

**GREY WOLF ANIMAL HEALTH  
CORP.**

**Management's Discussion and Analysis  
For the three- and nine-month periods ended September 30, 2025 and 2024**

**November 20, 2025**

## 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 November 19, 2025, is prepared for the three- and nine-month periods ended September 30, 2025 and September 30, 2024. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as at September 30, 2025 (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**") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

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.
- "**CPM**" means 6303021 Manitoba Ltd. o/a The Compounding Pharmacy of Manitoba.
- "**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 for animal and human use.
- "**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 Pharmacy Inc. and TruBalance Healthcare Inc. as completed by the Company on September 1, 2021.
- "**CPM Acquisition**" means the acquisition of all of the outstanding shares of CPM as completed by the Company on December 2, 2024.

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-IFRS 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 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 transaction costs (including, for greater certainty, transaction costs related to the CPM Acquisition), 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, and foreign exchange losses. 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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025**

### **Three-month period ended September 30, 2025**

- Total revenue increased by 35.3% to \$9.3 million from \$6.9 million for the same period in 2024, as a result of revenue growth from both the Animal Health and Pharmacy business units.
- Gross margins were 52.7% compared to 50.9% for the same period in 2024. Gross profits were impacted by increased margins in the Pharmacy business unit as a result of decreased material and labour costs and the impact of the CPM Acquisition and increased margins in the Animal Health business unit as a result of product mix.
- Adjusted EBITDA increased by 62.3% to \$1.9 million from \$1.2 million for the same period in 2024.
- The Company completed the quarter with cash of \$6.7 million, an increase of \$0.6 million compared to June 30, 2025. The Company's cash levels were impacted by cash inflows from operating activities, including an increase in accounts receivable and inventory and a decrease in accounts payable and accrued liabilities. In addition, the Company repaid borrowings of \$1.4 million since December 31, 2024.
- The Animal Health business unit saw growth in sales due to an increase in sales of established products and new products launched during the current and prior year.
  - Revenues were \$3.6 million, representing an increase of 14.5% over the same period in 2024.
  - Gross margin was 56.5%, compared to 54.0% for the same period in 2024.
- The Pharmacy business unit saw growth due to increased sales of compounded products and the impact of the CPM Acquisition.
  - Revenues were \$5.8 million, representing an increase of 52.4% over the same period in 2024.
  - Gross margin was 50.3%, compared to 48.2% for the same period in 2024.

### **Nine-month period ended September 30, 2025**

- Total revenue increased by 33.0% to \$26.8 million from \$20.1 million for the same period in 2024, mainly due to revenue growth from the Pharmacy business unit.
- Gross margins were 53.8% compared to 51.6% for the same period in 2024. Gross profits were impacted by

increased margins in the Pharmacy business unit as a result of decreased material and labour costs and the impact of the CPM Acquisition, offset by reduced margins in the Animal Health business unit as a result of product mix.

- Adjusted EBITDA increased by 56.4% to \$5.3 million from \$3.4 million for the same period in 2024.
- The Company completed the first nine months of the year with cash of \$6.7 million, an increase of \$0.3 million compared to the year ended December 31, 2024. The Company's cash levels were impacted by cash inflows from operating activities, including an increase in accounts receivable and inventory and an increase in accounts payable and accrued liabilities. In addition, the Company repaid borrowings of \$1.4 million since December 31, 2024.
- The Animal Health business unit saw growth due to increased sales for both established products and new products launched in the current and prior year.
  - Revenues were \$9.7 million, representing an increase of 5.5% over the same period in 2024.
  - Gross margin was 54.6%, compared to 55.1% for the same period in 2024.
- The Pharmacy business unit saw growth due to increased sales of compounded products and the impact of the CPM Acquisition.
  - Revenues were \$17.1 million, representing an increase of 55.9% over the same period in 2024.
  - Gross margin was 53.3%, compared to 48.7% for the same period in 2024.

## **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 primary focus of the Company's corporate strategy is to source, in-license, acquire or compound branded and generic products for sale in both animal and human health markets 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 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 expanded on completion of the CPM Acquisition on December 2, 2024, compounds pharmaceuticals for the human and animal health markets in Canada.

