

**GREY WOLF ANIMAL HEALTH CORP.**

**Management's Discussion and Analysis**  
**For the three- and twelve-month periods ended December 31, 2023 and 2022**

**April 10, 2024**

## INTERPRETATION

This management's discussion and analysis ("**MD&A**") of financial position and results of operations, as approved by the board of directors of Grey Wolf Animal Health Corp. ("**Grey Wolf**" or the "**Company**") on April 10, 2024, is prepared for the three- and twelve-month periods ended December 31, 2023 and December 31, 2022. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2023 and December 31, 2022 (the "**Financial Statements**"). The Financial Statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**").

This MD&A should be read in conjunction with the Financial Statements.

When used in this MD&A:

- "**GWAH**" means Grey Wolf Animal Health Inc.;
- "**Trutina**" means Trutina Pharmacy Inc.;
- "**Animal Health business unit**" primarily focuses on selling, marketing and distributing pharmaceutical, nutraceutical and consumable products to veterinary clinics across Canada.
- "**Pharmacy business unit**" compounds pharmaceuticals, primarily for equine use but also for the bio-identical hormone replacement therapy market.
- "**common shares**" means common shares in the capital of the Company;
- "**TSXV**" means the TSX Venture Exchange;
- "**Trutina Acquisition**" means the acquisition of all of the outstanding shares of Trutina and Trubalance Healthcare Inc. as completed by the Company on September 1, 2021.

Unless the context otherwise requires all financial information is presented on an IFRS Accounting Standard basis and all amounts are presented in Canadian dollars.

## CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking statements" and certain "forward looking information" as defined under applicable Canadian securities laws. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of Grey Wolf to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the efficiency and results of operations of Grey Wolf, the economy generally, market participants' interest in Grey Wolf's services and products, market and competitive conditions, current and future stock prices, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, fluctuations in foreign currency exchange rates, business prospects and opportunities. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A.

While Grey Wolf anticipates that subsequent events and developments may cause its views to change, Grey Wolf specifically disclaims any obligation to update these forward-looking statements other than as required by applicable law. These forward-looking statements should not be relied upon as representing the views of Grey Wolf as of any date subsequent to the date of this MD&A. Although Grey Wolf has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated, or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The factors identified above are not intended to represent a complete list of the factors that could affect Grey Wolf. Additional factors are noted under "Risk Factors" in this MD&A. The forward-looking statements contained in this

MD&A are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and Grey Wolf disclaims any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable law.

## **CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES**

This MD&A refers to certain financial measures which are not recognized measures under IFRS Accounting Standards, do not have a standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other companies. These measures are provided as additional information to complement those IFRS Accounting Standards measures by providing further understanding of the Company's results of operations from the management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for, superior to or as an alternative to analysis of the Company's financial information reported under IFRS Accounting Standards.

Management uses Adjusted EBITDA as a measure of the Company's performance. Adjusted EBITDA is a non-GAAP financial measure. The Company defines Adjusted EBITDA as earnings before financing and special transaction costs (including, for greater certainty, fees related to the Qualifying Transaction, as defined herein), settlement costs, interest income, interest and accretion expense, income taxes, depreciation of property and equipment, depreciation of right of use assets, amortization of intangible assets, share-based compensation, change in fair value of embedded derivatives, foreign exchange gains or losses, and other income. The Company considers Adjusted EBITDA as an additional metric in assessing business performance and an important measure of operating performance and cash flow, providing useful information to help analyze and compare profitability between companies for investors and analysts. See "EBITDA and Adjusted EBITDA" in this MD&A for a reconciliation of Adjusted EBITDA to net income (loss), the most comparable IFRS Accounting Standards financial measure.

