income" to provide supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company's management also uses EBITDA in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"EBITDA" is defined as net income before: (i) provision for income taxes; (ii) interest expense and other financing costs; and (iii) depreciation of property, plant, and equipment.

"Adjusted EBITDA" is used by management to evaluate and compare our operating performance and cash flow to other companies in the same industry by excluding the effects of interest, taxes, depreciation and amortization costs, expenses that management believes are not reflective of underlying business performance and other one-time, non-recurring or non-cash expenses.

"Adjusted Net Income" is used by management in assessing the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of underlying business performance and other one-time or non-recurring expenses. Adjusted Net Income is defined as net income (loss) adjusted for the impact of foreign exchange (gain) and loss net of related tax effects.

Selected Financial Information

The following table provides selected historical information and other data of the Company which should be read in conjunction with the unaudited condensed interim financial statements of the Company.

A reconciliation of net income to EBITDA, Adjusted EBITDA, and Adjusted Net Income can be found in the below "Results of Operations" sections for the respective fiscal periods.

	Three months ended January 31		Six months ended January 31	
($ in 000's)	**2017**	**2016**	**2017**	**2016**
Revenue	**5,463**	**5,155**	**11,937**	**14,027**
Cost of sales	4,600	4,116	10,078	11,238
Gross profit	863	1,039	1,859	2,789
Selling, general and administrative expenses	403	440	730	809
Earnings from operations	**460**	**599**	**1,129**	**1,980**
Operating margin	**8.4%**	**11.6%**	**9.5%**	**14.1%**
Foreign exchange (gain)	(24)	(78)	(207)	(362)
Other expense	1,003	—	1,003	—
Interest expense and other financing costs	28	37	56	73
Income (loss) before income taxes	(547)	640	277	2,269
Provision for (recovery of) income taxes	(120)	194	123	648
Net income (loss)	**(427)**	**446**	**154**	**1,621**
EBITDA	**(458)**	**738**	**460**	**2,464**
Adjusted EBITDA	**521**	**660**	**1,256**	**2,102**
Adjusted net income	**293**	**389**	**739**	**1,355**

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

($ in 000's)	As at January 31, 2017	As at July 31 2016
Selected Consolidated Financial Position Data:		
Total assets	11,752	17,837
Total non-current liabilities	30	28

Results of Operations — three months ended January 31, 2017 and 2016

The following table provides a summary of the Company's results for the three months ended January 31, 2017 and January 31, 2016.

($ in 000's)	Three months ended January 31 2017	2016	$ Change	% Change
Revenue	**5,463**	**5,155**	**308**	**6.0%**
Cost of sales	4,600	4,116	484	11.8%
Gross profit	863	1,039	(176)	(16.9)%
Selling, general and administrative expenses	403	440	(37)	(8.4)%
Earnings from operations	**460**	**599**	**(139)**	**(23.2)%**
Operating margin	**8.4%**	**11.6%**	**—**	(3.2)%
Foreign exchange (gain)	(24)	(78)	54	69.2%
Other expense	1,003	—	1,003	—
Interest expense and other financing costs	28	37	(9)	(24.3)%
Income (loss) before income taxes	(547)	640	(1,187)	(185.5)%
Provision for (recovery of) income taxes	(120)	194	(314)	(161.9)%
Net income (loss)	**(427)**	**446**	**(873)**	**(195.7)%**
EBITDA	**(458)**	**738**	**(1,196)**	**(162.1)%**
Adjusted EBITDA	**521**	**660**	**(139)**	**(21.1)%**
Adjusted net income	**293**	**389**	**(96)**	**(24.7)%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the three months ended January 31, 2017 and January 31, 2016.

($ in 000's)	Three months ended January 31 2017	2016	$ Change	% Change
Net income (loss)	**(427)**	**446**	**(873)**	**(195.7)%**
Add:				
Provision for (recovery of) income taxes	(120)	194	(314)	(161.9)%
Interest expense and other financing costs	28	37	(9)	(24.3)%
Depreciation of property, plant, and equipment	61	61	—	—
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**(458)**	**738**	**(1,196)**	**(162.1)%**
Add EBITDA adjustments:				
Other expense[(1)]	1,003	—	1,003	—
Foreign exchange (gain)	(24)	(78)	54	69.2%
Adjusted EBITDA	**521**	**660**	**(139)**	**(21.1)%**

(1) As per the terms of the share purchase agreement, $1.0 million in compensation costs was paid to employees on closing of the sale of the Company to Jamieson.

The following table provides a reconciliation of net income to Adjusted Net Income for the three months ended January 31, 2017 and January 31, 2016.

($ in 000's)	Three months ended January 31 2017	2016	$ Change	% Change
Net income (loss)	**(427)**	**446**	**(873)**	**(195.7)%**
Adjustments to net income (loss):				
Other expense	1,003	—	1,003	—
Foreign exchange (gain)	(24)	(78)	54	69.2%
Related tax effects	(259)	21	(280)	(1,333.3)%
Adjusted net income	**293**	**389**	**(96)**	**(24.7)%**

Revenue

Revenue increased 6.0%, or $0.3 million to $5.5 million in 2017 from $5.2 million in 2016. The increase was primarily due to an increase in sales to Body Plus of $0.6 million partially offset by a decrease in customer orders of $0.3 million due to timing of orders from a major customer.

Earnings from operations and operating margin

Earnings from operations decreased 23.2%, or $0.1 million, to $0.5 million in 2017 from $0.6 million in 2016 and operating margin decreased 320 basis points to 8.4% in 2017 from 11.6% in 2016. The decrease in operating margin was due to an increase in cost of sales as a percentage of revenue primarily due to product mix and higher input costs, partially offset by a decrease in selling, general and administrative ("SG&A") expenses primarily due to lower consulting fees. Cost of sales as a percentage of revenue increased 440 basis points and SG&A expenses as a percentage of revenue decreased 120 basis points in 2017.

Foreign exchange (gain)

Foreign exchange gain decreased by 69.2%, or $0.1 million, to a nominal gain in 2017, mainly due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Other expense

Other expense of $1.0 million in 2017 pertains to compensation costs paid to employees on closing of the sale of the Company to Jamieson.

Interest expense and other financing costs

Interest expense and other financing costs decreased 24.3% in 2017 due to an overall lower balance of the outstanding shareholder loan compared to the same period in the prior year.

Provision for income taxes

Income tax expense decreased by 161.9%, or $0.3 million, from an expense of $0.2 million in 2016 to a recovery position of $0.1 million in 2017. The decrease was mainly due to lower income before taxes of $1.2 million. The statutory income tax rates for 2017 and 2016 remained constant at 26.5% for both periods. The effective income tax rates for 2017 and 2016 were 21.9% and 30.3% respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent with the same period in prior year.

EBITDA and Adjusted EBITDA

EBITDA decreased by 162.1%, or $1.2 million, to a loss of $0.5 million in 2017 from $0.7 million in 2016 primarily due to the factors discussed above.

Adjusted EBITDA decreased by 21.1%, or $0.1 million, to $0.5 million in 2017 from $0.6 million in 2016 primarily due to the factors discussed above.

Results of Operations — six months ended January 31, 2017 and 2016

The following table provides a summary of the Company's results for the six months ended January 31, 2017 and January 31, 2016.

	Six months ended January 31			
($ in 000's)	**2017**	**2016**	**$ Change**	**% Change**
Revenue	**11,937**	**14,027**	**(2,090)**	**(14.9)%**
Cost of sales	10,078	11,238	(1,160)	(10.3)%
Gross profit	1,859	2,789	(930)	(33.3)%
Selling, general and administrative expenses	730	809	(79)	(9.8)%
Earnings from operations	**1,129**	**1,980**	**(851)**	**(43.0)%**
Operating margin	**9.5%**	**14.1%**	—	(4.6)%
Foreign exchange (gain)	(207)	(362)	155	42.8%
Other expense	1,003	—	1,003	—
Interest expense and other financing costs	56	73	(17)	(23.3)%
Income (loss) before income taxes	277	2,269	(1,992)	(87.8)%
Provision for (recovery of) income taxes	123	648	(525)	(81.0)%
Net income (loss)	**154**	**1,621**	**(1,467)**	**(90.5)%**
EBITDA	**460**	**2,464**	**(2,004)**	**(81.3)%**
Adjusted EBITDA	**1,256**	**2,102**	**(846)**	**(40.2)%**
Adjusted net income	**739**	**1,355**	**(616)**	**(45.5)%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the six months ended January 31, 2017 and January 31, 2016.

	Six months ended January 31			
($ in 000's)	**2017**	**2016**	**$ Change**	**% Change**
Net income (loss)	**154**	**1,621**	**(1,467)**	**(90.5)%**
Add:				
Provision for (recovery of) income taxes	123	648	(525)	(81.0)%
Interest expense and other financing costs	56	73	(17)	(23.3)%
Depreciation of property, plant, and equipment	127	122	5	4.1%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**460**	**2,464**	**(2,004)**	**(81.3)%**
Add EBITDA adjustments:				
Other expense[(1)]	1,003	—	1,003	—
Foreign exchange (gain)	(207)	(362)	155	42.8%
Adjusted EBITDA	**1,256**	**2,102**	**(846)**	**(40.2)%**

(1) As per the terms of the share purchase agreement, $1.0 million in compensation costs was paid to employees on closing of the sale of the Company to Jamieson.

The following table provides a reconciliation of net income to Adjusted Net Income for the six months ended January 31, 2017 and January 31, 2016.

($ in 000's)	Six months ended January 31 2017	2016	$ Change	% Change
Net income (loss)	**154**	**1,621**	**(1,467)**	**(90.5)%**
Adjustments to net income:				
Other expense	1,003	—	1,003	—
Foreign exchange (gain)	(207)	(362)	155	42.8%
Related tax effects	(211)	96	(307)	(319.8)%
Adjusted net income	**739**	**1,355**	**(616)**	**(45.5)%**

Revenue

Revenue decreased 14.9%, or $2.1 million to $11.9 million in 2017 from $14.0 million in 2016. The decrease was primarily due to timing and slowdown of customer orders of $1.5 million from a major customer and a decrease in sales to Body Plus of $0.6 million.

Earnings from operations and operating margin

Earnings from operations decreased 43.0%, or $0.9 million, to $1.1 million in 2017 from $2.0 million in 2016 and operating margin decreased 460 basis points to 9.5% in 2017 from 14.1% in 2016. The decrease in operating margin was due to an increase in cost of sales as a percentage of revenue primarily due to product mix and higher input costs, and a slight increase in SG&A expenses as a percentage of revenue primarily due to increased compensation costs. Cost of sales as a percentage of revenue increased 430 basis points and SG&A expenses as a percentage of revenue increased 30 basis points in 2017.

Foreign exchange (gain)

Foreign exchange decreased 42.8%, or $0.2 million, to $0.2 million in 2017 from $0.4 million in 2016 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Other expense

Other expense of $1.0 million in 2017 pertains to compensation costs paid to employees on closing of the sale of the Company to Jamieson.

Interest expense and other financing costs

Interest expense and other financing costs decreased 23.3% in 2017 due to an overall lower balance of the outstanding shareholder loan compared to the same period in the prior year.

Provision for income taxes

Income tax expense decreased 81.0%, or 0.5 million, to $0.1 million in 2017 from $0.6 million in 2016 mainly due to lower income before taxes of $2.0 million. The statutory income tax rates for 2017 and 2016 remained constant at 26.5% for both periods. The effective income tax rates for 2017 and 2016 were 44.4% and 28.6% respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent year over year.

EBITDA and Adjusted EBITDA

EBITDA decreased by 81.3%, or $2.0 million, to $0.5 million in 2017 from $2.5 million in 2016 primarily due to the factors discussed above.

Adjusted EBITDA decreased by 40.2%, or $0.8 million, to $1.3 million in 2017 from $2.1 million in 2016 primarily due to the factors discussed above.

Liquidity and Capital Resources

Overview

Sonoma's principal uses of funds are for operating expenses, working capital and general corporate needs, capital expenditures, and repayment of shareholder advances. Management believes that cash generated from operations will be sufficient to meet its future operating expenses, capital expenditures, and repayment of shareholder advances. However, Sonoma's ability to fund operating expenses, capital expenditures, and repay shareholder advances will depend on its future operating performance which will be affected by general economic, financial and other factors including factors beyond its control. See "Risk and Uncertainties".

In the six months ended January 31, 2017, cash used in operations consisted of a non-recurring compensation costs of $1.0 million paid to employees on closing of the sale of Sonoma to Jamieson and $1.5 million to fund working capital increases. Prior to the closing of the sale of Sonoma to Jamieson, $6.5 million was used to repurchase common shares.