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		Nine months ended	
	Sep 30, 2025	Sep 30, 2024	Sep 30, 2025	Sep 30, 2024
Revenue	\$9,337,130	\$6,899,201	\$26,782,565	20,142,780
Gross profit	4,917,050	3,508,291	14,399,055	10,398,581
Gross profit %	52.7%	50.9%	53.8%	51.6%
Total operating expenses	3,684,675	2,706,100	11,166,641	8,301,807
Operating income for the period	1,232,375	802,191	3,232,414	2,096,774
Income tax expense	280,287	225,480	640,396	604,950
Net income for the period	548,976	502,151	1,327,454	1,205,770
<u>Earnings per share</u>				
Basic and diluted	\$0.02	\$0.02	\$0.04	\$0.04
EBITDA	1,886,458	1,155,277	5,211,051	3,095,156
Adjusted EBITDA	1,923,067	1,184,618	5,346,368	3,418,807
			<b>Sep 30, 2025</b>	<b>Dec 31, 2024</b>
Total assets			\$65,440,193	\$65,602,178
Total liabilities			35,230,251	36,771,017

### RESULTS OF OPERATIONS – THREE- AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2025

Total revenue for the three- and nine-month period ended September 30, 2025 increased 35.3% to \$9.3 million and 33.0% to \$26.8 million, respectively, over the same period in 2024. The increase was due to organic revenue growth in both the Animal Health and Pharmacy business units as well as the impact of the CPM Acquisition.

Total expenses for the three- and nine-month period ended September 30, 2025, increased 36.2% to \$3.7 million and 34.5% to \$11.2 million, respectively, over the same period in 2024. During the nine-month period, there was an increase in salary, bonuses, and benefits related to operational growth and the CPM Acquisition as compared to the same period in 2024, an increase in freight expenses related to the CPM Acquisition and one-time transaction costs related to the CPM Acquisition.

Operating profit for the three- and nine-month period ended September 30, 2025, was a profit of \$1.2 million and \$3.2 million, respectively, compared to an operating profit of \$0.8 million and \$2.1 million over the same period in 2024, largely as a result of growth in revenue and improved gross margins offset by an increase in expenses.

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

Revenue for the three- and nine-month periods ended September 30, 2025 increased 14.5% to \$3.6 million and increased 5.5% to \$9.7 million, respectively, over the same periods in 2024. Revenues increased due to increased sales of established products and new products launched during the current and prior year.

Cost of sales consists of amounts paid for finished goods. Cost of sales were \$1.5 million and \$4.4 million for the three- and nine-month periods ended September 30, 2025. Cost of sales, when measured as a percentage of total revenue, was 43.5% and 45.4% for the three- and nine-month periods ended September 30, 2025, compared to 46.0% and 44.9% for the same periods in 2024.

Gross profit was \$2.0 million and \$5.3 million for the three- and nine-month periods ended September 30, 2025, compared to \$1.7 million and \$5.1 million for the same periods in 2024.

#### **Pharmacy Business Unit**

Revenue for the three- and nine-month periods ended September 30, 2025, increased 52.4% to \$5.8 million and 55.9% to \$17.1 million, respectively, over the same periods in 2024. Revenues increased from organic growth in the sales of compounded products and the impact of the CPM Acquisition.

Cost of sales consists of components and ingredients used to compound medications, labour, and overhead attributable to the compounding process. Cost of sales were \$2.9 million and \$8.0 million for the three- and nine-month periods ended September 30, 2025. Cost of sales, when measured as a percentage of total revenue, was 49.7% and 46.7% for the three- and nine-month periods ended September 30, 2025, compared to 51.8% and 51.3% for the same periods in 2024.

Gross profit was \$2.9 million and \$9.1 million for the three- and nine-month periods ended September 30, 2025, compared to \$1.8 million and \$5.3 million for the same periods in 2024.

## EBITDA and Adjusted EBITDA

	Three months ended		Nine months ended	
	Sep 30, 2025	Sep 30, 2024	Sep 30, 2025	Sep 30, 2024
<b>Net income for the period</b>	<b>\$548,976</b>	<b>\$502,151</b>	<b>\$1,327,454</b>	<b>\$1,205,770</b>
Interest income	(24,267)	(52,766)	(81,829)	(156,614)
Interest and accretion expense	407,879	133,450	1,327,673	410,354
Income taxes	280,287	225,480	640,396	604,950
Depreciation of property and equipment	203,780	81,282	593,527	233,656
Depreciation of right of use assets	49,219	21,930	107,580	65,790
Amortization of intangible assets	420,584	243,750	1,296,250	731,250
<b>EBITDA</b>	<b>1,886,458</b>	<b>1,155,277</b>	<b>5,211,051</b>	<b>3,095,156</b>
<u>Adjustments</u>				
Share-based compensation	17,109	35,465	51,327	45,589
Foreign exchange loss (gain)	19,500	(6,124)	18,720	32,314
Transaction costs	-	-	65,270	-
Settlement costs	-	-	-	245,748
<b>Adjusted EBITDA</b>	<b>1,923,067</b>	<b>1,184,618</b>	<b>5,346,368</b>	<b>3,418,807</b>

