

Grey Wolf Animal Health Corp.

Interim Condensed Consolidated Financial Statements
September 30, 2024

Grey Wolf Animal Health Corp.
Interim Condensed Consolidated Statement of Financial Position

	September 30, 2024 \$	December 31, 2023 \$
Assets		
Current assets		
Cash	7,065,495	7,784,777
Trade and other receivables	2,518,790	1,692,150
Inventories (note 6)	4,571,380	4,627,656
Prepaid expenses	339,748	250,966
Total current assets	<u>14,495,413</u>	<u>14,355,549</u>
Non-current assets		
Property and equipment (note 7)	1,460,924	1,146,257
Right-of-use assets (note 8)	723,098	716,381
Goodwill and intangible assets (note 9)	22,683,003	23,414,253
Deferred tax assets	1,385,816	1,778,652
Total non-current assets	<u>26,252,841</u>	<u>27,055,543</u>
Total assets	<u>40,748,254</u>	<u>41,411,092</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,140,053	4,118,461
Income taxes payable	86,410	166,293
Borrowings (note 10)	1,094,879	1,060,641
Lease liabilities (note 8)	77,354	74,745
Total current liabilities	<u>4,398,696</u>	<u>5,420,140</u>
Non-current liabilities		
Borrowings (note 10)	7,387,952	8,122,344
Lease liabilities (note 8)	677,489	663,017
Deferred tax liabilities	1,943,204	2,116,037
Total non-current liabilities	<u>10,008,645</u>	<u>10,901,398</u>
Total liabilities	<u>14,407,341</u>	<u>16,321,538</u>
Equity		
Share capital (note 11)	28,577,293	28,577,293
Warrants (note 12)	3,502,371	3,502,371
Contributed surplus	1,740,787	1,695,198
Deficit	(7,479,538)	(8,685,308)
Total equity	<u>26,340,913</u>	<u>25,089,554</u>
Total equity and liabilities	<u>40,748,254</u>	<u>41,411,092</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Grey Wolf Animal Health Corp.

Interim Condensed Consolidated Statements of Operations and Comprehensive Income

	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Revenue (note 5)	6,899,201	6,527,122	20,142,780	19,252,899
Cost of sales	3,390,910	3,315,746	9,744,199	9,494,508
Gross profit	3,508,291	3,211,376	10,398,581	9,758,391
Expenses				
Sales and marketing (note 14)	903,454	1,006,661	3,101,130	3,101,873
General and administrative (note 14)	1,067,413	902,671	3,110,165	2,727,950
Distribution (note 14)	403,330	380,236	1,189,019	1,115,173
Regulatory (note 14)	37,747	30,967	81,591	67,114
Depreciation and amortization (notes 7, 8 and 9)	258,691	285,997	774,313	856,258
Share-based compensation (note 13)	35,465	58,146	45,589	174,438
	2,706,100	2,664,678	8,301,807	8,042,806
	802,191	546,698	2,096,774	1,715,585
Other (income) expense				
Interest income	(52,766)	(35,382)	(156,614)	(95,855)
Interest expense	133,450	147,939	410,354	454,997
Foreign exchange (gain) loss	(6,124)	14,903	32,314	27,413
	74,560	127,460	286,054	386,555
Income before income taxes	727,631	419,238	1,810,720	1,329,030
Current income tax expense	128,182	146,800	384,947	509,041
Deferred income tax expense (recovery)	97,298	(10,071)	220,003	(73,475)
	225,480	136,729	604,950	435,566
Net income and comprehensive income for the period	502,151	282,509	1,205,770	893,464
Basic and diluted earnings per share for the period (note 16)	0.02	0.01	0.04	0.03

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Grey Wolf Animal Health Corp.