Analysis of Cash Flows — six months ended January 31, 2017 and 2016

	Six months ended January 31			
($ in 000's)	**2017**	**2016**	**$ Change**	**% Change**
Cash, beginning of period	**8,641**	**1,687**	**6,954**	**412.2%**
Cash flows from (used in):				
Operating activities	(1,235)	1,163	(2,398)	(206.2)%
Investing activities	(183)	(171)	(12)	(7.2)%
Financing activities	(5,422)	496	(5,918)	(1193.0)%
Cash, end of period	**1,801**	**3,175**	**(1,374)**	**(43.3)%**

Cash Flows (Used in)/ Generated from Operating Activities

For 2017, cash flows used in operating activities totalled $1.2 million, compared to cash flows generated from operating activities of $1.2 million for 2016. The decrease in cash from operating activities includes cash used in increased working capital of $0.9 million and operating activities before working capital considerations of $1.5 million.

Cash Flows (Used in) Investing Activities

Cash flows used in investing activities in 2017 was relatively consistent with the same period in prior year. Expenditures for property, plant, and equipment mainly relate to scheduled preventative maintenance and can fluctuate based on the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows (Used in)/Generated from Financing Activities

For 2017, cash flows used in financing activities totalled $5.4 million, compared to cash flows generated from financing activities of $0.5 million in 2016. Cash flows used in 2017 were comprised of repurchase of common shares of $6.5 million, partially offset by shareholder advance of $0.2 million and an advance from a related company supplier of $0.9 million. Cash flows generated in 2016 was due to related company supplier advance of $0.6 million partially offset by the repayment of a shareholder advance in the amount of $0.1 million.

Contractual Obligations

There was no material change in the Company's contractual obligations and commitments from the annual MD&A as at and for the year ended July 31, 2016.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Sales to related party

The sales to the related wholesale distribution company, Body Plus, are at normal trade terms wherein the Company is paid in 30 days (2016 — 30 days). The sales of product to the related company during the six months ended January 2017 were $8.8 million (2016 — $9.0 million).

Shareholder advance

($ in 000's)	As at January 31, 2017	As at July 31, 2016
Due to shareholder	1,003	832

The outstanding shareholder loan as at July 31, 2016 of $0.8 million was fully paid on January 15, 2017 and a new loan to Jamieson of $1.0 million was incurred as a result of Jamieson advancing funds to pay compensation costs as part of the January 31, 2017 transaction.

Outstanding Share Capital and Redeemable Shares

	Common Shares		Redeemable Shares	
Expressed in whole Canadian dollars	**#**	**$**	**#**	**$**
Shares issued and fully paid				
As at July 31, 2016	100	100	100,200	10,020,000
Converted during the period	(100)	—	(100,200)	(10,020,000)
Issued during the period	54,289,655	—	21,100	21,100
Repurchased during the period	(24,587,519)	—	—	—
As at January 31, 2017	**29,702,136**	**100**	**21,100**	**21,100**

On July 27, 2015, following an amendment to the Company's articles, the shareholder exchanged his common shares for 100,000 new $100 dollar per share Class A special shares redeemable at any time at the option of the holder for $10.0 million (subject to a price adjustment clause). Following this reorganization 100 new $1 dollar per share common shares and 200 new $100 dollar per share Class B special shares were issued for cash.

On January 27, 2017, the Company amended its articles in order to create and authorize the issuance of:

(i) an unlimited number of Class N voting common shares; and

(ii) an unlimited number of Class N non-voting preference shares with each share redeemable and retractable for $1 dollar per share. On January 29, 2017, the sole shareholder of the Company surrendered the 100,000 Class A special shares, the 200 Class B special shares and the 100 common shares in exchange for 21,100 Class N preference shares redeemable for $1 dollar per share and 36,247,547 Class N common shares.

Subsequently through a series of transactions carried out on January 30, 2017 between the Company and the sole shareholder and his related entities, the Company purchased for cancellation 6,545,411 Class N common shares for $6.5 million in cash, issued promissory notes totaling $18.0 million to cancel 18,042,108 Class N common shares and subsequently converted the $18.0 million promissory notes into 18,042,108 Class N common shares at the request of the sole shareholder and his related entities. These transactions were carried out for tax purposes to facilitate the sale of the Company by the sole shareholder.

Ultimately on January 31, 2017, the Company had 21,100 Class N preference shares redeemable at $1 dollar per share and 29,702,136 Class N common shares. There were no promissory notes outstanding other than to Jamieson.

Redeemable shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the statements of financial position.

Critical Accounting Estimates and Judgments

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

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

Useful lives of property, plant and equipment

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment, 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.

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. Code or "best before" dates are very important in the determination of the 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.

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 statements of financial position, a charge or credit to income tax expense in the 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.

Significant Accounting Policies

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

Accounting Pronouncements Issued But Not Yet Effective

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

IFRS 9 "Financial Instruments"

In 2013, the International Accounting Standards Board ("IASB") issued amendments to IFRS 9, Financial Instruments ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers"

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

IFRS 16, "Leases"

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

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its financial statements.

Risk and Uncertainties

Sonoma's performance and future success depend on a number of factors that present significant opportunities for the Company. The risks and uncertainties that management believes could materially affect business activities, financial condition, cash flows and results of operations were included in the 2016 annual MD&A for the fiscal year ended July 31, 2016. There was no significant change to these risks and uncertainties during the three and six months ended January 31, 2017, other than those described elsewhere in this MD&A.

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

Forward-Looking Information

Certain statements made in this MD&A include forward-looking information relating to Sonoma's future outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding expectations of future results, performance, achievements, prospects or opportunities are forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information is based on management's opinions, estimates and assumptions in light of the Company's experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that management considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described in "*Risks and Uncertainties*" within the 2016 annual MD&A for the fiscal year ended July 31, 2016.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information.

Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known or presently believed are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents management's expectations as of the date of this MD&A and are subject to change after such date. However, management disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

SONOMA NUTRACEUTICALS INC.

FINANCIAL STATEMENTS

July 31, 2016, 2015 and 2014

SONOMA NUTRACEUTICALS INC.

July 31, 2016, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of
Sonoma Nutraceuticals Inc.

We have audited the accompanying financial statements of Sonoma Nutraceuticals Inc., which comprise the statements of financial position as at July 31, 2016, 2015 and 2014, and the statements of operations and comprehensive income, changes in shareholder's equity and cash flows for the years ended July 31, 2016, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements for the year ended July 31, 2014 and the financial performance and cash flows for the year ended July 31, 2015 and our unmodified audit opinion on the financial position as at July 31, 2015 and financial statements for the year ended July 31, 2016.

Basis for qualified opinion on the financial statements for the year ended July 31, 2014 and the financial performance and cash flows for the year ended July 31, 2015

Because we were appointed auditors of Sonoma Nutraceuticals Inc. Inc. during 2017, we were not able to observe the counting of the physical inventories at the beginning of 2014 and 2015 or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the financial performance and cash flows, we were unable to determine whether adjustments to inventories as at July 31, 2014, and to the financial performance and cash flows for the years ended July 31, 2015 and 2014, might be necessary.

Qualified opinion on the financial statements for the year ended July 31, 2014 and the financial performance and cash flows for the year ended July 31, 2015

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Sonoma Nutraceuticals Inc. as at July 31, 2014, and its financial performance and cash flows of Sonoma Nutraceuticals Inc. for the years ended July 31, 2015 and 2014 in accordance with International Financial Reporting Standards.

Opinion on the financial position as at July 31, 2015 and financial statements for the year ended July 31, 2016

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sonoma Nutraceuticals Inc. as at July 31, 2016 and 2015 and its financial performance and its cash flows for the year ended July 31, 2016 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Toronto, Canada
June 29, 2017

Chartered Professional Accountants
Licensed Public Accountants

SONOMA NUTRACEUTICALS INC.

STATEMENTS OF FINANCIAL POSITION

In Canadian dollars ('000) as at July 31,

	Notes	2016	2015	2014
Assets				
Current assets				
Cash	**4**	8,641	1,687	1,660
Accounts receivable	**5**	1,604	3,329	170
Related company receivable		952	2,209	6,104
Inventories	**7**	5,877	7,599	6,610
Prepaid expenses and other current assets	**6**	111	286	71
		17,185	**15,110**	**14,615**
Non-current assets				
Property, plant and equipment	**8**	652	767	860
Total Assets		**17,837**	**15,877**	**15,475**
Current liabilities				
Accounts payable and accrued liabilities	**9**	1,120	2,379	3,767
Income taxes payable		2,475	2,194	1,855
Due to shareholder	**10**	832	1,057	1,243
Bank loan	**11**	—	—	1,718
Redeemable special shares	**13**	10,020	10,020	—
		14,447	**15,650**	**8,583**
Long-term liabilities				
Deferred income tax liability	**12**	28	65	32
Total Liabilities		**14,475**	**15,715**	**8,615**
Shareholder's equity				
Share capital	**13**	1	1	1
Retained earnings		3,361	161	6,859
Total Shareholder's equity		**3,362**	**162**	**6,860**
Total Liabilities and Shareholder's equity		**17,837**	**15,877**	**15,475**
Commitments and contingencies	**16**			
Events after the reporting period	**18**			

Approved on behalf of the Board:

(Signed) Mark Hornick
Director

(see the accompanying notes to the financial statements)

SONOMA NUTRACEUTICALS INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

In Canadian dollars ('000), for the years ended July 31,

	Notes	2016	2015	2014
Revenue		29,063	30,506	30,041
Cost of sales		23,253	24,192	25,013
Selling, general and administrative expenses		1,517	1,723	1,884
Earnings from operations		4,293	4,591	3,144
Foreign exchange gain		(488)	(358)	(139)
Interest expense and other financing costs	**14**	137	171	243
Income before income taxes		4,644	4,778	3,040
Provision for income taxes	**12**	1,434	1,477	1,209
Net income		**3,210**	**3,301**	**1,831**
Comprehensive income		**3,210**	**3,301**	**1,831**

(see the accompanying notes to the financial statements)

SONOMA NUTRACEUTICALS INC.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

In Canadian dollars ('000)

	Share capital	Retained earnings	Total Shareholder's equity
As at August 1, 2013	1	5,028	5,029
Net income for the year	—	1,831	1,831
As at July 31, 2014	**1**	**6,859**	**6,860**
Conversion of common shares	(1)	—	(1)
Issuance of common shares	1	—	1
Issuance of redeemable special shares	—	(9,999)	(9,999)
Net income for the year	—	3,301	3,301
As at July 31, 2015	**1**	**161**	**162**
Dividends paid	—	(10)	(10)
Net income for the year	—	3,210	3,210
As at July 31, 2016	**1**	**3,361**	**3,362**

(see the accompanying notes to the financial statements)

SONOMA NUTRACEUTICALS INC.

STATEMENTS OF CASH FLOWS

In Canadian dollars ('000), for the years ended July 31,

	2016	2015	2014
Cash provided by (used in)			
Operating activities			
Net income	3,210	3,301	1,831
Items not affecting cash			
Depreciation of property, plant, and equipment	248	234	164
Net change in non-cash working capital	3,864	(1,484)	(378)
	7,322	**2,051**	**1,617**
Investing activities			
Additions to property, plant and equipment, net	(133)	(141)	(308)
	(133)	**(141)**	**(308)**
Financing activities			
Borrowings from (repayment of) revolving credit facility	—	(1,718)	327
Issuance of redeemable shares	—	20	—
Issuance of common shares	—	1	—
Dividend paid	(10)	—	—
Payment to shareholder	(225)	(186)	(233)
	(235)	**(1,883)**	**94**
Increase in cash	**6,954**	**27**	**1,403**
Cash — Beginning of year	**1,687**	**1,660**	**257**
Cash — End of year	**8,641**	**1,687**	**1,660**
Supplemental disclosure			
Amount of income taxes paid	1,189	1,107	783
Amount of interest paid	136	210	195

(see the accompanying notes to the financial statements)

1. COMPANY OVERVIEW

Sonoma Nutraceuticals Inc. ("the Company") is incorporated under the *Business Corporations Act* (Ontario). The Company operates principally as a significant source producer of proprietary products for the shareholder's wholly owned company, Body Plus Nutritional Products Inc. as well as a contract manufacturer of private label products for other businesses in the same market segment.

The financial statements of the Company for the year ended July 31, 2016 were authorized for issue by the Board of Directors of the Company on June 29, 2017. The Company's registered office is located at 130 McLevin Avenue Unit 7, Toronto, Ontario M1B 3R6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following are the significant accounting policies applied by the Company in preparing its financial statements:

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for certain derivative financial instruments that have been measured at fair value. The financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the 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 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 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 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

All other liabilities are classified as non-current.