EBITDA differs from net income 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. EBITDA for the three- and nine-months ended September 30, 2025, increased by \$0.7 million to \$1.9 million and increased by \$2.1 million to \$5.2 million compared to the corresponding period in 2024. The increase in EBITDA is primarily due to an increase in operating income for the current period, as a result of increased revenue and improved gross margins offset by an increase in expenses and a decrease in interest and accretion expenses, as compared to the prior period. Adjusted EBITDA is earnings before transaction costs (including, for greater certainty, transaction costs related to the CPM Acquisition), 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, and foreign exchange losses. Adjusted EBITDA increased by \$0.7 million for the three months ended September 30, 2025, and increased \$1.9 million for the nine months ended September 30, 2025, compared to the corresponding period in 2024. Adjusted EBITDA was impacted by increased net income for the period after adjusting for the related impacts from the CPM Acquisition on interest and accretion expenses and depreciation and amortization cost, and transaction costs.

## OUTLOOK

Grey Wolf is building a diversified health company. The primary focus of the Company's corporate strategy is to source, in-license, acquire or compound branded and generic products for sale in both animal and human health markets 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.

The Company's Pharmacy business unit compounds pharmaceuticals for the human and animal health markets. The Pharmacy business unit receives prescriptions from veterinarians, physicians, pharmacists 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 or pharmacists who then dispense it to their patients or (ii) patients.

The Company opened 2025 with \$6.4 million in cash. During the first nine months of 2025, the Company used \$1.4 million of its cash resources for changes in working capital and the repayment of borrowings of \$1.4 million. The Company closed September 30, 2025 with \$6.7 million in cash, representing a 5.3% increase over its cash position at the end of 2024.

As at September 30, 2025, the Company had a working capital surplus of \$9.9 million (including \$6.7 million in cash) compared to \$8.3 million at the end of 2024. During the remainder of 2025, the Company expects to focus efforts on growth through increased sales of its established and new product portfolios. 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 2025 without the need for additional external financing.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's closing cash balance increased by \$0.3 million to \$6.7 million for September 30, 2025, compared to a closing cash balance of \$6.4 million at the end of 2024.

Working capital increased by \$1.6 million to \$9.9 million for September 30, 2025, compared to \$8.3 million at the end of 2024. This increase was primarily due to an increase in trade and other receivables and inventory of \$1.0 million, and \$0.6 million, respectively, an increase in accounts payable and accrued liabilities of \$0.2 which was offset by increases in cash of \$0.3 million and increase other liabilities of \$0.2 million.

As at September 30, 2025, Grey Wolf had outstanding borrowings of \$25.5 million, of which \$2.1 million are current and \$23.4 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. On November 28, 2024, the Company entered into a \$14,283,000 financing arrangement with CWB Maxium Financial Inc. (the CWB CPM credit loan). The CWB CPM credit loan bears fixed interest at a rate of 7.09% per annum. The CWB CPM credit loan is secured and repayable in 60 equal monthly instalments of \$147,656 commencing on January 1, 2025. On November 28, 2024, the Company also entered into a \$4,392,000 financing arrangement with CWB Maxium Financial Inc. (the CWB mortgage). The CWB mortgage bears fixed interest at a rate of 7.09% per annum. The CWB mortgage is secured and repayable in 60 equal monthly instalments of \$31,313 commencing on January 1, 2025. The Company has a quarterly debt service coverage ratio and total funded debt to EBITDA ratio financial covenant and is in compliance with these debt covenants as of September 30, 2025.

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 September 30, 2025 and the date of this MD&A, no amount is outstanding. As at December 31, 2024 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 \$2.3 million in the first nine months of 2025 compared to cash generated of \$0.5 million for the same period in 2024. 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 \$0.4 million in the first nine months of 2025 compared to \$0.4 million in the same period of 2024.

### **Financing Activities**

Cash used in financing activities was \$1.5 million in the first nine months of 2025 compared to \$0.8 million in the same period of 2024. During the first nine months of 2025, Grey Wolf continued to fund the repayment of borrowings and payment of lease liabilities.

## **RELATED PARTY TRANSACTIONS**

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 September 30, 2025.