Interim Condensed Consolidated Statements of Changes in Equity

	Nine months ended September 30, 2024					
	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total \$
Balance – Beginning of period	31,032,222	28,577,293	3,502,371	1,695,198	(8,685,308)	25,089,554
Net income for the period	-	-	-	-	1,205,770	1,205,770
Share-based compensation expense	-	-	-	45,589	-	45,589
Balance – End of period	31,032,222	28,577,293	3,502,371	1,740,787	(7,479,538)	26,340,913

	Nine months ended September 30, 2023					
	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total \$
Balance – Beginning of period	31,032,222	28,577,293	3,502,371	1,462,614	(9,294,890)	24,247,388
Net income for the period	-	-	-	-	893,464	893,464
Share-based compensation expense	-	-	-	174,438	-	174,438
Balance – End of period	31,032,222	28,577,293	3,502,371	1,637,052	(8,401,426)	25,315,290

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Grey Wolf Animal Health Corp.

Interim Condensed Consolidated Statements of Cash Flows

	Nine months ended September 30,	
	2024	2023
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income for the period	1,205,770	893,464
Adjustments to reconcile net income for the period to net cash flows		
Depreciation of property and equipment (note 7)	233,656	209,159
Depreciation of right-of-use assets (note 8)	65,790	146,711
Amortization of intangible assets (note 9)	731,250	731,250
Interest and accretion expense (notes 8 and 10)	86,571	95,674
Share-based compensation expense (note 13)	45,589	174,438
Income tax expense	604,950	435,566
Income tax paid	(464,830)	(314,701)
Working capital changes		
Trade and other receivables	(826,640)	(107,268)
Inventories	56,276	(582,912)
Prepaid expenses	(88,782)	25,037
Accounts payable and accrued liabilities	(1,064,605)	368,252
	<u>584,995</u>	<u>2,074,670</u>
Investing activities		
Purchase of property and equipment (note 7)	<u>(462,126)</u>	<u>(73,686)</u>
Financing activities		
Repayment of borrowings (note 10)	(762,898)	(727,359)
Payment of principal portion of lease liabilities (note 8)	<u>(79,253)</u>	<u>(163,628)</u>
	<u>(842,151)</u>	<u>(890,987)</u>
(Decrease) increase in cash during the period	(719,282)	1,109,997
Cash – Beginning of period	<u>7,784,777</u>	<u>6,859,297</u>
Cash – End of period	<u>7,065,495</u>	<u>7,969,294</u>
Supplementary information		
Interest paid	323,784	359,324
Purchases of property and equipment included in accounts payable and accrued liabilities	110,155	11,452

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Grey Wolf Animal Health Corp.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2024

1 Nature of operations

Grey Wolf Animal Health Corp. and its subsidiaries (the Company) was incorporated under the Business Corporations Act (Ontario) on February 9, 2021, as Magen Ventures I Inc. (Magen) and was classified as a capital pool company as defined, pursuant to Policy 2.4 of the TSX Venture Exchange (the Exchange).

On November 15, 2022, the Company closed its qualifying transaction (the Magen Transaction) with Grey Wolf Animal Health Inc. (GWAH), a diversified animal health company. The Company's mission is to empower veterinary professionals and pet owners with innovative products to improve the health and wellness of animals in need of care. The primary focus of the Company's corporate strategy is to source, in-license, acquire or compound branded and generic products for sale in Canada.

In connection with the Magen Transaction, Magen changed its name to Grey Wolf Animal Health Corp. and consolidated its common shares prior to the completion of the Magen Transaction on the basis of one post-consolidation common share for every 16.6667 pre-consolidation common shares. Following these changes, GWAH amalgamated with 1000348459 Ontario Inc., a wholly owned subsidiary of Magen formed solely for the purpose of facilitating the Magen Transaction. Pursuant to the amalgamation, the shareholders of GWAH received one common share of the Company for each common share of GWAH. As a result of the Magen Transaction, GWAH is now legally a wholly owned subsidiary of the Company.

The Company's head office is located at 100 King St. W., Suite 6000, 1 First Canadian Place, Toronto, ON, M5X 1E2.

2 Basis of presentation

The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) applicable to the preparation of interim condensed consolidated financial statements, including International Accounting Standard 34, Interim Financial Reporting. These interim condensed consolidated financial statements are presented in Canadian dollars and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards.

The interim condensed consolidated financial statements have been prepared using the accrual basis of accounting.

The fair values of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and lease liabilities approximate their carrying values due to their relatively short periods to maturity. The fair value of the borrowings as at September 30, 2024 was \$8,102,759 (December 31, 2023 – \$8,713,503) and was determined using inputs from quoted market prices.