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

2.3 Fair value measurement

The Company measures financial instruments, such as derivatives, at fair value at each statement 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
- Disclosures for valuation methods, significant estimates and assumptions, Note 3
- Financial instruments (including those carried at amortized cost), Note 15

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

2.4 Revenue recognition

The Company is the production facility for a significant portion of the shareholder's wholly owned wholesale distribution business together with private label customers for their branded products. The Company recognizes revenue from product sales upon the completion of the production process and direct shipment of the finished product from the production line to either the distribution company or the contract customers at the fair value of the consideration received or receivable, net of estimated returns and an estimate of sales incentives provided to customers excluding taxes or duty. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include rebate and promotional programs provided to the Company's customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. 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.

A provision for returns and sales provisions is recognized at the time the product is sold and recognized as a reduction to revenue.

2.5 Foreign currencies

The Company's financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar.

Transactions and balances

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Revenue and expense items are translated using the average exchange rate during the period.

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

2.6 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 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 tax assets are recognized for unused tax 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 other comprehensive income ("OCI") or equity are also recognized directly in OCI or equity, respectively.

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
- 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 statements of financial position.

2.7 Property, plant and equipment

Property, plant, and equipment is recorded at cost less accumulated depreciation and any net accumulated impairment losses. Repair and maintenance costs are recognized in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Machinery and equipment	10 years
Leasehold improvements	4 years
Computer equipment and software	3 years

When parts of an item of property, plant, 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 statements of operations and income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.8 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.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and receivables and other liabilities, net of directly attributable transaction costs.

All financial assets and liabilities are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are capitalized to the carrying amount of the instrument and amortized using the effective interest rate method ("EIR").

The Company has made the following classifications:

Cash	Fair value through profit or loss
Accounts receivable	Loans and receivables
Related company receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Due to shareholder	Other liabilities
Bank loan	Other liabilities
Redeemable shares	Other liabilities
Derivative assets (liabilities)	Held-for-trading

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by *IAS* 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR, less impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the statements of operations and comprehensive income. Any losses arising from impairment are recognized in the statements of operations and comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Impairment of financial assets carried at amortized cost

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as a reduction to the allowance account. Changes in the carrying amount of the allowance account are recognized in the statements of operations and comprehensive income.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Other liabilities

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR. Gains and losses are recognized in the statement of operations and comprehensive income through the EIR. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability. The EIR amortization is included in interest expense in the statements of operations and comprehensive income.

Derecognition

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 statements of operations and comprehensive income.

2.9 Inventories

Inventories consist of packaged products for resale to the Company's customers and are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials:

- Purchase cost on a first-in, first-out basis

Finished goods and work in progress:

- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of non-financial assets

Disclosures relating to impairment of non-financial assets are summarized in the following notes:

- Accounting policy disclosures Note 2
- Disclosures for significant assumptions Note 3
- Property, plant and equipment Note 8

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or Cash Generating Unit's ("CGU's") recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, if any, of continuing operations are recognized in the statements of operations and comprehensive income in those expense categories consistent with the function of the impaired asset.

2.11 Cash

Cash, held in both Canadian and US denominations, consists of cash and cash investments in a bank daily interest savings accounts and money market accounts valued at the current accumulated principal amount. These cash investments earn nominal interest and are available for daily operational needs. Cash in the statements of financial position comprises of cash balances that are subject to an insignificant risk of changes in value.

2.12 Provisions

General

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.

2.13 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statements of operations and comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company does not have any finance lease arrangements.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statements of operations and comprehensive income on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's 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, which management had made in the process of applying the Company's accounting policies, and which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the 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.

Useful lives of property, plant and equipment

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment, 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.

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. Code or "best before" dates are very important in the determination of the 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.

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 statements of financial position, a charge or credit to income tax expense in the 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.

4. CASH

Cash is comprised of cash at bank, held in Canadian and United States dollars. As at July 31, 2016, cash amounted to $8,641 (2015 — $1,687, 2014 — $1,660).

5. ACCOUNTS RECEIVABLE

As at July 31,	2016 $	2015 $	2014 $
Trade	**1,604**	3,407	347
Other miscellaneous receivables	**—**	5	—
Allowance for doubtful accounts	**—**	(83)	(177)
	1,604	**3,329**	**170**

The Company maintains an allowance for doubtful accounts that represents its estimate of the uncollectible amounts based on specific losses estimated on individual exposures and provision based on historical experience.

The aging of receivables is as follows:

As at July 31,	2016 $	2015 $	2014 $
Current	**1,173**	1,936	33
Aged 1 - 30 days past due	**273**	1,138	112
Aged 31 - 60 days past due	**70**	235	—
Aged > 60 days past due	**88**	103	202
Allowance for doubtful accounts	**—**	(83)	(177)
	1,604	**3,329**	**170**

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

As at July 31,	2016 $	2015 $	2014 $
Prepaid expenses	**111**	65	63
Derivative asset	**—**	221	8
	111	**286**	**71**

At July 31, 2016, the Company has 12 (2015 — 34 and 2014 — 14) outstanding leveraged foreign exchange contracts to buy US dollars. Currently these contracts are in a liability position, please refer to Note 9 for further information. These contracts will require the Company to purchase either US$100,000 or US$300,000 if the CAD/USD exchange rate increases or decreases above or below the strike price on or before the expiry date. These contracts have a strike price between $1.2685 and $1.2825 (2015 — $1.2025 to $1.2285 and 2014 — $1.08 to $1.098) and the expiry dates range from December 7, 2016 to February 22, 2017 (2015 — August 6, 2015 to March 30, 2016; and 2014 — August 11, 2014 to December 29, 2014).

7. INVENTORIES

As at July 31,	2016 $	2015 $	2014 $
Raw material and packaging	**5,859**	7,678	6,615
Packaged finished goods	**166**	65	119
Inventory provision	**(148)**	(144)	(124)
	5,877	**7,599**	**6,610**
Inventories expensed during the year	**19,293**	**20,706**	**22,118**

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

8. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment $	Leasehold improvements $	Computer equipment and software $	Total $
Cost				
As at August 1, 2013	864	643	—	1,507
Additions	120	—	188	308
As at July 31, 2014	984	643	188	1,815
Additions	81	—	60	141
As at July 31, 2015	1,065	643	248	1,956
Additions	68	65	—	133
As at July 31, 2016	**1,133**	**708**	**248**	**2,089**
Accumulated Depreciation				
As at August 1, 2013	(328)	(463)	—	(791)
Depreciation for the year	(94)	(51)	(19)	(164)
As at July 31, 2014	(422)	(515)	(19)	(955)
Depreciation for the year	(104)	(51)	(78)	(234)
Aa st July 31, 2015	(526)	(566)	(97)	(1,189)
Depreciation for the year	(110)	(56)	(83)	(248)
As at July 31, 2016	**(636)**	**(622)**	**(180)**	**(1,438)**
Net book value				
As at July 31, 2016	**497**	**87**	**68**	**652**
As at July 31, 2015	539	77	151	767
As at July 31, 2014	562	129	169	860

There are no fixed assets under finance lease included in the amounts noted above.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at July 31,	2016 $	2015 $	2014 $
Trade payables and accrued liabilities	**905**	1,968	3,106
Government payables	**155**	306	593
Salaries, commissions and bonuses	**40**	42	62
Derivative liability	**7**	—	—
Other	**13**	63	6
	1,120	**2,379**	**3,767**

10. RELATED PARTY TRANSACTIONS

Related party transactions

Sales to the related wholesale distribution company are at normal trade terms wherein the Company is paid in 30 days (2015 — 45 to 60 days and 2014 — 45 to 60 days). The sales of product to the related companies in 2016 were $17,979 (2015 — $17,857 and 2014 — $27,502). The 2014 sales also include sales to another related sales and marketing company at normal terms. This sales and marketing company was controlled by the Company's shareholder during 2014 and was wound down prior to July 31, 2014.

The related wholesale distribution company has paid one month deposit for rent of $21 (2015 — $21 and 2014 — $21) as well as insurance premiums of $32 (2015 — $28 and 2014 — $37).

Shareholder advance

As at July 31,	2016 $	2015 $	2014 $
Due to shareholder[(i)]	**832**	1,057	1,243
	832	**1,057**	**1,243**

(i) Amounts due to shareholder are payable on demand, are unsecured and bear interest at a rate of 12% annually.

Related party receivable

As at July 31,	2016 $	2015 $	2014 $
Related company receivable	**952**	2,209	6,104
	952	**2,209**	**6,104**

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, directly or indirectly, including any external director of the Company. Salaries of key management personnel are primarily paid through the Company's related affiliate, Body Plus Nutritional Products Inc.

Remuneration of key management personnel of the Company is comprised of the following expenses:

For the years ended July 31,	2016 $	2015 $	2014 $
Management bonus	—	—	300
Total remuneration	—	—	**300**

10. RELATED PARTY TRANSACTIONS (Continued)

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

11. BANK LOAN

As at July 31,	2016 $	2015 $	2014 $
Available credit on revolving facility[(i)]	—	—	**3,750**
Current portion of loan	—	—	1,718
	—	—	**1,718**

(i) In 2012, together with its affiliates Body Plus Nutritional Products Inc. and the shareholder's wholly owned company Proventive Nutritional Therapies Inc., as joint and several borrowers, the Company entered into a credit agreement, as amended in 2014. In support of this facility, the Company provided a general security agreement over the assets of the Company, the related companies, Body Plus Nutritional Products Inc. and Proventive Nutritional Therapies Inc., have provided a cross guarantee, and there was a limited guarantee of the shareholder in the amount of $500. The banking covenants with respect to the combined companies' net worth have been met. The interest rate charged on this facility was based on bank prime plus ¾% per annum. The outstanding balance of the loan was repaid in 2015.

12. INCOME TAX

The major components of income tax expense are as follows:

For the years ended July 31,	2016 $	2015 $	2014 $
Current income tax expense	**1,471**	1,445	1,183
Deferred income tax expense (recovery)	**(37)**	32	26
	1,434	**1,477**	**1,209**

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:

For the years ended July 31,	2016 $	2015 $	2014 $
Income tax expense at combined statutory rate of 26.5% (2015 — 26.5%, 2014-26.5%)	**1,231**	1,266	804
Non-deductible expenses	**20**	5	3
Impact of interest and penalties on voluntary disclosure adjustments	**109**	206	387
Other	**74**	—	15
	1,434	**1,477**	**1,209**

Deferred income tax liabilities

Deferred income tax liabilities arise on the timing differences between accounting and tax treatment of property, plant and equipment.

12. INCOME TAX (Continued)

Deferred income tax liabilities comprise the following:

As at July 31,	2016 $	2015 $	2014 $
Property, plant and equipment	**28**	65	32
Total deferred income tax liability	**28**	65	32

13. SHARE CAPITAL AND REDEEMABLE SHARES

In this note, amounts are expressed in whole Canadian dollars.

	Common Shares		Redeemable Shares	
Common shares issued and fully paid	**#**	**$**	**#**	**$**
As at August 1, 2013	1,000	1,000	—	—
As at July 31, 2014	1,000	1,000	—	—
Converted in 2015	(1,000)	(1,000)	—	—
Issued in 2015	100	100	100,200	10,020,000
As at July 31, 2015	100	100	100,200	10,020,000
As at July 31, 2016	**100**	**100**	**100,200**	**10,020,000**

The authorized share capital consists of:

i) unlimited number of voting common shares;

ii) unlimited number of Class A special shares; and

iii) unlimited number of voting Class B special shares.

The Class A special shares have a redemption price of $100 per share (subject to a price adjustment clause) and can be redeemed at the option of the Company or the shareholder at any time. These shares are non-voting and are entitled to receive dividends when declared by the Board at the rate of one percent of the redemption amount.

The Class B special shares have a redemption price of $100 per share (subject to a price adjustment clause) and can be redeemed at the option of the Company or the shareholder at any time. These shares have voting rights and are entitled to receive dividends when declared by the Board at the rate of one percent of the redemption amount.

On July 27, 2015, following an amendment to the Company's articles, the shareholder exchanged 1,000 common shares (representing all the issued shares) for 100,000 new $100 per share Class A special shares redeemable at any time at the option of the holder for $10,000,000 (subject to a price adjustment clause). Following this reorganization 100 new $1 per share common shares and 200 new $100 per share Class B special shares were issued for cash.

Redeemable special shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the statements of financial position.

14. INTEREST EXPENSE AND OTHER FINANCING COSTS

For the years ended July 31,	2016 $	2015 $	2014 $
Interest on debt and borrowings	—	—	60
Interest on shareholder loan	135	135	174
Other	2	36	9
	137	171	243

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Financial instruments

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

Fair value measurement

The carrying value of the US dollar bank balance as at July 31 2016 is $453 (2015 — overdraft of $68, 2014 — $1,809).