## **CAPITAL STRUCTURE**

The Company's authorized share capital consists of an unlimited number of common shares. As of September 30, 2025, and the date of this MD&A, the Company had 34,192,334 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							
	Sep30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Revenue	\$9,337,130	\$9,523,600	\$7,921,835	\$6,686,705	\$6,899,201	\$7,197,074	\$6,046,505	\$6,157,507
Gross profit	4,917,050	5,312,293	4,169,712	3,359,999	3,508,291	3,778,131	3,112,159	3,068,489
Gross profit %	52.7%	55.8%	52.6%	50.2%	50.9%	52.5%	51.5%	49.8%
Total operating expenses	3,684,675	3,833,453	3,648,513	3,551,626	2,706,100	2,774,697	2,821,010	3,229,303
Operating income (loss) for the period	1,232,375	1,478,840	521,199	(191,627)	802,191	1,003,434	291,149	(160,814)
Income tax expense	280,287	306,954	53,155	82,103	225,480	325,699	53,771	53,156
Net income (loss) for the period	548,976	751,230	27,248	(501,102)	502,151	577,547	126,072	(283,882)
<b><u>Earnings per share</u></b>								
Basic and diluted	0.020	0.020	0.001	(0.020)	0.020	0.020	0.004	(0.009)
EBITDA	1,886,458	2,153,686	1,170,907	285,909	1,155,277	1,332,918	606,961	226,624
Adjusted EBITDA	1,923,067	2,162,488	1,260,813	867,368	1,184,618	1,378,958	855,231	672,323

## 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 the Company’s securities, the following risks and uncertainties should be considered; together with all the other information included in this MD&A and in the Company’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.

#### 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 the Business of the Company

##### Limited Business History

The Company has a limited history of operations and earnings. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business in the pharmaceutical market. To continue to properly operate its business, the Company will need to continue to develop operational, financial and management information systems, and employ many key individuals in management and administrative roles. There can be no assurance that the Company will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its current business plans.

#### Formulation and Marketing Capability

The Company has certain in-house formulation and marketing capability. To be successful, a product must be packaged in commercial quantities in compliance with regulatory requirements and in reasonable time frames and at accepted costs. No assurance can be given that the Company or its suppliers will be able to meet the supply requirements of the Company in respect of the product development or commercial sales.

To be successful, an approved product must also be successfully marketed. There can be no assurance that the Company can market a product in a manner that would assure its acceptance in the marketplace.

#### Real Property Ownership

All real property investments are subject to a degree of risk. They are affected by various factors, including changes in general economic conditions (such as the availability of long-term mortgage funding) and in local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to residents, competition from other available space and various other factors, including increasing property taxes. In addition, certain significant expenditures involved with real estate ownership, such as property taxes, insurance costs, maintenance costs and mortgage payments represent liabilities which must be met, regardless of whether the Company is generating revenue. Fluctuations in these expenditures may have a material adverse impact on the business, operating results and financial condition of the Company.

#### Risks Related to Climate Change

As the owner of real property, the Company is exposed to climate change risk from natural disasters and severe weather, such as floods, ice storms, windstorms, earthquakes or other severe weather that may result in damage or loss to its properties. These adverse weather and natural events could cause substantial damage, resulting in increased costs and/or revenue losses. There can be no assurance that damages or losses caused by these adverse weather and natural events will not exceed the Company's insurance coverage. Climate change may also have indirect effects on our business by increasing the cost of, or making unavailable, certain insurance coverage.

#### Leases

As at the date hereof, the Company has entered into lease agreements for premises where its business operations are conducted. There can be no guarantee that such lease agreements will be renewed or that the Company will be able to negotiate future lease agreements on commercially reasonable terms. Any significant interruption or negative change in the premises could have a materially adverse impact on the Company's business, financial condition and operating results.

#### Raw Materials and Product Supply

Raw materials and supplies are generally available in quantities to meet the needs of the Company's business. The Company will be dependent on third-party manufacturers for certain products that it markets. An inability to obtain raw materials or product supply in a timely manner could have a material adverse impact on the Company business, financial condition and results of operations.

#### Distribution and Supply Chain Interruptions

The Company's business is dependent on a number of key inputs and their related costs including finished goods and raw materials. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the financial condition and operating results of the Company's suppliers. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the

business, financial condition and operating results of the Company's suppliers, in which circumstance there could be a materially adverse effect on the financial results of the Company.

