

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Grey Wolf Animal Health Corp. (“**Grey Wolf**” or the “**Corporation**”)
Suite No. 85534
Toronto PO
Nortown, Ontario
M5N 0A2 Canada

Item 2 Date of Material Change

December 2, 2024.

Item 3 News Release

A news release was disseminated through GlobeNewswire on December 2, 2024 and subsequently filed on SEDAR+ at www.sedarplus.ca.

Item 4 Summary of Material Change

On December 2, 2024, the Corporation announced it had entered into a share purchase agreement (the “**Share Purchase Agreement**”) of even date therewith pursuant to which a wholly owned subsidiary of Grey Wolf acquired (the “**Acquisition**”) all of the issued and outstanding shares of 6303021 Manitoba Ltd. (dba. CPM – The Compounding Pharmacy of Manitoba) for an aggregate purchase price of \$22,500,000 (the “**Purchase Price**”).

In accordance with the terms of the Share Purchase Agreement, the Purchase Price was satisfied as to \$19.8 million in cash (the “**Cash Consideration**”) and as to \$2.7 million by the issuance of an aggregate of 3,160,112 common shares of Grey Wolf (the “**Grey Wolf Shares**”) at a deemed issue price of \$0.8544 per share. As a condition of closing, the holders of the Grey Wolf Shares entered into 12-month lock-up agreements pursuant to which such holders have agreed not to sell or otherwise dispose of the Grey Wolf Shares until December 2, 2025, subject to customary exceptions.

The Cash Consideration was financed with cash on hand and two new five-year term loans (“**Term Loan 1**” and “**Term Loan 2**”) totalling \$18,700,000 from the Corporation’s existing lender, CWB Maxium Financial Inc. Both loans bear interest at a rate of 7.09%. Term Loan 1 is comprised of \$14.3 million and is amortized over 12 years. Term Loan 2 is comprised of \$4.4 million and is amortized over 25 years and facilitates the purchase of the land and building acquired pursuant to the Acquisition.

Item 5 Full Description of Material Change

Reference is made to the press release attached as Schedule “A” hereto.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

Angela Cechetto
Chief Executive Officer
E-mail: investors@greywolfah.com

Item 9 Date of Report

December 12, 2022.

Schedule A

News Release dated December 2, 2024

GREY WOLF ANIMAL HEALTH ANNOUNCES THE ACQUISITION OF THE COMPOUNDING PHARMACY OF MANITOBA

- *Grey Wolf acquires a leading compounding pharmacy for \$22.5 million*
- *Expands product mix and capacity for growth in Grey Wolf's pharmacy business unit*
- *Immediately accretive to revenue, Adjusted EBITDA and earnings per share*
- *Financed with a mix of cash on hand, debt from existing lender and shares issued to the vendors*

TORONTO, ONTARIO – December 2, 2024 – Grey Wolf Animal Health Corp. (TSX-V: WOLF) (“Grey Wolf” or the “Company”), a Canadian diversified health company, today announced that it has completed the acquisition (the “Transaction”) of 6303021 Manitoba Ltd. (dba.– The Compounding Pharmacy of Manitoba) (“CPM”) for total consideration of \$22.5 million, including associated real estate, pursuant to a Share Purchase Agreement dated December 2, 2024.

CPM operates a state-of-the-art facility located in Oakbank, Manitoba, and is a leading independent compounding pharmacy servicing both corporately owned and independent pharmacies, and veterinarians in Canada. CPM had revenues of approximately \$6.4 million and Adjusted EBITDA of approximately \$2.5 million, for the trailing twelve months ending September 30, 2024. All pro-forma numbers related to CPM referenced herein are unaudited figures.

Highlights of the Transaction:

- New facility located in Manitoba is expected to provide greater scale and capacity for growth in the Company's pharmacy business unit
- Expected to further diversify the Company's customer mix ranging from independent and corporately owned pharmacies to veterinarians
- Expands the Company's product offerings in the human compounding market
- Expected to be immediately accretive to revenue, Adjusted EBITDA and earnings per share
- Total Consideration of \$22.5 million paid as follows:
 - \$19.8 million in cash provided by cash on hand and new term loans

- \$2.7 million of Grey Wolf common shares issued to the vendors, representing 10.2% dilution to the Company

"We believe CPM is complementary to our Trutina acquisition that we completed in 2021 and provides the ability to expand our existing business in both the veterinarian and human compounding pharmacy markets from a new facility near Winnipeg" said Angela Cechetto, Chief Executive Officer of the Company.