The fair values of financial assets and liabilities classified as loans and receivables and other financial liabilities approximate their carrying values due to their short-term nature and have been classified as Level 2 in the fair value hierarchy.

The fair values of the derivative assets and liabilities representing foreign exchange forward contracts have been valued using Level 2 inputs in the fair value hierarchy. These derivatives are valued using the Black-Scholes model with the most significant inputs being the strike price, the yearend exchange rates between the Canadian and US dollar, the expiry period of the forward and the volatility of the exchange rates. A 5% increase or decrease in forward rates between the Canadian and US dollar will result in a loss or gain of approximately $1 (2015 — $11; and 2014 — $1).

There were no transfers between levels during 2016, 2015 and 2014.

Financial instrument risk management objectives and policies

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk from its customers (primarily related to trade accounts receivable) in the normal course of business. The Company's affiliate, Body Plus Nutritional Products Inc., accounts for 62% of the revenue of the Company (2015 — 59% and 2014 — 92%) and is current in its payment terms. 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.

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 US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

The company uses foreign exchange forward contracts to manage foreign exchange transaction exposure as described in Note 6 above.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's net income (loss) before taxes due to changes in the fair value of monetary assets and liabilities including the non-designated foreign exchange forward contracts.

As at July 31,	Change in US dollar FX rate %	Effect on income (loss) before tax $
2016	**5**	**14**
2015	5	(55)
2014	5	56

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.

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 has minimal interest rate risk.

Liquidity risk

Liquidity risk is the risk that 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 as well as redeemable shares.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also 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.

Capital management

The Company considers its redeemable shares, its total shareholder's equity and the amounts due to shareholder totaling $14,214 (2015 — $11,239; 2014 — $8,103) as its total capital. The Company has no externally imposed capital requirements and manages its capital in a manner so that it has adequate working capital to meet the operating needs of its business.

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

16. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has entered into a lease for office, production, and warehouse space for its business operations. Total minimum lease payments payable in future years are as follows:

	$
2017	513
2018	530
2019	530
2020	221
	1,794

16. COMMITMENTS AND CONTINGENCIES (Continued)

General contingencies

In addition, various claims and potential claims arising in the normal course of operation are pending against the Company. 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.

17. FUTURE ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of these financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

IFRS 9, Financial Instruments

In 2013, the International Accounting Standards Board ("IASB") issued amendments to IFRS 9, Financial Instruments ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15, Revenue from Contracts with Customers

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

IFRS 16, Leases

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

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its financial statements.

18. EVENTS AFTER THE REPORTING PERIOD

In this note, amounts are expressed in whole Canadian dollars.

On January 27, 2017, the Company amended its articles in order to create and authorize the issuance of:

i) an unlimited number of Class N voting common shares; and

ii) an unlimited number of Class N non-voting preference shares with each share redeemable and retractable for $1 per share. On January 29, 2017 the sole shareholder of the Company surrendered the 100,000 Class A special shares, the 200 Class B special shares and the 100 common shares in exchange for 21,100 Class N preference shares and 36,247,547 Class N common shares.

Subsequently through a series of transactions carried out on January 30, 2017 between the Company and the sole shareholder and his related entities, the Company purchased for cancellation 6,545,411 Class N common shares for $6,545,411 in cash, issued promissory notes totaling $18,042,108 to cancel 18,042,108 Class N common shares and subsequently converted the $18,042,108 promissory notes into 18,042,108 Class N common shares at the request of the sole shareholder and his related entities. These transactions were carried out for tax purposes to facilitate the sale of the Company by the sole shareholder.

On January 31, 2017, the Company, under the terms of a share purchase agreement, as amended by a joinder and amending agreement, was acquired by Jamieson Laboratories Ltd. In connection with the acquisition, the Company was released from its obligations under the credit facilities and related cross-guarantees and subsequently entered into a new credit agreement as guarantor to the borrower, Jamieson Laboratories Ltd.

Sonoma Nutraceuticals Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the years ended July 31, 2016, July 31, 2015 and July 31, 2014

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for Sonoma Nutraceuticals Inc. (the "Company" or "Sonoma") should be read in conjunction with the Company's annual audited financial statements and the accompanying notes for the years ended July 31, 2016, 2015, and 2014.

The Company's annual audited financial statements and accompanying notes for the years ended July 31, 2016, 2015, and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars.

Overview

Sonoma is a well-established manufacturer of sports nutrition products and supplements and also a provider of contract manufacturing services. The Company operates principally as a significant source producer of proprietary products for an affiliated company, Body Plus Nutritional Products Inc. ("Body Plus") whose products include Progressive nutritional therapies, Precision sports supplements and the Iron Vegan brand. In the last few years, the Company also produced non-competing private label products for other businesses in the same market segment.

On January 31, 2017, Sonoma and its affiliate Body Plus, were acquired by Jamieson Laboratories Ltd. ("Jamieson"). Under the terms of the share purchase agreement, Sonoma and Body Plus have become wholly owned subsidiaries of Jamieson.

Summary of Factors Affecting Our Performance

Sonoma's performance and future success depend on a number of factors that present significant opportunities for the Company. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk and Uncertainties" section of this MD&A.

Customer Risk

Sonoma's main customer is the Company's affiliate, Body Plus, which accounts for 62% of the revenue of the Company (2015 — 59% and 2014 — 92%). Sonoma's success is highly dependent on the success of Body Plus and its ability to sell products through its retail channels based on the strength of the Progressive, Precision and Iron Vegan brands. In the last few years, the Company has diversified production and began producing non-competing private label products for other businesses in the same market segment.

Sourcing and Production

Sonoma is dependent on a stable and consistent supply of raw materials and other inputs, including ingredients and packaging products. Although raw materials and other inputs are generally available from multiple sources, certain raw materials and other inputs are sourced and controlled by a limited number of suppliers.

Sonoma sources materials and inputs from suppliers on an ongoing basis at negotiated prices. As is customary in the sports nutrition segment, Sonoma does not have long-term contracts with suppliers and often enters into one year contracts for raw materials and other inputs at fixed prices to provide time to address price increases and mitigate impact on the Company's margins.

Although management believes that current arrangements for the supply of raw materials and other inputs are adequate to cover existing demand and anticipated growth, there can be no assurance that: suppliers will be able to meet Sonoma's growing demand; Sonoma will continue to purchase raw materials and other inputs from current suppliers or any other supplier on favourable terms or at all; and Sonoma can reformulate products so as to avoid using those raw materials or other inputs or successfully pass along price increases to customers. An

interruption in the availability of certain raw materials or other inputs, or significant increases in the prices paid for them, could have a material adverse effect on Sonoma's business, financial condition, liquidity and operating results.

Regulation

The formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of Sonoma's products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels in Canada. There can be no assurance that the Company is in compliance with all of these laws, regulations and other constraints. Sonoma's failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead the Company to discontinue production of certain products for customers, resulting in significant loss of sales.

Customer demands

From time to time, retail customers may purchase more product than they expect to sell to end consumers during a particular time period. They may grow their inventory in anticipation of promotional events, which typically provide for reduced prices during a specified time or other consumer incentives. If customers increase their inventory during a particular reporting period as a result of a promotional event, then sales during the subsequent reporting period may be adversely impacted as customers seek to reduce their inventory to more normal levels. This effect may be particularly pronounced when the promotional event occurs near the end or beginning of a reporting period or when there are changes in the timing of a promotional event as compared to the prior year. Customers' demand for products, however, can change significantly between the time inventory or ingredients are ordered and the date of sale. To the extent customers seek to reduce their usual or customary inventory levels or change their practices regarding purchases in excess of consumer consumption, Sonoma's inventory management, net sales and results of operations may be adversely affected in that period.

Significant fixed operating cost

The fixed costs involved in owning and operating the Company's manufacturing and distribution facilities can reduce gross profit margins when sales and production decline. Sonoma's profitability is dependent, in part, on the Company's ability to spread fixed costs over an increasing number of products sold and shipped, and if required to reduce rate of production, gross profit margins could be negatively affected. Consequently, decreased demand or the need to reduce inventories can lower Sonoma's ability to absorb fixed costs, which could have a material adverse effect on the business, results of operations or financial condition.

Manufacturing, warehousing, and distribution faculties

Sonoma depends on the orderly operation of the Company's manufacturing, warehousing and distribution processes, which rely on adherence to shipping schedules and effective management of manufacturing, warehousing and distribution centres and sufficiently planned capacity. Although management believes that the Company's manufacturing, warehousing and distribution processes are efficient, and that the Company has appropriate contingency plans, unforeseen disruptions in operations due to fire, severe weather conditions, natural disasters, or other catastrophic events, electronic or power interruptions, failure of software and hardware or other system failures, labour disagreements or shipping problems may result in delays in the delivery of products to customers and retail partners. Additionally, although management believes that the capacity of the Company's manufacturing, warehousing and distribution centres meets current needs, the Company may need to expand manufacturing, warehousing and distribution capacity in the future to accommodate for potential growth. Failure to expand manufacturing, warehousing and distribution capacity in a timely manner would inhibit growth and could have an adverse effect on our business.

Although the Company maintains business interruption insurance and property insurance, management cannot provide any assurance that the insurance coverage will adequately protect the Company from the adverse effects that could result from significant disruptions to manufacturing, warehousing and distribution systems, such as the long-term loss of customers, or that insurance proceeds will be paid in a timely manner. Problems with the Company's manufacturing, warehousing and distribution systems could adversely impact Sonoma's ability to meet customer expectations, manage inventory, complete sales and achieve growth targets.

Consumer Trends

Consumer spending habits, including spending on products produced for Sonoma's customers, are affected by, among other things, prevailing economic conditions, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. A general economic slowdown in Canada and other parts of the world could decrease demand for Sonoma's customers' products which would adversely affect the Company's revenue; an uncertain economic outlook may adversely affect consumer spending habits and customer traffic, which may result in lower revenue. A prolonged global economic downturn could have a material negative impact on the Company's business, financial condition and performance.

Competition

Sonoma competes for sales in a highly fragmented, high margin sports nutrition segment of the health and wellness industry. Although end consumers in this channel are willing to pay premium prices for more specialized formulations and products, as some products become more mainstream, those products may experience increased price competition as more participants enter the market. Customers may negotiate with the Company for price reductions in order to provide more attractive retail prices, which may result in lower margins. A shift in consumer behavior towards increased purchases of sports nutrition products through e-commerce platforms could also increase price competition and limit the Company's ability to increase prices or maintain margins. Failure to effectively negotiate contract rates could adversely affect Sonoma's market share, revenues and growth prospects.

Foreign Exchange

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. Fluctuating US-Canadian currency exchange rate could negatively impact the Company's business and financial condition where the products sold contain materials and inputs purchased with U.S. dollars.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing its 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 non-IFRS measures "EBITDA", "Adjusted EBITDA", and "Adjusted Net Income" to provide supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company's management also uses EBITDA in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"EBITDA" is defined as net income before: (i) provision for income taxes; (ii) interest expense and other financing costs; and (iii) depreciation of property, plant, and equipment.

"Adjusted EBITDA" is used by management to evaluate and compare our operating performance and cash flow to other companies in the same industry by excluding the effects of interest, taxes, depreciation and amortization costs, expenses that management believes are not reflective of underlying business performance and other one-time, non-recurring or non-cash expenses.

"Adjusted Net Income" is used by management in assessing the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of underlying business performance and other one-time or non-recurring expenses. Adjusted Net Income is defined as net income (loss) adjusted for the impact of foreign exchange (gain) and loss net of related tax effects.

Selected Financial Information

The following table provides selected historical information and other data of the Company which should be read in conjunction with the audited financial statements of the Company.

A reconciliation of net income to EBITDA, Adjusted EBITDA, and Adjusted Net Income can be found in the below "Results of Operations" sections for the respective fiscal periods.

($ in 000's) **For the fiscal years ended July 31,**	**2016**	**2015**	**2014**
Revenue	**29,063**	**30,506**	**30,041**
Cost of sales	23,253	24,192	25,013
Gross profit	5,810	6,314	5,028
Selling, general and administrative expenses	1,517	1,723	1,884
Earnings from operations	**4,293**	**4,591**	**3,144**
Operating margin	**14.8%**	**15.0%**	**10.5%**
Foreign exchange (gain)	(488)	(358)	(139)
Interest expense and other financing costs	137	171	243
Income before income taxes	4,644	4,778	3,040
Provision for income taxes	1,434	1,477	1,209
Net income	**3,210**	**3,301**	**1,831**
EBITDA	**5,029**	**5,183**	**3,447**
Adjusted EBITDA	**4,541**	**4,825**	**3,308**
Adjusted net income	**2,851**	**3,038**	**1,729**

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

($ in 000's) **As at July 31,**	**2016**	**2015**	**2014**
Selected Consolidated Financial Position Data:			
Total assets	17,837	15,877	15,475
Total non-current liabilities	28	65	32

Results of Operations — Q4 2016 to Q4 2015

The following table provides a summary of the Company's results for the quarters ended July 31, 2016 and July 31, 2015.