#### Reliance on Third Parties for Supply and Manufacture of Products

Third parties manufacture certain of the Company's current products and will likely manufacture certain of the Company's future products. Except for any contractual rights and remedies which the Company may have with its licensors, the Company relies on the availability of its products, their quality and cost from third-party manufacturers. If for any reason, the Company's partners are unable to obtain or retain third-party manufacturers on commercially acceptable terms, or if the third-party manufacturers cannot consistently manufacture product to the product specifications, the Company may not be able to distribute its products as planned. If the Company encounters delays or difficulties with contract licensors and/or raw material suppliers in producing or packaging its products, the distribution, marketing and subsequent sales of these products would be adversely affected, and the Company may have to seek alternative sources of supply, if available, or abandon or sell product lines on unsatisfactory terms. The Company may not be able to enter into alternative supply arrangements on commercially acceptable rates, if at all. There can be no assurance that the manufacturers that the Company will have engaged will be able to provide sufficient quantities of these products or that the products supplied will meet with the Company's specifications. In addition, production of the Company's future products may require raw materials for which the sources and quantities are limited. An inability to obtain adequate supplies of raw materials could significantly delay the development, regulatory approval and marketing of the Company's existing and future products.

Drug manufacturers are subject to ongoing periodic unannounced inspection by Health Canada, the FDA, and corresponding state and foreign agencies, including European agencies and their designees, to ensure strict compliance with Good Manufacturing Practices and other government regulations. The Company does not have complete control over its third-party manufacturers' compliance with these regulations and standards. Failure by either the Company's third-party manufacturers or by the Company to comply with applicable regulations could result in supply disruptions, unsaleable product, sanctions being imposed, including fines, injunctions, civil penalties, failure of the government to grant review of submissions or market approval of drugs, delays, suspension or withdrawal of approvals, product seizures or recalls, operating restrictions, facility closures and criminal prosecutions, any of which could negatively impact the business.

#### Government Regulations and Changes in the Regulatory Environment

The Company and its target customers may be subject to various laws, regulations, regulatory actions and court decisions that may have negative effects on the Company. Changes in the regulatory environment, delisting of services, and licensing requirements imposed upon the Company or its target customers, or their interpretation and application, could adversely affect the ability of the Company to attain its corporate objectives.

Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime.

Any delays or interruptions in timely inspections by government regulatory bodies could also adversely affect the reputation, operations or financial performance of the Company.

#### Licenses and Permits

The operations of the Company will require licences and permits from various government or regulatory authorities. The Company currently has all permits and licences that it believes are necessary to carry on its current business operation.

The Company may be required to obtain or renew further government or regulatory permits and licences for its operations. Obtaining, amending or renewing the necessary governmental permits and licences can be a time-consuming process, potentially involving numerous regulatory agencies, and involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licences are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licences that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Company. To the extent necessary permits or licences are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed

or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company may be dependent on, or may have to attest to, its suppliers' licences, or ability to obtain additional licences, which are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of these licences or any failure to obtain or maintain such licences could have a material adverse impact on the business, financial condition and operating results of the Company.

The ability of the Company to obtain all permits and licences required to carry out its business objectives as intended is uncertain. If the Company is unable to achieve its business objectives, such failure could materially and adversely affect the business, financial condition and results of operations of the Company.

#### Ability to Obtain Regulatory Approvals

The importation and sale of pharmaceutical products in Canada is highly regulated, which significantly increases the difficulty and costs involved in obtaining and maintaining regulatory approval for marketing new and existing products. The regulatory approval process procedure can be long and may involve significant delays despite the Company's best efforts. Moreover, Health Canada, VDD and the Ontario College of Pharmacists regulations are rigorous, time consuming and costly, and the Company cannot predict the extent to which it may be affected by changes in regulatory developments and its ability to meet such regulations. There is also a risk that the Company's current or future products may be withdrawn from the market and the required approvals suspended because of non-compliance with regulatory requirements. There can be no assurance that the regulators will not require modification to any other submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of the Company to market new products, thereby adversely affecting operations. Further, there can be no assurance that the Company's future products will prove to be safe and effective in clinical trials or receive the requisite regulatory approvals.

#### Business Concentration by Region

The Company currently earns its revenue from Canada. If economic, regulatory, legislative or other factors affecting the Company's business were to adversely change in Canada or provincially, then the anticipated revenues of the Company would be negatively impacted.