These interim condensed consolidated financial statements were approved by the Board of Directors on November 20, 2024.

Grey Wolf Animal Health Corp.

Notes to Interim Condensed Consolidated Financial Statements

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3 Summary of significant accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023.

Accounting pronouncements adopted during the periods

Beginning on January 1, 2024, the Company adopted certain IFRS Accounting Standards and amendments. The nature and the effect of these changes are disclosed below:

- Classification of liabilities as current or non-current (Amendments to International Accounting Standard 1, Presentation of Financial Statements (IAS 1))

This amendment addresses inconsistencies with how entities classify current and non-current liabilities. It serves to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the interim condensed consolidated statements of financial position. The adoption of the amendments did not have a material impact on the interim condensed consolidated financial statements.

- Non-current liabilities with covenants (Amendments to IAS 1)

This amendment aims to improve the information an entity provides when its rights to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. The adoption of the amendment did not have a material impact on the interim condensed consolidated financial statements.

- Accounting pronouncements issued but not yet effective

The International Accounting Standards Board has issued classification, measurement and disclosure amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments Disclosures, with an effective date for annual reporting periods beginning on or after January 1, 2026. The amendments clarify the date of recognition and derecognition of some financial assets and liabilities and introduce a new exception for some financial liabilities settled through an electronic payment system. Other changes include a clarification of the requirements when assessing whether a financial asset meets the solely payments of principal and interest criteria and new disclosures for certain instruments with contractual terms that can change cash flows (including instruments where cash flows changes are linked to environment, social or governance targets).

IFRS 18, Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that will provide new presentation and disclosure requirements and that will replace IAS 1. IFRS 18 introduces changes to the structure of the income statement, provides required disclosures in financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements and provides enhanced principles on aggregation and disaggregation in financial statements. Many other existing principles in IAS 1 have been maintained. IFRS 18 is effective for years beginning on or after January 1, 2027.

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During July 2024, the IFRS Interpretations Committee (IFRIC) issued an agenda decision related to segment reporting. Items are required to be disclosed if the amounts are either regularly provided to the chief operating decision maker or are included in arriving at the segment measure of profit or loss that is reviewed by the chief operating decision maker.

The impact of the adoption of these pronouncements is currently being assessed.

4 Significant accounting judgments, estimates and assumptions

Application of accounting policies requires management to use estimates and judgments that can have significant effects on the revenue, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the interim condensed consolidated financial statements.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically, and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

There have been no material changes to the nature of estimates and judgments reported in the Company's consolidated financial statements for the year ended December 31, 2023.

5 Revenue

The Company recognizes revenue on sale of products, commissions and other revenue in the interim condensed consolidated financial statements. All revenue is generated in Canada. The total revenue recognized in these categories is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Types of revenue				
Pharmaceutical, nutraceutical and consumable products	2,767,681	2,600,357	8,059,811	7,714,574
Compounded pharmaceutical products	3,759,380	3,532,695	10,903,889	10,328,972
Commissions and other revenue	372,140	394,070	1,179,080	1,209,353
Total revenue	<u>6,899,201</u>	<u>6,527,122</u>	<u>20,142,780</u>	<u>19,252,899</u>

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6 Inventories

	September 30, 2024 \$	December 31, 2023 \$
Raw materials	1,182,422	1,223,450
Finished goods	3,411,458	3,416,206
Inventory reserve	(22,500)	(12,000)
	<u>4,571,380</u>	<u>4,627,656</u>

The cost of inventory recognized as an expense and included in the interim condensed consolidated statements of operations and comprehensive income as part of cost of sales was \$2,663,400 and \$7,625,139 for the three and nine months ended September 30, 2024 (2023 – \$2,584,570 and \$7,520,824, respectively).