($ in 000's) For the quarters ended July 31,	2016	2015	$ Change	% Change
Revenue	**7,702**	**8,244**	**(542)**	**(6.6)%**
Cost of sales	6,142	6,601	(459)	(7.0)%
Gross profit	1,560	1,643	(83)	(5.1)%
Selling, general and administrative expenses	415	467	(52)	(11.1)%
Earnings from operations	**1,145**	**1,176**	**(31)**	**(2.6)%**
Operating margin	**14.9%**	**14.3%**	**—**	**0.6%**
Foreign exchange (gain)	(122)	(90)	(32)	(35.6)%
Interest expense and other financing costs	34	43	(9)	(20.9)%
Income before income taxes	1,233	1,223	10	0.8%
Provision for income taxes	381	378	3	0.8%
Net income	**852**	**845**	**7**	**0.8%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the quarters ended July 31, 2016 and July 31, 2015.

($ in 000's) For the quarters ended July 31,	2016	2015	$ Change	% Change
Net income	**852**	**845**	**7**	**0.8%**
Add:				
Provision for income taxes	381	378	3	0.8%
Interest expense and other financing costs	34	43	(9)	(20.9)%
Depreciation of property, plant, and equipment	62	59	3	5.1%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**1,329**	**1,325**	**4**	**0.3%**
Add EBITDA adjustments:				
Foreign exchange (gain)	(122)	(90)	(32)	(35.6)%
Adjusted EBITDA	**1,207**	**1,235**	**(28)**	**(2.3)%**

The following table provides a reconciliation of net income to Adjusted Net Income for the quarters ended July 31, 2016 and July 31, 2015.

($ in 000's) For the quarters ended July 31,	2016	2015	$ Change	% Change
Net income	**852**	**845**	**7**	**0.8%**
Adjustments to net income:				
Foreign exchange (gain)	(122)	(90)	(32)	(35.6)%
Related tax effects	32	24	8	33.3%
Adjusted net income	**762**	**779**	**(17)**	**(2.2)%**

Revenue

Revenue decreased 6.6%, or $0.5 million to $7.7 million in Q4 2016 from $8.2 million in Q4 2015. The decrease was primarily due to timing and slowdown of customer orders of $0.6 million partially offset by an increase in sales to Body Plus of $0.1 million.

Earnings from operations and operating margin

Earnings from operations decreased 2.6% to $1.1 million in Q4 2016 from $1.2 million in Q4 2015 and operating margin increased 60 basis points to 14.9% in Q4 2016 from 14.3% in Q4 2015. The increase in

operating margin was due to a decrease in cost of sales as a percentage of revenue primarily due to product mix and a decline in selling, general and administrative "SG&A" expenses primarily due to compensation costs. Cost of sales as a percentage of revenue decreased 30 basis points and SG&A expense as a percentage of revenue decreased 30 basis points in Q4 2016.

Foreign exchange (gain)

Foreign exchange gain remained relatively consistent with the same period in prior year, with slight increase due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled.

Interest expense and other financing costs

Interest expense and other financing costs remained relatively consistent with the same period in prior year. There was no significant change to the Company's balance of a shareholder loan.

Provision for income taxes

Income tax expense remained relatively consistent with the same period in prior year. The statutory income tax rates for 2016 and 2015 remained constant at 26.5% for both quarters and the effective income tax rates were 30.9% for both quarters.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent with the same period in prior year.

EBITDA and Adjusted EBITDA

EBITDA increased by 0.3% to $1.3 million in Q4 2016 primarily due to the factors discussed above.

Adjusted EBITDA decreased by 2.3% to $1.2 million in Q4 2016 primarily due to the factors discussed above.

Results of Operations — Fiscal 2016 to Fiscal 2015

The following table provides a summary of the Company's results for the fiscal years ended July 31, 2016 and July 31, 2015.

($ in 000's) **For the fiscal years ended July 31,**	**2016**	**2015**	**$ Change**	**% Change**
Revenue	**29,063**	**30,506**	**(1,443)**	**(4.7)%**
Cost of sales	23,253	24,192	(939)	(3.9)%
Gross profit	5,810	6,314	(504)	(8.0)%
Selling, general and administrative expenses	1,517	1,723	(206)	(12.0)%
Earnings from operations	**4,293**	**4,591**	**(298)**	**(6.5)%**
Operating margin	**14.8%**	**15.0%**	**—**	**(0.2)%**
Foreign exchange (gain)	(488)	(358)	(130)	(36.3)%
Interest expense and other financing costs	137	171	(34)	(19.9)%
Income before income taxes	4,644	4,778	(134)	(2.8)%
Provision for income taxes	1,434	1,477	(43)	(2.9)%
Net income	**3,210**	**3,301**	**(91)**	**(2.8)%**
EBITDA	**5,029**	**5,183**	**(154)**	**(3.0)%**
Adjusted EBITDA	**4,541**	**4,825**	**(284)**	**(5.9)%**
Adjusted net income	**2,851**	**3,038**	**(187)**	**(6.2)%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the fiscal years ended July 31, 2016 and July 31, 2015.

($ in 000's) For the fiscal years ended July 31,	2016	2015	$ Change	% Change
Net income	**3,210**	**3,301**	**(91)**	**(2.8)%**
Add:				
Provision for income taxes	1,434	1,477	(43)	(2.9)%
Interest expense and other financing costs	137	171	(34)	(19.9)%
Depreciation of property, plant, and equipment	248	234	14	6.0%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**5,029**	**5,183**	**(154)**	**(3.0)%**
Add EBITDA adjustments:				
Foreign exchange (gain)	(488)	(358)	(130)	(36.3)%
Adjusted EBITDA	**4,541**	**4,825**	**(284)**	**(5.9)%**

The following table provides a reconciliation of net income to Adjusted Net Income for the fiscal years ended July 31, 2016 and July 31, 2015.

($ in 000's) For the fiscal years ended July 31,	2016	2015	$ Change	% Change
Net income	**3,210**	**3,301**	**(91)**	**(2.8)%**
Adjustments to net income:				
Foreign exchange (gain)	(488)	(358)	(130)	(36.3)%
Related tax effects	129	95	34	35.8%
Adjusted net income	**2,851**	**3,038**	**(187)**	**(6.2)%**

Revenue

Revenue decreased 4.7%, or $1.4 million to $29.1 million in fiscal 2016 from $30.5 million in fiscal 2015. The decrease was primarily due to timing and slowdown of customer orders of $1.5 million partially offset by an increase in sales to Body Plus of $0.1 million.

Earnings from operations and operating margin

Earnings from operations decreased 6.5%, or $0.3 million, to $4.3 million in fiscal 2016 from $4.6 million in fiscal 2015 and operating margin decreased 20 basis points to 14.8% in fiscal 2016 from 15.0% in fiscal 2015. The decrease in operating margin was due to an increase in cost of sales as a percentage of revenue primarily due to product mix and higher input costs, partially offset by a decline in SG&A expenses primarily due to compensation costs. Cost of sales as a percentage of revenue increased 70 basis points and SG&A expenses as a percentage of revenue decreased 40 basis points in fiscal 2016.

Foreign exchange gain

Foreign exchange gain increased by 36.3%, or $0.1 million, to $0.5 million in fiscal 2016 from $0.4 million in fiscal 2015, mainly due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled, partially offset by unrealized loss on foreign exchange contracts during the period.

Interest expense and other financing costs

Interest expense and other financing costs decreased by 19.9% to $0.1 million in fiscal 2016 from $0.2 million in fiscal 2015. Interest is primarily due to an outstanding loan from the shareholder. Balance of the loan was $0.8 million as of July 31, 2016 compared to $1.1 million as of July 31, 2015.

Provision for income taxes

Income tax expense remained relatively consistent with the same period in prior year, with statutory income tax rates at 26.5% and the effective income tax rates at 30.9% for both years.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively consistent year over year, with minor additions to machinery and equipment and leasehold improvements during the year.

EBITDA and Adjusted EBITDA

EBITDA decreased by 3.0%, or $0.2 million, to $5.0 million in fiscal 2016 from $5.2 million in fiscal 2015 primarily due to the factors discussed above.

Adjusted EBITDA decreased by 5.9%, or $0.3 million, to $4.5 million in fiscal 2016 from $4.8 million in fiscal 2015 primarily due to the factors discussed above.

Results of Operations — Fiscal 2015 to Fiscal 2014

The following table provides a summary of the Company's results for the fiscal years ended July 31, 2015 and July 31, 2014.

($ in 000's) **For the fiscal years ended July 31,**	**2015**	**2014**	**$ Change**	**% Change**
Revenue	**30,506**	**30,041**	**465**	**1.5%**
Cost of sales	24,192	25,013	(821)	(3.3)%
Gross profit	6,314	5,028	1,286	25.6%
Selling, general and administrative expenses	1,723	1,884	(161)	(8.5)%
Earnings from operations	**4,591**	**3,144**	**1,447**	**46.0%**
Operating margin	**15.0%**	**10.5%**	**—**	**4.5%**
Foreign exchange (gain)	(358)	(139)	(219)	(157.6)%
Interest expense and other financing costs	171	243	(72)	(29.6)%
Income before income taxes	4,778	3,040	1,738	57.2%
Provision for income taxes	1,477	1,209	268	22.2%
Net income	**3,301**	**1,831**	**1,470**	**80.3%**
EBITDA	**5,183**	**3,447**	**1,736**	**50.4%**
Adjusted EBITDA	**4,825**	**3,308**	**1,517**	**45.9%**
Adjusted net income	**3,038**	**1,729**	**1,309**	**75.7%**

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA for the fiscal years ended July 31, 2015 and July 31, 2014.

($ in 000's) **For the fiscal years ended July 31,**	**2015**	**2014**	**$ Change**	**% Change**
Net income	**3,301**	**1,831**	**1,470**	**80.3%**
Add:				
Provision for income taxes	1,477	1,209	268	22.2%
Interest expense and other financing costs	171	243	(72)	(29.6)%
Depreciation of property, plant, and equipment	234	164	70	42.7%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**5,183**	**3,447**	**1,736**	**50.4%**
Add EBITDA adjustments:				
Foreign exchange (gain)	(358)	(139)	(219)	(157.6)%
Adjusted EBITDA	**4,825**	**3,308**	**1,517**	**45.9%**

The following table provides a reconciliation of net income to Adjusted Net Income for the fiscal years ended July 31, 2015 and July 31, 2014.

($ in 000's) For the fiscal years ended July 31,	2015	2014	$ Change	% Change
Net income	**3,301**	**1,831**	**1,470**	**80.3%**
Adjustments to net income:				
Foreign exchange (gain)	(358)	(139)	(219)	(157.6)%
Related tax effects	95	37	58	156.8%
Adjusted net income	**3,038**	**1,729**	**1,309**	**75.7%**

Revenue

Revenue increased 1.5%, or $0.5 million to $30.5 million in fiscal 2015 from $30.0 million in fiscal 2014. The increase was primarily driven by an increase in third-party sales of $10.1 million offset by a corresponding decrease in sales to Body Plus of $9.6 million. In fiscal 2014, a significant part of Sonoma's sales to a major third-party customer were shipped and invoiced by Body Plus. In fiscal 2015, Sonoma shipped and invoiced the customer directly resulting in lower sales to Body Plus and higher sales to third-parties.

Earnings from operations and operating margin

Earnings from operations increased 46.0%, or $1.5 million, to $4.6 million in fiscal 2015 from $3.1 million in fiscal 2014 and operating margin increased 450 basis points to 15.0% in fiscal 2015 from 10.5% in fiscal 2014. The increase in operating margin was due to a decline in cost of sales as a percentage of revenue primarily from a decrease in the price of whey during the year and a decline in SG&A expenses primarily due to lower compensation costs. Cost of sales as a percentage of revenue decreased 400 basis points and SG&A as a percentage of revenue decreased 60 basis points in fiscal 2015.

Foreign exchange gain

Foreign exchange gain increased by 157.6%, or $0.2 million, to $0.3 million in fiscal 2015 from $0.1 million in fiscal 2014 due to fluctuations in USD/CAD exchange rates between the date of the transaction and when cash was settled along with an unrealized gain on foreign exchange contracts during the period.

Interest expense and other financing costs

Interest expense and other financing costs decreased by 29.6%, or $0.1 million, to $0.2 million in fiscal 2015 due primarily to the decrease in the outstanding principal amount of a shareholder loan and repayment of the Company's revolving credit facility in full in 2014.