#### The Requirements of Being a Public Company May Strain the Company's Resources

As a reporting issuer, the Company, and its business activities, will be subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the exchange on which it would be listed and other applicable securities rules and regulations. Compliance with those rules and regulations will increase the Company's legal and financial costs as compared to the Company's current activities making some activities more difficult, time consuming or costly and increase demand on its systems and resources.

#### Competition

The industry in which the Company operates is highly competitive, is evolving and is characterized by technological change, changing regulations, new products and product improvements. There is potential that the Company will face intense competition from current or future companies, some of which can be expected to have longer operating histories, larger customer bases, greater brand recognition, more extensive commercial relationships and greater financial, technical, marketing and other resources. As a result, the Company's competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause the Company to lose potential sales or to sell its products at lower prices.

Competition may intensify as the Company's competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into the Company's market segments or geographic markets. The Company also expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in business development, marketing, sales and customer support. Increased competition by larger and better financed competitors could materially and adversely

affect the business, financial condition and results of operations of the Company.

The Company's success will be dependent on its ability to market its products and services. There is no guarantee that the Company's products and services will remain competitive. Unforeseen competition, and the inability of the Company to effectively develop and expand the market for its products and services, could have a significant adverse effect on the growth potential of the Company. The Company cannot assure that it will be able to compete effectively against existing and future competitors. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations.

#### Changes in Technology

Changes in available technology that render new products improved or superior to existing the Company products, and the effects of such changes, including product substitutions and deployment costs, could affect the Company's business and the Company's financial results could be materially adversely affected. Any new product or service the Company develops or acquires might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of the Company's competitors implements new technologies or improved products before the Company is able to implement them, those competitors may be able to provide more effective products or services than the Company at lower prices. Any delay or failure in the introduction of new or enhanced products could harm the Company's business, results of operations and financial condition.

There is no guarantee that the Company will be able to respond to market demands. If the Company is unable to effectively respond to technological changes or fails or delays to develop products in a timely and cost-effective manner, its products and services may become obsolete, and the Company may be unable to recover its research and development expenses which could negatively impact sales, profitability and the continued viability of its business.

#### Reliance of Strategic Partnerships

As at the date hereof, the Company has entered into many contracts for the provision of its products and there can be no guarantee that such contracts will be entered into or that the Company will be able to negotiate future contracts on commercially reasonable terms. The ongoing capacity of the Company will be contingent upon its ability to enter into contracts for its products and services on terms that are beneficial to the Company.

Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The Company's competitors may be effective in providing incentives to third parties to favour their products over the Company's. In addition, acquisitions of the Company's partners by its competitors could result in a decrease in the number of its current and potential customers, as its partners may no longer facilitate the adoption of its applications by potential customers. If the Company is unsuccessful in establishing and maintaining its relationships with third parties, or if these third parties are unable or unwilling to provide services to the Company, the Company's ability to compete in the marketplace or to generate revenue could be impaired, and its results of operations may suffer. Even if the Company is successful, it cannot be sure that these relationships will result in increased customer usage of its services or increased revenue.

#### Dependence on Key Management Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management as well as certain consultants (the "**Key Personnel**"). The Company's future success depends on its continuing ability to attract, develop, motivate, and retain the Key Personnel. Qualified individuals for Key Personnel positions are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of Key Personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such individuals and consultants.

#### Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers, directors and consultants may be engaged in a range of business activities. The Company's executive officers, directors and

consultants may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers, directors and consultants may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers, directors and consultants.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors, officers and consultants who may from time-to-time deal with persons, firms, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

#### Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Company may be exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (a) government regulations; (b) quality standards; (c) federal and provincial healthcare fraud and abuse laws and regulations; or (d) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Company to identify and deter such misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, such actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of Company's operations, any of which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

#### Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards in order to help ensure the reliability of its financial reports, including those imposed on the Company under applicable law, in each case the Company cannot be certain that such measures will ensure that the Company maintains adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and could result in a material adverse effect.

#### General Economic Risks

The Company's operations and market conditions could be affected by the economic context should interest rates, inflation or the unemployment level reach levels that influence consumer trends and spending and, consequently, impact the Company's sales and profitability.

#### Rising Concerns Regarding International Tariffs

The current political landscape has introduced significant uncertainty with respect to future trade regulations and existing international trade agreements. This uncertainty arises from several factors, including the imposition—or potential imposition—of tariffs on products acquired from outside of Canada.