7 Property and equipment

	Office furniture and equipment \$	Computer equipment and software \$	Lab equipment \$	Leasehold improvements \$	Total \$
Cost					
Balance as at December 31, 2023	92,700	175,419	237,305	1,315,321	1,820,745
Additions	24,095	36,690	259,869	227,669	548,323
Balance as at September 30, 2024	<u>116,795</u>	<u>212,109</u>	<u>497,174</u>	<u>1,542,990</u>	<u>2,369,068</u>
Depreciation and impairment					
Balance as at December 31, 2023	32,544	58,681	72,268	510,995	674,488
Depreciation	10,685	29,294	30,738	162,939	233,656
Balance as at September 30, 2024	<u>43,229</u>	<u>87,975</u>	<u>103,006</u>	<u>673,934</u>	<u>908,144</u>
Net book value					
December 31, 2023	<u>60,156</u>	<u>116,738</u>	<u>165,037</u>	<u>804,326</u>	<u>1,146,257</u>
September 30, 2024	<u>73,566</u>	<u>124,134</u>	<u>394,168</u>	<u>869,056</u>	<u>1,460,924</u>

Depreciation included in cost of sales for the three and nine months ended September 30, 2024 was \$69,082 and \$198,816 (2023 – \$59,221 and \$173,294, respectively).

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8 Leases

The Company has lease contracts for property. One property lease had an initial term of three years with an extension option. The second property lease has an initial term of two years with an extension option. Management exercises judgment in determining whether these extension options are reasonably certain to be exercised and has included these extension options in the calculation of the lease liabilities and right-of-use assets. The rental payments for the property lease extensions will be adjusted at the time of extension based on the market rate as at that date.

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

	\$
As at December 31, 2023	716,381
Additions	72,507
Depreciation expense	<u>(65,790)</u>
As at September 30, 2024	<u>723,098</u>

Depreciation included in cost of sales for the three and nine months ended September 30, 2024 was \$19,189 and \$57,567 (2023 – \$19,189 and \$57,567, respectively).

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	\$
As at December 31, 2023	737,762
Additions	72,507
Payments	(79,253)
Accretion of interest	<u>23,827</u>
As at September 30, 2024	<u>754,843</u>

A breakdown of the current and non-current portion of lease liabilities is as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Current lease liabilities	77,354	74,745
Non-current lease liabilities	<u>677,489</u>	<u>663,017</u>
	<u>754,843</u>	<u>737,762</u>

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9 Goodwill and intangible assets

Goodwill and intangible assets of the Company consisted of the following:

	Goodwill \$	Customer relationships \$	Brand \$	Pre-1954 Charter \$	Total \$
Cost					
As at December 31, 2023	13,889,254	6,800,000	2,700,000	2,300,000	25,689,254
As at September 30, 2024	13,889,254	6,800,000	2,700,000	2,300,000	25,689,254
Amortization and impairment					
As at December 31, 2023	-	2,275,001	-	-	2,275,001
Amortization	-	731,250	-	-	731,250
As at September 30, 2024	-	3,006,251	-	-	3,006,251
Net book value					
As at December 31, 2023	13,889,254	4,524,999	2,700,000	2,300,000	23,414,253
As at September 30, 2024	13,889,254	3,793,749	2,700,000	2,300,000	22,683,003

10 Borrowings

A summary of the movements in borrowings is as follows:

	CWB credit loan \$
Balance as at December 31, 2023	9,182,985
Repayment of borrowings	(762,898)
Interest and accretion expense	386,528
Interest paid	(323,784)
Balance as at September 30, 2024	8,482,831
Current borrowings	1,094,879
Non-current borrowings	7,387,952
	8,482,831

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Notes to Interim Condensed Consolidated Financial Statements

September 30, 2024

11 Share capital

Authorized

Unlimited number of common shares without par value

Issued and outstanding

	Number of shares	
	September 30, 2024	December 31, 2023
Common shares	31,032,222	31,032,222

12 Warrants

Warrants were issued concurrently with the previous convertible debentures and convertible preferred shares. The Company also issued warrants to compensate third party brokers for transaction costs incurred directly in relation to the issuances of certain convertible debentures, convertible preferred shares and borrowings.

A summary of outstanding warrants is as follows:

Issuance/related issuance	Number of common share entitlements	Exercise price \$	Expiry date	Fair value at initial recognition \$
2021 broker warrants	192,000	1.67	June 17, 2026	181,440
		Investor warrants	Broker warrants	Total warrants
Balance as at December 31, 2023		1,695,000	874,000	2,569,000
Expired during the period		(1,695,000)	(682,000)	(2,377,000)
Balance as at September 31, 2024		-	192,000	192,000

13 Share-based compensation

The Company has established a stock option plan for its directors, officers, employees and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Board of Directors when the option is granted.