## **HIGHLIGHTS FOR THE THREE- AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023**

### **Three-month period ended December 31, 2023**

- Total revenue increased by 11.4% to \$6.2 million from \$5.5 million for the same period in 2022, as a result of organic revenue growth from both the Animal Health and Pharmacy business units.
- Gross profits were 49.8% compared to 50.6% for the same period in 2022. Gross profits were impacted by increased margins in the Pharmacy business unit as a result of decreased material and labour costs, offset by reduced margins in the Animal Health business unit as a result of product mix.
- Adjusted EBITDA was \$0.7 million compared to \$0.7 million for the same period in 2022.
- The Company completed the quarter with cash of \$7.8 million, an increase of \$0.9 million compared to the year ended December 31, 2022. The Company's cash levels were most impacted by an increase in cash provided by operating activities. In addition, the Company repaid borrowings of \$0.2 million in the quarter and \$1.0 million since December 31, 2022.
- The Animal Health business unit saw growth in sales due mainly to an increase in sales of established products and new products introduced during the prior year.
  - Revenues were \$3.1 million, representing an increase of 4.0% over the same period in 2022.
  - Gross profit was 54.7%, compared to 57.3% for the same period in 2022.
- The Pharmacy business unit saw growth due to increased sales of compounded products.
  - Revenues were \$3.1 million, representing an increase of 19.8% over the same period in 2022.
  - Gross profit was 45.0%, compared to 43.0% for the same period in 2022.

### **Twelve-month period ended December 31, 2023**

- Total revenue increased by 12.3% to \$25.4 million from \$22.6 million for the same period in 2022, as a result of organic revenue growth from both the Animal Health and Pharmacy business units.
- Gross profits were 50.5% compared to 51.1% for the same period in 2022. Gross profits were impacted by reduced margins in the Animal Health business unit as a result of product mix. Gross profits remained consistent in the

Pharmacy business unit.

- Adjusted EBITDA was \$3.6 million compared to \$3.5 million for the same period in 2022. Adjusted EBITDA was directly impacted by the improved operating income in the business while absorbing costs associated with operating as a public entity in 2023.
- The Animal Health business unit saw growth in sales due mainly to an increase in sales of established products and new products introduced during the prior year.
  - Revenues were \$11.9 million, representing an increase of 8.0% over the same period in 2022.
  - Gross profit was 54.5%, compared to 55.5% for the same period in 2022.
- The Pharmacy business unit saw growth due to increased sales of compounded products.
  - Revenues were \$13.5 million, representing an increase of 16.3% over the same period in 2022.
  - Gross profit was 46.9%, compared to 46.9% for the same period in 2022.

## COMPANY OVERVIEW AND STRATEGY

Grey Wolf was incorporated under the Business Corporations Act (Ontario) on February 9, 2021, as “Magen Ventures I Inc.” and was previously a ‘capital pool company’ within the meaning of applicable policies of the TSXV.

On November 15, 2022, the Company completed its qualifying transaction by combining with GWAH (the “Qualifying Transaction”) in a transaction that constituted a reverse takeover of the Company, with the former securityholders of GWAH receiving common shares of the Company, and the Company becoming the parent company of the amalgamated corporation continuing from the amalgamation of GWAH and a former subsidiary of the Company formed for the purposes of the Qualifying Transaction.

On November 23, 2022, the common shares of Grey Wolf commenced trading on the TSXV under ticker symbol WOLF.

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.

Grey Wolf currently operates two business units: (1) the Animal Health business unit and (2) the Pharmacy business unit. The Animal Health business unit began activities in 2015 and enhanced them as a result of the acquisition of Veterinary Healthcare Solutions Inc. on December 31, 2018. The Animal Health business unit focuses on sourcing, in-licensing, acquiring, and commercializing branded and generic pharmaceutical, nutraceutical, and consumable products for use in veterinary clinics across Canada. The Pharmacy business unit, which was acquired on completion of the Trutina Acquisition on September 1, 2021, compounds pharmaceuticals, primarily for equine use but also for the bioidentical hormone replacement therapy market, all based on prescriptions received from veterinarians, physicians, and patients.

In addition, Grey Wolf maintains an active program to seek further growth by identifying potential products and companies that complement its existing business model and/or business units. These opportunities may consist of product portfolios in new therapeutic areas, new species such as food-producing animals, new channels such as retail and e-commerce, or new geographies. Grey Wolf identifies these opportunities through its own internal business development efforts as well as from external sources. Once identified, each opportunity is carefully evaluated from a scientific, clinical, commercial, and economic perspective, etc. to determine its fit within Grey Wolf’s business and growth strategy.