Provision for income taxes

Income tax expense increased by 22.2%, or $0.3 million, to $1.5 million in fiscal 2015 from $1.2 million in fiscal 2014. The increase was mainly due to higher income before taxes of $1.7 million. The statutory income tax rates for fiscal 2015 and fiscal 2014 remained constant at 26.5% for both fiscal years. The effective income tax rates for fiscal 2015 and fiscal 2014 were 30.9% and 39.8%, respectively, primarily due to the impact of interest and penalties on voluntary disclosure adjustments of $0.2 million in 2015 compared to $0.4 million in fiscal 2014.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by 42.7%, or $0.1 million, to $0.2 million in fiscal 2015 due to additions in machinery and equipment and computer equipment and software.

EBITDA and Adjusted EBITDA

EBITDA increased by 50.4%, or $1.7 million, to $5.2 million in fiscal 2015 from $3.5 million in fiscal 2014 primarily due to the factors discussed above.

Adjusted EBITDA increased by 45.9%, or $1.5 million, to $4.8 million in fiscal 2015 from $3.3 million in fiscal 2014 primarily due to the factors discussed above.

Liquidity and Capital Resources

Overview

Sonoma's principal uses of funds are for operating expenses, working capital and general corporate needs, capital expenditures, and repayment of a shareholder advance. Management believes that cash generated from operations will be sufficient to meet its future operating expenses, capital expenditures, and repayment of the shareholder advance. However, Sonoma's ability to fund operating expenses, capital expenditures, and repay the shareholder advance will depend on its future operating performance which will be affected by general economic, financial and other factors including factors beyond its control. See "Risk and Uncertainties".

In fiscal 2016, cash generated from operations of $7.3 million was primarily used to fund capital expenditures of $0.1 million and repay shareholder advances of $0.2 million which provided cash outstanding of $8.6 million as at July 31, 2016. In fiscal 2015, cash generated from operations of $2.1 million were primarily used to fund capital expenditures of $0.1 million, repay bank loans of $1.7 million and repay shareholder advances of $0.2 million which provided cash outstanding of $1.7 million as at July 31, 2015.

Analysis of Cash Flows — Q4 2016 to Q4 2015

($ in 000's) **For the quarters ended July 31,**	**2016**	**2015**	**$ Change**	**% Change**
Cash, beginning of period	5,003	1,202	3,801	316.2%
Cash flows from (used in):				
Operating activities	3,731	610	3,121	511.6%
Investing activities	(33)	(35)	2	5.7%
Financing activities	(60)	(90)	30	33.3%
Cash, end of period	**8,641**	**1,687**	**6,954**	**412.2%**

Cash Flows Generated from Operating Activities

In Q4 2016, cash flows generated from operating activities totalled $3.7 million, compared to $0.6 million for Q4 2015. The increase in cash flows from operating activities is primarily impacted by timing of collections on accounts receivable and lower inventories resulting from the timing of orders and shipments.

Cash Flows (Used in) Investing Activities

Cash flows used in investing activities in Q4 2016 was relatively consistent with the same period in prior year. Expenditures for property, plant, and equipment mainly relates to scheduled preventative maintenance and could fluctuate based on the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows (Used in) Financing Activities

Cash flows used in financing activities in Q4 2016 was relatively consistent with the same period in prior year. Cash outflows are primarily related to repayment of a shareholder advance.

Analysis of Cash Flows — Fiscal 2016 to Fiscal 2015

($ in 000's) For the fiscal years ended July 31,	2016	2015	$ Change	% Change
Cash, beginning of period	**1,687**	**1,660**	**27**	**1.6%**
Cash flows from (used in):				
Operating activities	7,322	2,051	5,271	257.0%
Investing activities	(133)	(141)	8	5.7%
Financing activities	(235)	(1,883)	1,648	87.5%
Cash, end of period	**8,641**	**1,687**	**6,954**	**412.2%**

Cash Flows Generated from Operating Activities

For fiscal 2016, cash flows generated from operating activities totalled $7.3 million, compared to $2.1 million for fiscal 2015. The increase in cash from operating activities is mainly driven by cash generated from reduced working capital of $5.3 million. Cash generated from working capital is primarily due to the impact of lower accounts receivable resulting from the timing of collections and lower inventories resulting from the timing of orders and shipments.

Cash Flows (Used in) Investing Activities

Cash flows used in investing activities in fiscal 2016 was relatively consistent with the prior year. Expenditures for property, plant, and equipment mainly relate to scheduled preventative maintenance and could fluctuate based on the timing and availability of strategic investment opportunities designed to improve efficiency or expand capacity.

Cash Flows (Used in) Financing Activities

Cash flows used in financing activities totalled $0.2 million in fiscal 2016, compared to $1.9 million used in fiscal 2015. This was primarily due to repayment of the revolving credit facility of $1.7 million in 2015 while repayment of the shareholder advance remained relatively consistent year over year.

Contractual Obligations

The following table summarizes significant undiscounted maturities of the Company's contractual obligations and commitments as at July 31, 2016.

($ in 000's)	2017	2018 - 2021	Thereafter	Total
Operating Leases	$ 513	$1,281	$—	$1,794
Trade and other payable	1,120	—	—	1,120
Total contractual obligations	$1,633	$1,281	$—	$2,914

Operating lease commitments

The Company has entered into a lease for office, production, and warehouse space for its business operations. Total minimum lease payments payable in future years is $1.8 million.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Sales to the Company's affiliate, Body Plus, account for 62% of the revenue of the Company (2015 — 59% and 2014 — 92%) and is current in its payment terms. Sales to Body Plus are at normal trade terms where the

Company is paid in 30 days (2015 — 45-60 days and 2014 — 45-60 days). The sale of products to Body Plus in 2016 were $18.0 million (2015 — $17.9 million and 2014 — $27.5 million). In 2014, revenue also included sales to another related sales and marketing company at normal terms. This sales and marketing company was controlled by the Company's shareholder during 2014 and was wound-up prior to July 31, 2014.

Shareholder advance

($ in 000's) As at July 31,	2016	2015	2014
Due to shareholder[1]	832	1,057	1,243
	832	1,057	1,243

(1) Amounts due to shareholder are payable on demand, are unsecured and bear interest at a rate of 12% annually.

Related party receivable

($ in 000's) As at July 31,	2016	2015	2014
Related company receivable	952	2,209	6,104
	952	2,209	6,104

Cross guarantee of bank loan

In 2012, together with its affiliates Body Plus and the shareholder's wholly owned company Proventive Nutritional Therapies Inc., as joint and several borrowers, the Company entered into a credit agreement, as amended in 2014. In support of this facility, the Company provided a general security agreement over the assets of the Company, the related companies, Body Plus and Proventive Nutritional Therapies Inc., have provided a cross guarantee, and there was a limited guarantee of the shareholder in the amount of $0.5 million. The banking covenants with respect to the combined companies' net worth have been met. The interest rate charged on this facility was based on bank prime plus ¾% per annum. The outstanding balance of the loan was repaid in 2015.

Outstanding Share Capital and Redeemable Special Shares

	Common Shares		Redeemable Shares	
Expressed in whole Canadian dollars	**#**	**$**	**#**	**$**
Common shares issued and fully paid				
As at August 1, 2013	1,000	1,000	—	—
As at July 31, 2014	1,000	1,000	—	—
Converted in 2015	(1,000)	(1,000)	—	—
Issued in 2015	100	100	100,200	10,020,000
As at July 31, 2015	100	100	100,200	10,020,000
As at July 31, 2016	**100**	**100**	**100,200**	**10,020,000**

The authorized share capital consists of:

(i) unlimited number of voting Common shares;

(ii) unlimited number of Class A special shares; and

(iii) unlimited number of voting Class B special shares.

The Class A special shares have a redemption price of $100 dollar per share (subject to a price adjustment clause) and can be redeemed at the option of the Company or the shareholder at any time. These shares are

non-voting and are entitled to receive dividends when declared by the Board at the rate of one percent of the redemption amount.

The Class B special shares have a redemption price of $100 dollar per share (subject to a price adjustment clause) and can be redeemed at the option of the Company or the shareholder at any time. These shares have voting rights and are entitled to receive dividends when declared by the Board at the rate of one percent of the redemption amount.

On July 27, 2015, following an amendment to the Company's articles, the shareholder exchanged 1,000 common shares (representing all the issued shares) for 100,000 new $100 dollar per share Class A special shares redeemable at any time at the option of the holder for $10.0 million (subject to a price adjustment clause). Following this reorganization 100 new $1 dollar per share common shares and 200 new $100 dollar per share Class B special shares were issued for cash.

Redeemable special shares, which are retractable at the option of the holder on demand, are classified as financial liabilities on the statements of financial position.

Subsequent sale of the Company

On January 27, 2017, the Company amended its articles in order to create and authorize the issuance of:

(i) an unlimited number of Class N voting common shares; and

(ii) an unlimited number of Class N non-voting preference shares with each share redeemable and retractable for $1 dollar per share. On January 29, 2017 the sole shareholder of the Company surrendered the 100,000 Class A special shares, the 200 Class B special shares and the 100 common shares in exchange for 21,100 Class N preference shares and 36,247,547 Class N common shares.

Subsequently through a series of transactions carried out on January 30, 2017 between the Company and the sole shareholder and his related entities, the Company purchased for cancellation 6,545,411 Class N common shares for $6.5 million in cash, issued promissory notes totaling $18.0 million to cancel 18,042,108 Class N common shares and subsequently converted the $18.0 million promissory notes into 18,042,108 Class N common shares at the request of the sole shareholder and his related entities. These transactions were carried out for tax purposes to facilitate the sale of the Company by the sole shareholder.

On January 31, 2017, the Company, under the terms of a share purchase agreement, as amended by a joinder and amending agreement, was acquired by Jamieson Laboratories Ltd. In connection with the acquisition, the Company was released from its obligations under the credit facilities and related cross-guarantees and subsequently entered into a new credit agreement as guarantor to the borrower, Jamieson Laboratories Ltd.

Financial Instruments

At July 31, 2016, the Company has 12 (2015 — 34 and 2014 — 14) outstanding leveraged foreign exchange contracts to buy U.S. dollars. Foreign currency forward contracts are used to manage the Company's exposure to fluctuations with respect to transactions in U.S. dollars such as the purchase of raw materials and other inputs and cash denominated in U.S. dollars. Hedge accounting was not applied on these contracts. Fair value of the forward contracts was included in prepaid expenses and other current assets or in accounts payable and accrued liabilities, depending on whether they represent assets or liabilities to the Company. Changes in the fair value of foreign currency forward contracts are recorded in net income.

These contracts will require the Company to purchase either U.S. $100,000 dollars or U.S. $300,000 dollars if the CAD/USD exchange rate increases or decreases above or below the strike price on or before the expiry date. These contracts have a strike price between $1.2685 and $1.2825 (2015 — $1.2025 to $1.2285 and 2014 — $1.08 to $1.098) and the expiry dates range from December 7, 2016 to February 22, 2017 (2015 — August 6, 2015 to March 30, 2016 and 2014 — April 11, 2014 to December 29, 2014).

Critical Accounting Estimates and Judgments

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

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

Useful lives of property, plant and equipment

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment, 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.

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. Code or "best before" dates are very important in the determination of the 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.

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 statements of financial position, a charge or credit to income tax expense in the 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.

Significant Accounting Policies

The financial statements of Sonoma have been prepared in accordance with IFRS.

The Company's significant accounting policies are described in Note 2 in the accompanying notes of the Company's annual audited financial statements for the year ended July 31, 2016.

Accounting Pronouncements Issued But Not Yet Effective

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

IFRS 9 "Financial Instruments"

In 2013, the International Accounting Standards Board ("IASB") issued amendments to IFRS 9, Financial Instruments ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers"

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

IFRS 16, "Leases"

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

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its financial statements.

Risk and Uncertainties

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk from its customers (primarily related to trade accounts receivable) in the normal course of business. The Company's affiliate, Body Plus, accounts for 62% of the revenue of the Company (2015 — 59% and 2014 — 92%) and is current in its payment terms. 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.

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 US dollars such as a portion of trade accounts payable, trade accounts receivable and cash.

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.

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 has minimal interest rate risk.

Liquidity risk

Liquidity risk is the risk that 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 as well as redeemable special shares.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and also 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.

Forward-Looking Information

Certain statements made in this MD&A include forward-looking information relating to Sonoma's future outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding expectations of future results, performance, achievements, prospects or opportunities are forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information is based on management's opinions, estimates and assumptions in light of the Company's experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

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

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "*Risks and Uncertainties*" should be considered carefully by readers.

Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known or presently believed are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents management's expectations as of the date of this MD&A and are subject to change after such date. However, management disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

APPENDIX A
BOARD MANDATE

STATEMENT OF PRINCIPLES

The Board of Directors (the "**Board**") of Jamieson Wellness Inc. (the "**Company**") has adopted the following Mandate of the Board (the "**Mandate**"). This Mandate, together with the charters of the committees of the Board and other policies adopted by the Board, provide the basis by which the Company is governed.