Acquisition Details

Pursuant to the Transaction, Grey Wolf acquired all of the issued and outstanding shares of CPM for \$22.5 million. The Transaction includes the acquisition of CPM's 25,000 square foot facility and associated land. Excluding the appraised value of the real estate, the purchase price represents approximately 7.0 times CPM's trailing twelve-months Adjusted EBITDA ended September 30, 2024. The purchase price, paid at close, takes into account certain working capital and other adjustments. Grey Wolf did not pay any finder's fees associated with the Transaction.

At closing, Grey Wolf paid consideration of \$19.8 million in cash (the "Cash Consideration") and issued an aggregate of 3,160,112 common shares (the "Consideration Shares") of Grey Wolf at a deemed issued price of \$0.8544 per share. The Cash Consideration was financed with cash on hand and two new 5-year term loans ("Term Loan 1" and "Term Loan 2") totalling \$18.7 million from the Company's existing lender, CWB Maxium Financial Inc. Both loans bear interest at a rate of 7.09%. Term Loan 1 is comprised of \$14.3 million and is amortized over 12 years. Term Loan 2 is comprised of \$4.4 million and is amortized over 25 years and facilitates the purchase of the land and building associated with the Transaction.

The Consideration Shares are subject to a voluntary twelve-month lock-up with customary terms and conditions.

Kevin Palmer, Chief Financial Officer of Grey Wolf, commented, "We expect the transaction to be immediately accretive to revenue, Adjusted EBITDA and earnings per share. We are pleased with the ongoing support from Canadian Western Bank and will continue to prudently manage our balance sheet. Adding the new term loans to Grey Wolf's balance sheet as at September 30, 2024 would result in a net debt/Adjusted EBITDA ratio of approximately 3.0x (2.5x excluding real estate) on a trailing twelve-month basis for the combined businesses."

About Grey Wolf Animal Health Corp.

Grey Wolf, headquartered in Toronto, Canada, is a diversified healthcare company founded by a veterinarian to bring to market a broad portfolio of products that meets the unmet needs of veterinarians, pets and patients. The Company's strategy is to in-license, acquire or compound innovative prescription and non-prescription products for commercialization in Canada. For additional information, please visit: www.greywolfah.com.

About The Compounding Pharmacy of Manitoba

Founded in 2010, The Compounding Pharmacy of Manitoba operates a state-of-the-art facility located in Oakbank, Manitoba, Canada. CPM is a leading independent compounding pharmacy servicing a broad and diverse customer mix ranging from corporately owned and independent pharmacies to veterinarians. For additional information, please visit: www.pharmacymanitoba.com.

For further information, please contact:

Angela Cechetto
Chief Executive Officer
E-mail: investors@greywolfah.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Note on CPM Financial Statements and Non-IFRS Measures

The historical financial information of CPM included in this press release is based on CPM's preliminary unaudited financial statements for the trailing twelve months ending September 30, 2024 (the "CPM Financial Statements"). Accordingly, readers are cautioned that such results have not been audited or reconciled to IFRS and may be subject to adjustment.

Management uses both IFRS and Non-IFRS Measures to assess the financial and operating performance of the Company's operations and this press release includes references to such Non-IFRS Measures. These Non-IFRS Measures are not recognized measures under IFRS, do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other companies. The Non-IFRS Measures referenced in this press release includes Adjusted EBITDA. The Company defines Adjusted EBITDA as earnings before financing and special transaction costs, interest income, interest and accretion expenses, 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. For further information on the Company's use of Adjusted EBITDA as a measurement, see the Company's most recent Management Discussion and Analysis for the three- and nine- months ended September 30, 2024, a copy of which is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Forward Looking Statements

Certain information included in this press release contains forward-looking information with the meaning of applicable Canadian securities laws. This information includes statements

concerning CPM, the expected benefits of the Transaction, the Company's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this press release is qualified by the following cautionary statements.

Forward-looking information necessarily involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its subsidiaries, including CPM, and may cause actual results to differ materially from current expectations of estimated or anticipated events or results.

A more detailed assessment of the risks that could cause actual results to materially differ than current expectations is contained in the Risk Factors section of Grey Wolf's Management Discussion and Analysis for the three- and nine-months ended September 30, 2024. The forward-looking information included in this press release is made as of the date hereof and should not be relied upon as representing the Company's views as of any date subsequent to the date hereof. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.