## SELECTED QUARTERLY FINANCIAL INFORMATION

	Three months ended		Twelve months ended	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Revenue	6,157,507	5,528,231	25,410,406	22,635,367
Gross profit	3,068,489	2,798,683	12,826,880	11,564,344
Gross profit %	49.8%	50.6%	50.5%	51.1%
Total operating expenses	3,229,303	2,945,266	11,272,109	11,920,289
Operating (loss) income for the period	(160,814)	(146,583)	1,554,771	(355,945)
Income tax expense (recovery)	53,156	(554,749)	488,722	(796,778)
Net (loss) income for the period	(283,882)	5,796,578	609,582	2,543,196
<u>Earnings (loss) per share</u>				
Basic and diluted	(0.01)	0.25	0.02	0.15
EBITDA	226,624	9,825,367	3,001,916	9,984,783
Adjusted EBITDA	672,323	734,823	3,649,466	3,484,026
			<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>
Total assets			39,632,440	39,309,105
Total liabilities			14,542,886	15,061,717

### **RESULTS OF OPERATIONS – THREE- AND TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2023**

This section of the MD&A contains a discussion of Grey Wolf's operations for the three- and twelve-month period ended December 31, 2023.

Revenue for the three- and twelve-month periods ended December 31, 2023, increased 11.4% to \$6.2 million and 12.3% to \$25.4 million, respectively, over the same period in 2022. This increase was due to organic revenue growth in both the Animal Health and Pharmacy business units.

Total expenses for the three- and twelve-month periods ended December 31, 2023, increased 9.6% to \$3.2 million and decreased 5.4% to \$11.3 million, respectively, over the same period in 2022. The decrease in total 2023 expenses was largely related to costs associated with the Qualifying Transaction during the same period in 2022 offset by costs noted below. During the twelve-month period, there was an increase in salary, bonus, and benefits related to operational growth as compared to the same period in 2022 and one-time employee settlement costs. Travel, meals, and business expenses increased in 2023 as the sales and marketing team increased attendance at conventions, trade shows and customer visits. Finally, there was an increase in professional fees and outside services related to corporate costs as the Company now operates as a public entity.

Operating profit for the three- and twelve-month periods ended December 31, 2023, was a loss of \$0.2 million and a profit of \$1.6 million, respectively, compared to an operating loss of \$0.1 million and \$0.4 million over the same period in 2022, largely as a result of growth in revenue, consistent gross profits on a year-to-date basis and a decrease in expenses.

#### **Animal Health Business Unit**

Revenue for the three- and twelve-month periods ended December 31, 2023, increased 4.0% to \$3.1 million and 8.0% to \$11.9 million, respectively, over the same periods in 2022. Revenues increased from organic growth in existing products and new products introduced during the prior year.

Cost of sales consists of amounts paid for finished goods. Cost of sales were \$1.4 million and \$5.4 million for the three- and twelve-month periods ended December 31, 2023. Cost of sales, when measured as a percentage of total revenue, was 45.3% and 45.5% for the three- and twelve-month periods ended December 31, 2023, compared to 42.7% and 44.5% for the same periods in 2022.

Gross profit was \$1.7 million and \$6.5 million for the three- and twelve-month periods ended December 31, 2023, compared to \$1.7 million and \$6.1 million for the same periods in 2022.

### Pharmacy Business Unit

Revenue for the three- and twelve-month periods ended December 31, 2023, increased 19.8% to \$3.1 million and 16.3% to \$13.5 million, respectively, over the same periods in 2022. Revenues increased from organic growth in the sales of compounded products.

Cost of sales consists of components and ingredients used to compound medications, labour, and overhead attributable to the compounding process. Cost of sales were \$1.7 million and \$7.2 million for the three- and twelve-month periods ended December 31, 2023. Cost of sales, when measured as a percentage of total revenue, was 55.0% and 53.1% for the three- and twelve-month periods ended December 31, 2023, compared to 57.0% and 53.1% for the same periods in 2022.

Gross profit was \$1.4 million and \$6.3 million for the three- and twelve-month periods ended December 31, 2023, compared to \$1.1 million and \$5.5 million for the same periods in 2022.