We cannot predict whether, and to what extent, there may be changes to international trade agreements or whether quotas, duties, tariffs, economic sanctions, exchange controls or other restrictions will be changed or imposed on our products. Any such changes could materially and adversely impact our operations, business and financial results. The introduction of trade tariffs or other economic sanctions – especially between the U.S. and Canada – carries the risk of negatively

affecting the overall economic conditions of both Canada and the U.S., which could, in turn, have a negative impact on our operations.

### Liquidity and Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

### Implementation of Growth Strategy

The Company's future growth, profitability and cash flows depend upon its ability to successfully implement its growth strategy, which, in turn, is dependent upon a number of factors, including the Company's ability to:

1. expand its customer base and increase our business with existing customers.
2. continue to license and/or develop new products for existing markets.
3. attract and keep key personnel; and
4. successfully pursue future acquisitions and investments to secure rights to new products or services.

There can be no assurance that the Company can successfully achieve any or all of the above initiatives in the manner or time period that the Company expects. Further, achieving these objectives will require investments which may result in short-term costs without generating any current revenue and therefore may be dilutive to the Company's earnings. The Company cannot provide any assurance that it will realize, in full or in part, the anticipated benefits it expects its strategy will achieve. The failure to realize those benefits could have a material adverse effect on the Company's business, financial condition and results of operations.

### Management of Growth

The Company may be subject to growth-related risks. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects.

### Failure to Maintain, Promote and Enhance Brand

The Company believes that maintaining, promoting and enhancing the Company brand is critical to expanding the Company's business. Maintaining and enhancing the Company's brand will depend largely on the Company's ability to continue to provide high-quality, well-designed, useful, reliable and innovative products, which the Company may not do successfully.

The Company believes that the importance of brand recognition will increase as competition in the Company's market increases. In addition to the Company's ability to provide reliable and useful products at competitive prices, successful promotion of the Company's brand will depend on the effectiveness of the Company's marketing efforts. The Company's efforts to market its brand will involve significant expenses. The Company's marketing spend may not yield increased revenue, and even if it does, any increased revenue may not offset the expenses the Company incurs in building and maintaining the Company's brand.

### Anti-Money Laundering Laws and Regulation Risks

The Company is subject to a variety of laws and regulations domestically and internationally that involve money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by government authorities internationally.

In the event that any of the Company's proceeds, any dividends or distributions therefrom, or any profits or revenues accruing from operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

#### Unknown Defects and Impairments

A defect in any business arrangement, or latent defect in products, may arise to defeat or impair the claim of the Company to such transaction, which may have a material adverse effect on the Company. It is possible that material changes could occur that may adversely affect management's estimate of the recoverable amount for any agreement the Company enters into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management's best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by the Company. Any impairment charges on the Company's carrying value of business arrangements could have a material adverse effect on the Company.

#### Challenging Global Financial Conditions

Global financial conditions have been characterized by increased volatility. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the ability of the Company, or the ability of the operators of the companies in which the Company will hold interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on the Company and the price of the Company's securities could be adversely affected.

#### Litigation

The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If the Company is unable to resolve these disputes favourably, it may have a material adverse effect on the Company. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company. Securities litigation could result in substantial costs and damages and divert the Company's management's attention and resources. Any decision resulting from any such litigation that is adverse to the Company could have a negative impact on the Company's financial position.

#### Cybersecurity Risks

The information systems of the Company and any third-party service providers and vendors are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, ransomware infections, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems through fraud or other means of deceiving third-party service providers, employees or vendors. The operations of the Company depend, in part, on how well networks, equipment, information technology ("IT") systems and software are protected against damage from a number of threats. These operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. However, if the Company is unable or delayed in maintaining, upgrading or replacing IT systems and software, the risk of a cybersecurity incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the reputation and results of operations of the Company.

## Privacy and Security of Sensitive & Important Information

The Company's operations are dependent on the Company's information systems and the information collected, processed, stored, and handled by these systems. The Company relies heavily on its computer systems to manage its ordering, pricing, fulfillment, inventory replenishment and other processes. Throughout the Company's operations, the Company receives, retains and transmits certain confidential information, including personally identifiable information that the Company's customers provide to purchase products or services, interact with the Company's personnel, or otherwise communicate with the Company. In addition, for these operations, the Company depends in part on the secure transmission of confidential information over public networks. The Company's information systems are subject to damage or interruption from power outages, facility damage, computer and telecommunications failures, computer viruses, security breaches, including credit card or personally identifiable information breaches, coordinated cyber attacks, vandalism, catastrophic events and human error. Although the Company has taken steps to address information security threats and vulnerabilities, including ones from a cyber security standpoint, designed to protect confidential information against data security breaches, a compromise of the Company's information security controls or of those businesses with whom the Company interacts, which results in confidential information being accessed, obtained, damaged, or used by unauthorized or improper persons, could harm the Company's reputation and expose the Company to regulatory actions and claims from customers and other persons, any of which could adversely affect the Company's business, financial position, and results of operations. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, the Company may not be able to anticipate these techniques or to implement adequate preventative measures. In addition, a security breach could require that the Company expend substantial additional resources related to the security of information systems and disrupt the Company's business.