The Board recognizes that there is an active, on-going dialogue and evolution regarding corporate governance best practices and that this Mandate should be amended from time to time as the Board deems necessary and appropriate to keep pace with applicable best practices.

ROLE OF THE BOARD

The members of the Board are elected by the shareholders of the Company to manage and supervise the management of the business and affairs of the Company. The Board serves to provide oversight and guidance to senior management with a view to increasing shareholder value over the long term. The core responsibility of the Board is to exercise its fiduciary duties to act honestly and in good faith with a view to the best interests of the Company. In all actions taken by the Board, the directors are expected to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances. The Board is also responsible for considering and approving, where applicable, (i) recommendations from the Company's Governance, Compensation and Nominating Committee regarding the Company's approach to corporate governance, compensation of executive officers and the nomination of new directors; and (ii) recommendations from the Audit Committee with respect to the Company's financial and internal controls, the use of financial resources or other financial matters

BOARD SELECTION AND COMPOSITION

Election of Directors: The Board shall consist of such number of directors as the shareholders (or the Board as authorized by the shareholders) may determine from time to time within any range as may be set out in the Company's articles. Director nominees shall be recommended to the Board by the Governance, Compensation and Nominating Committee in accordance with its charter and elected by the shareholders of the Company in accordance with the Company's Majority Voting Policy at every annual general meeting of the Company (or unanimous resolution of the shareholders in lieu thereof), but if directors are not elected at any annual meeting, the incumbent directors shall continue in office until their successors are elected or appointed.

Board Leadership: The Chairman of the Board (the "**Chairman**") is selected by the Board after considering the recommendation of the Governance, Compensation and Nominating Committee in accordance with its charter. The Board, in its collective judgment selects a Chairman that is independent (that is, directors determined to be independent in accordance with the rules of applicable stock exchanges and securities regulatory authorities) and that it believes will provide leadership in a manner that is in the best interests of the Company. The Chairman shall have those duties outlined by the Board in a document entitled "Role of the Chairman", as well as any other duties and responsibilities as may be delegated by the Board from time to time.

Size of the Board: The Company's articles will provide that the Board will be comprised of a minimum of 3 directors and a maximum of 15 directors. The Board will periodically evaluate whether a larger or smaller number of directors would be preferable.

Qualifications of Directors: The Board, and in particular the Governance, Compensation and Nominating Committee while considering candidates, should endeavour to select directors that represent diverse experience at policy-making levels in areas that are relevant to the Company's activities, with an emphasis on some combination of the following areas: marketing, sales, operations, supply chain, IT, nutrition, consumer packaged goods or retail. Directors should possess the highest personal and professional ethics, integrity, and values, and be committed to representing the long-term interests of the Company and its subsidiaries. Further, directors should know how to read and understand fundamental financial statements and understand the use of financial information in evaluating the performance of the Company. The Governance, Compensation and Nominating

Committee will screen all nominees for the Board and present recommendations on all nominees to the full Board for review and approval.

Length of Board Service: Each director holds office until the earlier of (i) the date on which his successor is elected or appointed; and (ii) the date on which he or she otherwise ceases to hold office under the relevant corporate law or the Company's constating documents. The Board believes that, over time, directors develop increasing insight into the Company and its operations and therefore provide an increasing contribution to the Board as a whole. The Board believes that the value of such continuity of service outweighs the advantages of imposing term limits upon Board service.

Change of Director's Position: In the event that a material change occurs with respect to the principal employment or affiliation of an independent director, such independent director will notify the Chairman of the Company of such change. The Governance, Compensation and Nominating Committee will then consider whether, given such material change in such independent director's principal employment or affiliation, it is appropriate for such director to continue as a member of the Board. The Governance, Compensation and Nominating Committee will present its recommendation to the Board, including whether it has determined that continued service as a director is inappropriate, for determination by the Board whether it shall recommend to the shareholders that such director be removed from the Board. If the Chief Executive Officer ("**CEO**") leaves the Company's employment while he or she also is serving on the Board, he or she will be deemed to have simultaneously submitted his or her resignation as a director to the Board. The Board will then consider whether it is appropriate for that individual to continue as a member of the Board.

Other Board Service: The Board does not believe that its members should be prohibited from serving on the boards of other companies so long as those commitments do not create material actual or potential conflicts and do not interfere with the director's ability to fulfill his or her duties as a member of the Board. Directors will advise the Chairman prior to accepting any invitation to serve on a public or private company, or non-profit, board.

BOARD MEETINGS

Frequency of Board Meetings: Regular meetings of the Board will be held at least quarterly. At the beginning of each calendar year, a tentative schedule of the regular Board meetings for such year will be distributed to the Board. Board meetings may be held in person or action may be taken by written consent in accordance with the relevant corporate law. Special and telephonic meetings of the Board will be held as necessary as permitted by the Company's constating documents.

Preparation: Board members are expected to prepare for, attend, and participate in all Board and applicable committee meetings, to spend the time needed to accomplish all required Board activities, and to meet as frequently as necessary to discharge properly their responsibilities. Each Board member should be committed to serve on the Board for an extended period of time and is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a director.

Development of Board Meeting Agenda: The Chairman, in consultation with the CEO, shall prepare the agenda for each Board meeting. Each director is encouraged to express their views in the agenda process, as well as to bring to the attention of the Board specific issues or topics that are not specifically listed on the agenda for that meeting.

Board Material: Information and materials that are important to the Board's understanding and consideration of agenda topics will be distributed sufficiently in advance of the meeting to permit adequate prior review by the directors. Highly confidential or sensitive matters may be presented and discussed without prior distribution of background materials.

Board Presentations and Management Attendees: The Board encourages the participation of and presentations by the Company's management at Board meetings to allow directors to gain additional understanding of and insight into the Company's businesses and related issues and to obtain exposure to the Company's managers. Any director may request the attendance at a Board meeting of any member of the Company's management.

Private Sessions of Independent Directors: The independent directors (that is, directors determined to be independent in accordance with the rules of applicable stock exchanges and securities regulatory authorities) will meet in private session, outside the presence of the CEO or any other management director, at each regular meeting of the Board. Such private sessions may also be called at any time. The Chairman (or, if the Chairman is not present, then another independent director chosen by the independent directors) will preside over the private session.

BOARD RESPONSIBILITIES

Board Contact with Management and Advisors; Access to Independent Advisors: Directors will have full and free access to officers and employees of the Company, the Company's books and records, and the Company's advisors. Any meetings or contacts that a director wishes to initiate should be arranged through the CEO, though directors are free to arrange meetings directly should circumstances warrant.

External Communications: The Board will adopt a disclosure and insider trading policy for the Company and will monitor any investor relations programs.

Financial Reporting and Internal Controls: The Board shall review and monitor, with the assistance of the Audit Committee, the adequacy and effectiveness of the Company's system of internal control over financial reporting, including any significant deficiencies or changes in internal control and the quality and integrity of the Company's external financial reporting processes.

Strategic Planning Process: The Board shall adopt a strategic planning process to establish objectives and goals for the Company's business and shall review, approve and modify as appropriate the strategies proposed by senior executives to achieve such objectives and goals. The Board shall review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business and affairs. In addition to the Company's long term strategic plans, the Board will review and approve the Company's annual operating and capital budgets at least annually and will also review periodically, as conditions dictate, the most significant strategic, operational, financial, accounting, human resources, legal, compliance, quality, and risk management issues and policies facing the Company.

Risk Management: The Board, in conjunction with management, shall be responsible for identifying the principal risks of the Company's business and overseeing management's implementation of appropriate systems to seek to effectively monitor, manage and mitigate the impact of such risks. Pursuant to its duty to oversee the implementation of effective risk management policies and procedures, the Board may delegate to applicable Board committees the responsibility for assessing and implementing appropriate policies and procedures to address specified risks, including delegation of financial and related risk management to the Audit Committee and delegation of risks associated with compensation policies and practices to the Governance, Compensation and Nominating Committee.

Succession Planning, Appointment and Supervision of Senior Executives: The Board shall approve the corporate goals and objectives of the CEO and review the performance of the CEO against such corporate goals and objectives. The Board shall take steps to satisfy itself as to the integrity of the CEO and other senior executives of the Company and that the CEO and other senior executives create a culture of integrity throughout the organization.

The Board shall review and approve the succession plan for the Company, including the selection, appointment, supervision and evaluation of the senior executives of Company, and shall also approve the compensation of the senior executives of Company upon recommendation of the Governance, Compensation and Nominating Committee.

Regulatory Filings: The Board shall approve applicable regulatory filings that require or are advisable for the Board to approve, which the Board may delegate in accordance with this mandate. These include, but are not limited to, the annual audited financial statements, interim financial statements and related management discussion and analysis accompanying such financial statements, management proxy circulars, annual information forms, offering documents and other applicable disclosure.

COMMITTEES

Number, Structure, Composition, and Mandates: The Board currently has the following standing committees: (i) Audit Committee; and (ii) Governance, Compensation and Nominating Committee. The Board may establish such additional committees, and any committee may establish such subcommittees, as the Board or any committee, as applicable, deems necessary and appropriate, to the extent permissible under applicable law. The Board will adopt a written charter for each of its committees, which charter will set forth, among other things, the purpose, specific duties and responsibilities, qualifications and procedures, and reporting obligations of each committee. Periodically, as he or she deems necessary, the Chairman will propose a list of committee assignments to the Board for its consideration, including the designation of a proposed chairman of each committee. The Board will, however, retain its oversight function and ultimate responsibility for such matters and associated delegated responsibilities.

Committee Meetings and Agendas: The chair of each committee, in consultation with the appropriate members of the committee and senior management, will prepare a meeting date schedule and an agenda for each meeting, consistent with the committee's charter and the Company's needs.

CODE OF BUSINESS CONDUCT AND ETHICS AND CONFLICTS OF INTEREST

The Board will adopt a Code of Business Conduct and Ethics (the "**Code**"). The Board expects all directors, officers and employees of the Company and its subsidiaries to conduct themselves in accordance with the highest ethical standards, and to adhere to the Code. Any waiver of the Code for directors or executive officers may only be made by the Board or one of its Committees and will be promptly disclosed by the Company, as required by applicable law, including the requirements of any applicable stock exchanges.

All directors will disclose their interest and recuse themselves from any discussion or decision affecting their personal, business, financial or professional interests (other than as such interests related to the Company or Jamieson).

RELIANCE ON MANAGEMENT AND OUTSIDE ADVICE

The Board and its committees have the authority to retain, at any time, independent outside financial, legal, or other advisors at the expense of the Company or any of its subsidiaries. Any such advisors will be chosen by, and report directly to, the Board or the respective committee that has retained such advisors.

In performing its functions, the Board is entitled to rely on the advice, reports, and opinions of management, counsel, accountants, auditors, and other expert advisors.

IMPLEMENTATION OF THIS MANDATE

If the Board ascertains at any time that any of the provisions of this Mandate set forth herein are being violated, the Board will take such action as it deems reasonably necessary to assure full compliance as promptly as practicable. This Mandate is intended as a component of the flexible framework within which the Board, assisted by its committees, directs the affairs of the Company. While they should be interpreted in the context of applicable laws, regulations, and other applicable requirements, as well as in the context of the Company's constating documents, they are not intended to establish by their own force any legally binding obligations.

APPENDIX B
AUDIT COMMITTEE CHARTER

FUNCTION AND PURPOSE

The Audit Committee (the "**Committee**") shall assist the Board of Directors (the "**Board**") of Jamieson Wellness Inc. (the "**Company**") in fulfilling its oversight responsibilities by: (i) monitoring the integrity of the corporate accounting and financial reporting processes and financial information that will be provided to shareholders and others; (ii) reviewing the compliance by the Company with certain legal and regulatory requirements; (iii) reviewing areas of potential significant financial risk to the Company; (iv) evaluating the independent auditor's qualifications and independence; (v) monitoring the performance of the independent auditors as well as any other public accounting firm engaged to perform other audit, review, or attest services; and (vi) reporting regularly on all such matters to the Board.

While the Committee has the duties and responsibilities set forth in this Charter, the role of the Committee is that of oversight. The Committee is not responsible for planning or conducting the audit or determining whether the financial statements of the Company are complete and accurate and in accordance with applicable accounting rules. Such activities are the responsibility of management and the independent auditors. The Committee and its members are not preparers, auditors, or certifiers of the financial statements or guarantors of the independent auditors' reports. It is not the duty or responsibility of the Committee to ensure that the Company complies with all laws and regulations. The Committee and each of its members shall be entitled to rely on: (a) the integrity of those persons and organizations within and outside of the Company from which it receives information; (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board); and (c) representations made by management as to any audit and non-audit services provided by the independent auditors.