## EBITDA and Adjusted EBITDA

	Three months ended		Twelve months ended	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
<b>Net (loss) income for the period</b>	<b>(283,882)</b>	<b>5,796,578</b>	<b>609,582</b>	<b>2,543,196</b>
Interest income	(52,871)	-	(148,726)	-
Interest and accretion expense	144,025	4,216,660	599,022	6,682,150
Income taxes	53,156	(554,749)	488,722	(796,778)
Depreciation of property and equipment	73,543	74,524	282,702	284,873
Depreciation of right of use assets	48,903	48,904	195,614	188,309
Amortization of intangible assets	243,750	243,450	975,000	1,083,033
<b>EBITDA</b>	<b>226,624</b>	<b>9,825,367</b>	<b>3,001,916</b>	<b>9,984,783</b>
<u>Adjustments</u>				
Share-based compensation	58,146	68,045	232,584	211,178
Change in fair value of embedded derivatives	-	(9,615,676)	-	(8,818,649)
Foreign exchange (gain) loss	(11,242)	10,604	16,171	44,136
Other income	(10,000)	-	(10,000)	(10,000)
Financing and special transaction costs	-	446,483	-	2,072,578
Settlement costs	408,795	-	408,795	-
<b>Adjusted EBITDA</b>	<b>672,323</b>	<b>734,823</b>	<b>3,649,466</b>	<b>3,484,026</b>

EBITDA differs from net income (loss) as it excludes: interest income, interest and accretion expense; income taxes; depreciation of property and equipment, depreciation of right of use assets and amortization of intangible assets. Refer to the “Cautionary Note Regarding Non-GAAP Financial Measures” section of this MD&A for a full reconciliation. EBITDA for the three- and twelve-months ended December 31, 2023, decreased by \$9.6 million and \$7.0 million when compared to the corresponding period in 2022. The decrease in EBITDA is primarily due to a decrease in interest and accretion expense as a result of completing the Company’s Qualifying Transaction and related increase in income taxes, as compared to the prior period. Adjusted EBITDA is earnings before financing and special transaction costs (including, for greater certainty, fees related to the Qualifying Transaction), settlement costs, interest income, interest and accretion expense, income taxes, depreciation of property and equipment, depreciation of right of use assets, amortization of intangible assets, share-based compensation, change in fair value of embedded derivatives, foreign exchange gains or losses and other income. (refer to the “Cautionary Note Regarding Non-GAAP Financial Measures” section of this MD&A for a full reconciliation and description of these expenses). Adjusted EBITDA for the three- and twelve-months ended December 31, 2023, decreased by \$0.1 million and an increase of \$0.2 million, respectively, when compared to the

corresponding period in 2022. Adjusted EBITDA was impacted by increased net income for the period after adjusting for interest and accretion expense, change in fair value of embedded derivatives and financing and special transaction costs specific to the period ended December 31, 2022.

## **OUTLOOK**

Grey Wolf is building a diversified animal health company. Grey Wolf'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.

The Company's Animal Health business unit acquires the Canadian sales and marketing rights to late-stage development or commercial products, either through acquisition or long-term in-licensing or distribution agreements with animal health companies who do not have a presence in Canada. It then primarily focuses on selling, marketing, and distributing pharmaceutical, nutraceutical and consumable products to veterinary clinics across Canada using its integrated sales and marketing team to target clinics and pet owners. Grey Wolf's targeted commercial approach is focused on increasing penetration of clinics and increasing average sales per clinic. Grey Wolf continues to believe there is opportunity to grow sales by adding new products to the roster of products already purchased by a clinic and by increasing the average sales of established and new products per clinic. For example, if a clinic is already purchasing Grey Wolf's anesthetic products, the company can build on that relationship to grow sales of those products and also add additional products such as needles, syringes or Medical Pet Shirts which are also used in surgical and medical procedures.