Share-based compensation expense for the three and nine months ended September 30, 2024 was \$35,465 and \$45,589 (2023 – \$58,146 and \$174,438, respectively).

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A summary of the stock option changes during the nine months ended September 30, 2024 and the total number of stock options outstanding as at that date is set forth below:

	Number of stock options	Weighted average exercise price \$
Balance as at January 1, 2024	2,193,500	1.37
Issued	240,000	0.73
Forfeited	(185,000)	1.68
Balance as at September 30, 2024	2,248,500	1.27

The following table summarizes information about the stock options outstanding as at September 30, 2024.

Exercise price \$	Number of stock options	Weighted average remaining contractual life in years	Number of outstanding options exercisable
0.73	240,000	9.55	-
0.83	300,000	1.40	300,000
0.88	345,000	2.55	345,000
1.30	520,000	4.21	520,000
1.50	418,500	6.51	360,167
1.67	60,000	1.72	60,000
2.00	365,000	8.13	121,666
	2,248,500	4.87	1,706,833

14 Nature of expenses

	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Sales and marketing				
Salary, bonus, benefits	540,512	663,833	2,123,357	2,091,139
Travel, meals, business expenses	81,753	89,375	243,541	255,505
Professional and outside services	97,790	122,379	279,378	301,202
Advertising and promotion	102,349	114,950	289,701	354,663
Other expenses	81,050	16,124	165,153	99,364
Total sales and marketing	903,454	1,006,661	3,101,130	3,101,873

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	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
General and administrative				
Salary, bonus, benefits	566,570	434,026	1,663,021	1,426,648
Travel, meals, business expenses	4,406	19,890	26,315	47,326
Professional and outside services	274,551	273,794	797,414	786,773
Other expenses	221,886	174,961	623,415	467,203
Total general and administrative	1,067,413	902,671	3,110,165	2,727,950

	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Distribution				
Salary, bonus, benefits	69,062	83,817	204,658	224,867
Travel, meals, business expenses	1,560	1,884	5,972	5,004
Professional and outside services	113	125	339	375
Other expenses	48,356	19,837	165,873	78,978
Freight expense	284,239	274,573	812,177	805,949
Total distribution	403,330	380,236	1,189,019	1,115,173

	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Regulatory				
Professional and outside services	37,747	30,967	81,591	67,114

15 Contingencies

Claims and legal actions

In the normal course of operations, the Company may be subject to litigation. When appropriate, management will record a provision while it actively pursues its position. When it is the opinion of management that the likelihood and measurability of the potential liability is not determinable, no provision will be recorded. As at September 30, 2024, \$nil was recorded in relation to legal claims (December 31, 2023 – \$nil).

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Indemnifications

All directors and officers of the Company are indemnified by the Company for various items including, but not limited to, all costs to settle lawsuits or actions due to their association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future lawsuits or actions. The term of the indemnification is not explicitly defined, but is limited to events for the period during which the indemnified party served as a director or officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated, but could have a material adverse effect on the Company.

The Company has also indemnified third parties in relation to certain debt and equity offerings and their respective affiliates and directors, officers, employees, shareholders, partners, advisers and agents and each other person, if any, controlling any of the third parties or their affiliates against certain liabilities.

16 Earnings per share

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

	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Net income for the period	502,151	282,509	1,205,770	893,464
Weighted average number of common shares	31,032,222	31,032,222	31,032,222	31,032,222
Basic earnings per share	0.02	0.01	0.04	0.03
Diluted earnings per share	0.02	0.01	0.04	0.03

None of the stock options warrants were dilutive as at September 30, 2024 and, therefore, were excluded from the calculation of diluted earnings per share.

17 Segment reporting

The Company has two reportable operating segments: the Animal Health business unit and the Pharmacy business unit. The chief operating decision maker for the Company comprises the Chief Executive Officer and the Board of Directors.