## Confidentiality of Personal and Health Information

The Company and its employees have access, in the course of their duties, to the personal information of customers of the Company and specifically medical histories. There can be no assurance that the Company's policies, procedures and systems will be sufficient to address the privacy concerns of existing and future customers.

The Company may experience successful attempts by third parties to obtain unauthorized access to the personal information of its customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personal information could have an adverse effect on the Company's business, financial condition and results of operations.

The Company is also subject to federal, provincial and foreign laws regarding privacy and protection of data. Some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data and its agreements with certain customers require the Company to notify them in the event of a security incident. In addition, the interpretation of data protection laws in the Canada and elsewhere, and their application to the internet, is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from jurisdiction to jurisdiction, and in a manner that is not consistent with the Company's current data protection practices. Changes to such data protection laws may impose more stringent requirements for compliance and impose significant penalties for non-compliance. Any such new laws or regulations, or changing interpretations of existing laws and regulations, may cause the Company to incur significant costs and effort to ensure compliance.

The Company's failure to comply with federal, provincial and foreign laws regarding privacy and protection of data, as applicable, could lead to significant fines and penalties imposed by regulators, as well as claims by its customers and their customers. These proceedings or violations could force the Company to spend money in defense or settlement of such proceedings, result in the imposition of monetary liability, divert management's time and attention, increase the Company's costs of doing business, and adversely affect the Company's reputation and the demand for its products and services. In addition, if the Company's security measures fail to adequately protect personal information, the Company could be liable to both its customers and their customers for their losses. As a result, the Company could be subject to fines, could face regulatory action, and its customers could end their relationships with the Company. There can be no assurances that the limitations of liability in the Company's contracts would be enforceable or adequate or would otherwise protect the Company from any such liabilities or damages with respect to any particular claim. The Company also cannot be sure that its existing general liability insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or at all, or will be available in sufficient amounts to cover one or more large claims, or that its insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against the Company that exceeds its available insurance coverage, or changes in its insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on its

business, financial condition and results of operations.

### Operating Risks and Insurance Coverage

The Company's operations will be subject to hazards inherent in the pharmaceutical industry, such as equipment defects, malfunction and failures, natural disasters that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment, labour disputes, and changes in the regulatory environment. These risks could expose the Company to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators.

Although the Company will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Company, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the Company, the Company's ability to conduct normal business operations and on the Company's business, financial condition, results of operations and cash flows in the future.

### Customer Acquisitions

The Company's success depends, in part, on the Company's ability to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to the ability to continually produce desirable and effective product, the successful implementation of customer-acquisition plans and the continued growth in the aggregate number of customers. The failure to retain customers and the ability to increase sales of products through such customers, would have a material adverse effect on the Company's business, operating results and financial condition.

### Product Recalls

Products are sometimes subject to recall or return for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Company's suppliers are recalled due to an alleged product defect or for any other reason, the Company may be required to incur unexpected expenses relating to the recall and potentially any legal proceedings that might arise in connection with the recall. In addition, a product recall may require significant management attention. There can be no assurance that any quality problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Company's suppliers were subject to recall, the image of that product, the supplier and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses, which may also have an adverse effect on the Company.

### Product Liability

As a seller of products primarily designed to be used on or ingested by animals, the Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation if the products it sells are alleged to have caused significant loss or injury, except for such products intended for euthanasia purposes. The Company may be subject to various product liability claims, including that the products they sell caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs to the Company, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company. There can be no assurances that the Company or the Company's suppliers will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

## Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights brought in from the acquisition of the Company are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Company.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company has infringed on their lawful rights. However, such licences may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

The Company may not have the right to defend infringement claims, as such right and obligation can lie with the third parties that the Company contracts with. In such circumstances, the Company may have to rely on such third parties to defend infringement claims and an adverse result in any litigation or defense proceedings could materially and adversely affect the business, financial condition and results of operations of the Company.

## **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 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 flow 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.sedarplus.ca](http://www.sedarplus.ca).