The Company's Pharmacy business unit was acquired on September 1, 2021, when the Company completed the Trutina Acquisition. The Pharmacy business unit carries on the business of compounding pharmaceuticals, primarily for equine applications but also for the bioidentical hormone replacement therapy market. Trutina receives prescriptions from veterinarians, physicians and patients specifying the exact dosage and format of specified ingredients, compounds the product at its facility and ships the compounded product directly to (i) veterinarians who then dispense it to their patients or (ii) patients.

The Company opened 2023 with \$6.9 million in cash. During 2023, the Company used \$0.1 million of its cash resources from changes in working capital and \$1.0 million from the repayment of borrowings. This was offset by revenue growth from both the Animal Health and Pharmacy business units, which generated cash from operations of \$2.4 million. The Company closed December 31, 2023 with \$7.8 million in cash, representing a 13.5% increase over its cash position at the end of 2022.

As at December 31, 2023, the Company had a working capital surplus of \$8.9 million (including \$7.8 million in cash) compared to \$7.9 million at the end of 2022. During 2024, the Company expects to focus efforts on growth through increased sales of its established product line and new products. Subject to risks, uncertainties and new business opportunities that might arise, the Company expects it will have sufficient capacity to fund its organic growth and budgeted expenditures for the remainder of 2024 without the need for additional external financing.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's closing cash balance increased by \$0.9 million to \$7.8 million for December 31, 2023, compared to a closing cash balance of \$6.9 million at the end of 2022.

Working capital increased by \$1.0 million to \$8.9 million for December 31, 2023, compared to \$7.9 million at the end of 2022. This increase was primarily due to an increase in cash of \$0.9 million and a decrease in trade and other receivables of \$0.3 million offset by an increase in inventory of \$0.9 million, an increase in accounts payable and accruals of \$0.4 million, a decrease in lease liabilities of \$0.1 million and an increase in income taxes payable of \$0.1 million.

As at December 31, 2023, Grey Wolf had outstanding borrowings of \$9.2 million, of which \$1.1 million are current and \$8.1 million are non-current. On August 25, 2021, the Company entered into a \$11,500,000 financing arrangement with CWB Maxium Financial Inc. The loan bears fixed interest at a rate of 4.0% per annum on \$10,000,000 and 10.0% per annum on the remaining \$1,500,000. The loan is secured and initially repayable in 60 equal monthly instalments of \$120,742 which commenced on October 1, 2021. The Company has an annual debt service coverage ratio financial covenant and is in compliance with this debt covenant as of December 31, 2023.

In addition to cash generated from operations and financing activities, the Company has a \$750,000 credit facility (the “RBC Facility”) with Royal Bank of Canada (“RBC”) which is secured by the Animal Health business unit’s inventory and accounts receivable. The RBC Facility bears interest at an annual rate equal to RBC’s prime rate plus 1%, with interest being payable monthly in arrears. The purpose of the RBC Facility is to fund working capital. As at December 31, 2023 and the date of this MD&A, no amount is outstanding. As at December 31, 2023 and the date of this MD&A Grey Wolf was in compliance with all covenants under the RBC Facility.

Subject to various risks and uncertainties, the Company expects that it will generate sufficient cash flow from operations and has adequate cash and debt facilities available to finance its operations (at their current levels and taking into account anticipated growth), working capital requirements, contractual obligations, debt obligations as well as its other budgeted expenditures. If unexpected circumstances should arise, the Company may elect to decrease its discretionary expenditures or seek financing by way of additional loans or the issuance of equity or debt securities.

### **Operating Activities**

Cash generated by operating activities was \$2.4 million in 2023 compared to cash used of \$0.7 million for the same period in 2022. Cash generated by operating activities was primarily impacted by net income for the current period offset by changes in non-cash working capital items, most significantly changes in trade and other receivables, inventories, and accounts payable and accrued liabilities.

### **Investing Activities**

Cash used in investing activities was \$0.3 million in 2023 compared to cash generated of \$4.4 million in the same period of 2022. This decrease in cash generated was the result of proceeds from the Magen Transaction from 2022 offset by an increase in purchases of property and equipment in 2023.

### **Financing Activities**

Cash used in financing activities was \$1.2 million in 2023 compared to \$1.1 million in the same period of 2022. During 2023, Grey Wolf continued to fund the repayment of borrowings and payment of lease liabilities.