Animal Health business unit

The Animal Health business unit, which began activities in 2015 and grew as a result of the acquisition of Veterinary Healthcare Solutions Inc. in 2018, primarily focuses on selling, marketing and distributing pharmaceutical, nutraceutical and consumable products to veterinary clinics across Canada.

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Pharmacy business unit

The Pharmacy business unit, which was acquired on completion of the Trutina Pharmacy Inc. acquisition on September 1, 2021, compounds pharmaceuticals, primarily for animal and human use, all based on prescriptions received from veterinarians, physicians and patients.

Corporate

The corporate cost centre represents certain centralized assets, liabilities and costs, including those associated with being a public reporting entity.

The following tables set forth items by reportable operating segment and corporate as at and for the three and nine months ended September 30, 2024 and 2023 and as at and for the year ended December 31, 2023.

	Three months ended September 30, 2024		
	Animal Health \$	Pharmacy \$	Total \$
Revenue	3,110,070	3,789,131	6,899,201
Cost of sales	1,429,613	1,961,297	3,390,910
Gross profit	1,680,457	1,827,834	3,508,291

	Nine months ended September 30, 2024		
	Animal Health \$	Pharmacy \$	Total \$
Revenue	9,166,157	10,976,623	20,142,780
Cost of sales	4,114,776	5,629,423	9,744,199
Gross profit	5,051,381	5,347,200	10,398,581

	Three months ended September 30, 2023		
	Animal Health \$	Pharmacy \$	Total \$
Revenue	2,948,266	3,578,856	6,527,122
Cost of sales	1,316,769	1,998,977	3,315,746
Gross profit	1,631,497	1,579,879	3,211,376

Grey Wolf Animal Health Corp.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2024

	Nine months ended September 30, 2023		
	Animal Health \$	Pharmacy \$	Total \$
Revenue	8,834,623	10,418,276	19,252,899
Cost of sales	4,023,945	5,470,563	9,494,508
Gross profit	4,810,678	4,947,713	9,758,391

	As at and for the nine-months ended September 30, 2024			
	Animal Health \$	Pharmacy \$	Corporate \$	Total \$
Total assets	9,014,089	26,348,887	3,999,462	39,362,438
Total liabilities	8,573,019	4,053,995	394,511	13,021,525
Property and equipment	32,174	1,420,650	8,100	1,460,924
Right-of-use assets	-	723,098	-	723,098
Goodwill and intangible assets	1,712,336	20,970,667	-	22,683,003
Additions to property and equipment and intangible assets	7,891	533,065	7,367	548,323
Depreciation and amortization	6,649	1,022,691	1,356	1,030,696

	As at and for the year ended December 31, 2023			
	Animal Health \$	Pharmacy \$	Corporate \$	Total \$
Total assets	10,561,504	26,339,206	2,731,730	39,632,440
Total liabilities	9,986,976	4,071,011	484,899	14,542,886
Property and equipment	30,933	1,113,236	2,088	1,146,257
Right-of-use assets	-	716,381	-	716,381
Goodwill and intangible assets	1,712,336	21,701,917	-	23,414,253
Additions to property and equipment and intangible assets	18,242	287,700	2,457	308,399
Depreciation and amortization	123,417	1,329,530	369	1,453,316

Grey Wolf Animal Health Corp.

Notes to Interim Condensed Consolidated Financial Statements

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18 Related party transactions

During the three and nine months ended September 30, 2024, the Company paid a total of \$nil and \$nil (2023 – \$1,920 and \$5,760, respectively) to a related security holder for advisory services and office rent. As at September 30, 2024, \$nil (December 31, 2023 – \$nil) was payable to this related security holder and included in accounts payable and accrued liabilities.

A shareholder of the Company holds 80,000 stock options, which were granted in 2018 and are fully vested.

Compensation of key management personnel

Key management includes the Company's directors and executive management team. The remuneration of directors and the senior management team was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Salary, benefits, director fees and bonus	298,361	391,822	917,846	1,147,610
Share-based compensation expense	12,695	34,147	125,016	136,890
	<u>311,056</u>	<u>425,969</u>	<u>1,042,862</u>	<u>1,284,500</u>