COMPOSITION AND ORGANIZATION

Membership and Qualifications

Composition: The Committee shall be composed of at least three directors, including a Chairman, all appointed by the Board taking into account any recommendation of the Governance, Compensation and Nominating Committee.

Independence: Subject to the permitted phase-in periods afforded by Section 3.2 of National Instrument 52-110 — *Audit Committees*, each member of the Committee shall be independent, as determined in accordance with the rules of applicable stock exchanges and securities regulatory authorities.

Financial Literacy: All members of the Committee must be financially literate, meaning that he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. A director who is not financially literate may be appointed to the committee, provided that such director becomes financially literate within a reasonable period of time following such appointment.

Meetings

Frequency: The Committee shall meet as frequently as the Chairman of the Committee deems appropriate. The Committee may meet with the independent auditors and management separately, to the extent the Committee deems necessary and appropriate.

Agendas and Notice: The Chairman of the Committee shall establish the meeting dates and the meeting agenda. The Chairman of the Committee or the Company Secretary shall send proper notice of each Committee meeting and information concerning the business to be conducted at the meeting, to the extent practical, to each member prior to each meeting. The Chairman or a majority of the members of the Committee may call a special meeting of the Committee at any time. While the Committee is expected to communicate regularly with

management of the Company, the Committee shall exercise a high degree of independence in establishing its meeting agenda and in carrying out its responsibilities.

Holding and Recording Meetings: Committee meetings may be held in person or telephonically, or action may be taken by written consent in accordance with the applicable corporate law. The Committee may act by a majority vote at a meeting of the Committee or by a writing or writings signed by all of its members without a meeting. The Committee shall keep written minutes of its meetings and submit such minutes to the Board. The Committee may request that members of management be present at Committee meetings as needed in order to execute the Committee's primary responsibilities. The Committee shall report to the Board with respect to its meetings, and all actions taken or authorized by the Committee shall be reported to the Board at its next meeting following such action(s) by the Committee.

Quorum: A majority of the members of the Committee shall constitute a quorum for meetings of the Committee.

Compensation of the Committee: The compensation of Committee members shall be determined by the Governance, Compensation and Nominating Committee.

Chairperson: If the Chairman of the Committee is not present at any meeting of the Committee, an acting Chairman for the meeting shall be chosen by majority vote of the Committee from among the members present. In the case of a deadlock on any matter or vote, the Committee shall refer the matter to the Board.

AUTHORITY AND RESPONSIBILITIES

Independent Auditors

Selection and Disengagement of Independent Auditors: The Committee shall have the sole authority and the direct responsibility for the appointment, compensation, retention and oversight of the independent auditors for the Company (including the resolution of disagreements between management and the independent auditors regarding financial reporting) and the independent auditors shall report directly to the Committee.

Performance and Independence of Independent Auditors: The Committee shall evaluate the qualifications and performance and confirm the independence of the independent auditors on an ongoing basis, but not less frequently than annually. The Committee shall confirm receipt from the independent auditors of a formal written statement delineating all relationships between the Company and its subsidiaries and the independent auditors, consistent with applicable accounting rules and standards. The Committee shall actively engage in a dialogue with the auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors and shall take, or recommend that the full Board take, appropriate action to oversee the independence of the auditors.

Approval of Independent Auditor Services: The Committee shall review and approve the independent auditors' annual engagement letter and all audit, audit-related, tax and other non-audit permissible services proposed to be provided by the independent auditors, and the fees for such services.

Review of Independent Auditor Report: The Committee shall review: (i) any reports required to be prepared by the independent auditors on all critical accounting policies and practices to be used; (ii) all alternative treatments within applicable accounting rules for policies and practices related to material items that have been discussed with management, including the ramifications of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and (iii) any other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

Financial Reporting Process

Open Communication: The Committee shall provide and facilitate an open avenue of communication between the independent auditors, the Board, management and the accounting and finance department of the Company. The Committee shall also provide and facilitate sufficient opportunity for the independent auditors

(and internal auditors, if any) to meet with members of the Committee without members of management present.

System of Financial Controls: The Committee shall oversee the process in which management shall design, implement, amend, maintain, and enforce a comprehensive system of financial controls (including the right internal and external people and resources, policies, processes and enforcement) aimed at ensuring the integrity and compliance of the books and records of the Company with IFRS and other applicable laws and regulations and sound business practices, as well as protecting the value of the assets of the Company and safeguarding the credibility of its brand, employees, management team, the Board and shareholders. Such system of financial controls will embody the adoption of best practices in financial controls and foster honesty, integrity, accuracy, and transparency in all aspects of the Company and its subsidiaries. It will include but not be limited to: (i) setting the right tone at the top; (ii) active review of business unit performance by executive management, with regular reporting to and oversight by the Board; (iii) an accurate, stable and reliable general ledger; (iv) a robust internal audit function; (v) unambiguous compliance with IFRS, accounting standards, or applicable laws and regulations; and (vi) full transparency with the Board, Audit Committee, Governance, Compensation and Nominating Committee and external auditors. Such system shall also incorporate the principles contained within the Company's Code of Business Conduct and Ethics, as adopted by the Board and as may be superseded or amended from time to time.

The Committee shall consider and review the adequacy and effectiveness of the Company's internal control and management information systems through discussions with senior executives of the Company and the external auditor relating to the maintenance of: (i) necessary books, records and accounts in sufficient detail to accurately and fairly reflect the Company's transactions; (ii) effective internal control over financial reporting, including seeking to ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, the Company's disclosure controls and procedures and periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration; (iii) adequate processes for assessing the risk of material misstatements in the financial statements and for detecting control weaknesses or fraud; and (iv) the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company. The Committee shall satisfy itself, through discussions with senior executives of the Company that the adequacy of internal controls, systems and procedures has been periodically assessed in accordance with regulatory requirements and recommendations. Finally the Committee shall periodically review the Company's policies and procedures for reviewing and approving or ratifying related-party transactions.

Annual Audit Review: The Committee shall review with management and the independent auditors the financial statements (including the notes thereto) of the Company for each fiscal year, together with the independent auditors' audit and audit report thereon. In performing such review, the Committee shall review the scope of the audit, the audit procedures utilized, any difficulties or disputes encountered during the audit, any changes in accounting practices or principles, and any other matters related to the conduct of the audit brought to the Committee's attention by management or the independent auditors, or which are raised by members of the Committee. In connection with the annual reviews, the Committee shall inquire about and review with management and the independent auditors any significant risks or exposures faced by the Company and discuss with management the steps taken to minimize such risk or exposure. Such risks and exposures include, but are not limited to: (i) threatened and pending litigation; (ii) claims against the Company or its subsidiaries; (iii) tax matters, regulatory compliance and correspondence from regulatory authorities; and (iv) environmental exposure.

Quarterly Reviews: The Committee shall review with management and the independent auditors the financial statements of the Company each quarter, together with the independent auditors' review thereof pursuant to professional standards and procedures for conducting such reviews, as established by generally accepted auditing standards. In connection with the quarterly reviews, the Committee shall inquire about and review with management and the independent auditors any significant risks or exposures faced by the Company and discuss with management the steps taken to minimize such risk or exposure.

Internal Audit: From time to time, the Committee shall assess any requirements or changes with respect to the establishment or operations of an internal audit function having regard to the size and stage of development of the Company at any particular time.

Review of Audit Scope: The Committee shall consider and review with management and the independent auditors the scope of the audit for the current fiscal year and the plan of the independent auditors in conducting the audit.

Legal Compliance; Investigations: In connection with the annual audit review, the Committee shall inquire about and review with management any legal and regulatory matters that may have a material impact on the Company, including (without limitation) anti-bribery and trade sanction compliance matters.

Financial Reporting Disclosure: The Committee shall review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and other applicable financial disclosure, prior to the public disclosure of such information. Further the Committee shall review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such documents or information.

Finance and Investment Oversight

Financial Resources: The Committee shall periodically review and make recommendations to the Board with respect to the Company's financial resources, financing requirements, currency hedging, investment strategies (if any) and related matters.

Incurrence of Debt or Equivalents: Irrespective of the dollar amount involved, issuance of debt securities or off-balance sheet financing shall require Committee recommendation and Board approval; borrowings under the Company's revolving credit facilities or hedge contracts are not subject to this provision.

Other Financial Matters: The Committee shall receive and review reports from management with respect to significant financial matters, including any significant transactions outside the ordinary course of business of the Company as requested by the Board or as deemed appropriate by the Committee from time to time.

Risk Management

With management's input, the Committee shall review the Company's major business, operational, and financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives or hedging arrangements. With the Committee's oversight, management shall establish guidelines, policies and practices regarding risk management, including, but not limited to, derivative policies, insurance programs and necessary practices and procedures to monitor and control major business, operational and financial risks.

Environmental, Social and Governance

The Committee shall consider and review with management issues relating to the environment and the communities in which it conducts its operations, and the Company's efforts to minimize to the extent practicable any adverse impacts in these areas. The Committee shall also consider and review with management the Company's governance structure to ensure appropriate controls and oversight with respect to issues in these areas.

Review of Hiring Policy

The Committee shall review and approve any individual as an employee or director of the Company that is, or has been previously been, a partner or employee of the present or former external auditor of the Company.

Whistleblower Policy

Submission of Complaints: The Committee shall establish, maintain and oversee the Whistleblower Policy for: (i) the receipt, retention, and treatment of complaints received by the Company, including incidents of retaliation received by the Company, regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

Access to Records, Legal Counsel and Advisors

Access to Records and Personnel: The Committee shall have full access to any relevant records of the Company that it deems necessary to carry out its responsibilities. The Committee may request that any officer or other employee of the Company or any of its subsidiaries or any advisor to the Company meet with members of the Committee or its advisors, as it deems necessary to carry out its responsibilities.

Independent Advisors: The Committee shall have the authority to engage and determine funding for such independent legal, accounting and other advisors as it deems necessary to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Committee is empowered to cause the Company or any of its subsidiaries, as applicable, to pay the compensation of such advisors as established by the Committee.

Funding of the Audit Committee

Funding: The Company shall provide appropriate funding, as determined by the Committee, for: (i) payment of compensation to the independent auditors or any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) any other advisors engaged by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Other Responsibilities

Reports to Board of Directors: The Committee shall report regularly to the Board regarding the meetings of the Committee with such recommendations to the Board as the Committee deems appropriate.

Review of this Charter: The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for its approval.

Regulatory Developments: The Committee shall monitor and provide reports to the Board with respect to developments in accounting rules and practices, income tax laws and regulations, and other regulatory requirements that affect matters within the scope of the Committee's authority and responsibilities.

Delegation: Subject to applicable law, the Committee may delegate any or all of its functions to any of its members or any sub-set thereof, or other persons, from time to time as it sees fit.

Other Responsibilities: The Committee shall perform such other duties as may be required by law or requested by the Board or deemed appropriate by the Committee. The Committee shall discharge its responsibilities, and shall assess the information provided to the Committee, in accordance with its business judgment. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate.

CERTIFICATE OF THE ISSUER

Dated: June 29, 2017

This prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

JAMIESON WELLNESS INC.

(Signed) MARK HORNICK
Chief Executive Officer

(Signed) CHRISTOPHER SNOWDEN
Chief Financial Officer

On behalf of the Board of Directors

(Signed) JOSEPH SCHARFENBERGER
Director

(Signed) RICHARD ZANNINO
Director

CERTIFICATE OF THE SELLING SHAREHOLDERS

Dated: June 29, 2017

This prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

On Behalf of the Selling Shareholder

JAMIESON INTERMEDIATE HOLDINGS S.À R.L.

(Signed) JOSEPH SCHARFENBERGER

(Signed) MARK HORNICK

On Behalf of the Selling Shareholder

HEADLINES PROMOTIONS INC.

(Signed) LORNA VANDERHAEGHE

(Signed) CHRISTOPHER SNOWDEN

CERTIFICATE OF THE UNDERWRITERS

Dated: June 29, 2017

To the best of our knowledge, information and belief, this prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BMO NESBITT BURNS INC.

(Signed) JEFF WATCHORN

RBC DOMINION SECURITIES INC.

(Signed) CARRIE COOK

CIBC WORLD MARKETS INC.

(Signed) RYAN VOEGELI

SCOTIA CAPITAL INC.

(Signed) ROB SAINSBURY

NATIONAL BANK FINANCIAL INC.

(Signed) SANJIV SAMANT

TD SECURITIES INC.

(Signed) ABE ADHAM

CANACCORD GENUITY CORP.

(Signed) JASON ROBERTSON

CORMARK SECURITIES INC.

(Signed) MARWAN KUBURSI

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