## **RELATED PARTY TRANSACTIONS**

During the year, the Company paid a total of \$1,920 (2022 – \$19,741) to a related security holder for advisory services, accounting and bookkeeping services and office rent. As at December 31, 2023, \$nil (2022 – \$1,358) 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 was paid in the ordinary course of business to the Company’s directors and officers for services rendered in those capacities.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company had no off-balance sheet arrangements as of December 31, 2023.

## **CAPITAL STRUCTURE**

The Company’s authorized share capital consists of an unlimited number of common shares. As of December 31, 2023, and the date of this MD&A, the Company had 31,032,222 common shares outstanding.

## **DIVIDENDS AND DIVIDEND POLICY**

The Company has never declared or paid cash dividends on its common shares. It currently intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on its common shares in the near future.

## QUARTERLY FINANCIAL INFORMATION

The following information is derived from the Company's unaudited quarterly financial information for each of the prior eight quarters for which it has readily available financial information.

	Three months ended							
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Revenue	6,157,507	6,527,122	6,681,181	6,044,596	5,528,231	5,809,083	6,140,758	5,157,295
Gross profit	3,068,489	3,211,376	3,371,233	3,175,782	2,798,683	2,965,497	3,194,003	2,606,161
Gross profit %	49.8%	49.2%	50.5%	52.5%	50.6%	51.0%	52.0%	50.5%
Total operating expenses	3,229,303	2,664,678	2,721,740	2,656,388	2,945,266	2,977,165	3,428,525	2,569,333
Operating (loss) income for the period	(160,814)	546,698	649,493	519,394	(146,583)	(11,668)	(234,522)	36,828
Income tax expense (recovery)	53,156	136,729	328,730	(29,893)	(554,749)	(74,410)	(128,004)	(39,615)
Net (loss) income for the period	(283,882)	282,509	200,492	410,463	5,796,578	(1,143,808)	(1,099,802)	(1,009,772)
<b>Earnings (loss) per share</b>								
Basic and diluted	(0.01)	0.01	0.01	0.01	0.37	(0.08)	(0.08)	(0.06)
EBITDA	226,624	896,203	1,014,120	864,969	9,825,367	(1,101)	(48,674)	209,191
Adjusted EBITDA	672,323	969,252	1,069,575	938,316	734,823	775,203	1,127,952	846,048

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

Grey Wolf Animal Health Corp. is a “venture issuer” as defined by National Instrument 51-102 - *Continuous Disclosure Obligations*. As such, the Chief Executive Officer and the Chief Financial Officer are not required to certify that they have designed and evaluated the effectiveness of disclosure controls and procedures and internal controls over financial reporting. Instead, the Company files a Certification of Annual Filings – Venture Issuer Basic Certificate or Certification of Interim Filings – Venture Issuer Basic Certificate, as the case may be, pursuant to which the Chief Executive Officer and the Chief Financial Officer certify the performance of a review of the information, no knowledge of misrepresentations and the fair presentation of the information in the annual or interim filings, as applicable.

## RISK FACTORS

Before an investor decides whether to invest in Grey Wolf's securities, the following risks and uncertainties should be considered; together with all the other information included in this MD&A, in the Filing Statement under the heading “Part V - General Matters - Risk Factors”, and in Grey Wolf's other public filings.

### Risks Related to our Securities

#### Volatile Market Price for the Common Shares

The Company's common shares are currently listed and posted for trading on the TSXV. The market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in our quarterly results of operations; (ii) changes in our estimates of our future results of operations; (iii) changes in forecasts, estimates or recommendations of securities research analysts regarding our future results of operations or financial performance; (iv) changes in the economic performance or market valuations of other companies that investors deem comparable to us; (v) additions or departures of our senior management team or other key employees; (vi) sales or perceived sales of additional common shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; (viii) news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in our industry or target markets in which the Company operates; (ix) macroeconomic developments in North America and globally; and (x) market perceptions of the attractiveness of particular industries. Financial markets have in the past experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common shares may decline even if our operating results, financial condition, or prospects have not changed. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our business, financial condition and results of operations could be materially adversely impacted, and the trading price of the common shares could be materially adversely affected.

## Liquidity

The market price of the common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time-to-time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the common shares. There can be no assurance that an active and liquid market will be developed for the common shares, and if developed, it may not be sustained, and an investor may find it difficult to resell any securities of the Company.

## No Immediate Plan to Declare Dividends

We currently intend to retain future earnings, if any, for future operation and expansion and have no current plans to pay any dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, our financial results, cash requirements, contractual restrictions, and other factors that the Board may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we incur. As a result, investors may not receive any return on an investment in their common shares unless they sell them for a price greater than that which they paid for it.

## Dilution

The Company may require additional funds in respect of the further development of its business. If the Company raises funds by issuing additional equity securities, such financing will dilute the equity interest of its shareholders.

## Sales of Substantial Amounts of the Common Shares

Sales of substantial amounts of the common shares or the availability of such securities for sale, could adversely affect the prevailing market price for the common shares. A decline in the market price of the common shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

## Securities or Industry Analysts

The trading market for the common shares will depend in part on the research and reports that securities or industry analysts publish about the Company or our business. The Company does 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 the common shares may be negatively impacted. If the Company obtains securities or industry analyst coverage and if one or more of the analysts who cover us downgrade the common shares or publish inaccurate or unfavorable research about our business, the trading price of the common shares may decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, demand for the common shares could decrease, which could cause the trading price and volume of the common shares to decline.

## Public Corporation Expenses

Historically, we have not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of any securities exchange. We are working with our legal, accounting, and financial advisors to identify those areas in which changes should be made to our financial management control systems to manage our obligations as a public issuer. These areas include corporate governance, corporate controls, internal audit, disclosure controls and procedures and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas, including our internal controls over financial reporting. However, we cannot provide any assurance that these measures we may take will be sufficient to allow us to satisfy our obligations as a public issuer on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will require the time and attention of management, and will create additional costs for us, which may negatively impact our financial performance or results of operations. We cannot predict the amount of the additional costs we may incur, the timing of such costs or the impact that management's attention to these matters will have on our operations.

## Maintaining TSXV listing standards

The Company must meet continuing listing standards to maintain the listing of its common shares on the TSXV and there

is no assurance that it will do so. If the Company fails to comply with listing standards the TSXV delists its common shares, the Company and its shareholders could face significant material adverse consequences, including significantly reduced liquidity for its common shares.

#### Future Sales of Common Shares by Principal Shareholders, Officers, and Directors

Subject to compliance with applicable securities laws and the terms of any escrow arrangements described in the Filing Statement, our officers, directors, principal shareholders and their affiliates may sell some or all of the common shares held by such party in the future. No prediction can be made as to the effect, if any, such future sales of common shares will have on the market price of the common shares prevailing from time to time. However, the future sale of a substantial number of common shares by our officers, directors, and any principal shareholders and their affiliates, or the perception that such sales could occur, could materially adversely affect prevailing market prices for the common shares. Accordingly, if the Company's principal shareholders sell substantial amounts of our securities in the public market, the market price of our securities could fall. Additional common shares issuable upon the exercise of stock options or warrants may also be available for sale in the public market, which may also cause the market price of our common shares to fall.

#### Risks Related to Financial Instruments

Descriptions of the risks relating to financial instruments are set out in Note 16 to the Financial Statements.

Readers are cautioned that the risks described in the Financial Statements, the Filing Statement and MD&A are not intended as a complete list of all exposures that the Company is encountering or may encounter, nor does it describe all risks inherent in an investment in the securities of the Company. Potential investors and security holders should carefully consider the risks described therein. If any of those risks materialize, the Company's business, prospects, financial condition, financial performance, and cash flows could be materially adversely impacted. In that case, the value or trading price of the securities of the Company could decline and investors could lose all or part of their investment in such securities. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of those risks or otherwise.

## **ADDITIONAL INFORMATION**

Additional information, not part of the MD&A, about the Company is contained in disclosure documents filed by it with the applicable Canadian securities regulatory authorities and available under Grey Wolf Animal Health Corp's profile on SEDAR at [www.sedar.com](http://www.sedar.com).