

2025 Earnings – Second Quarter

August 7, 2025

The Elanco logo is positioned in the bottom right corner of the slide. It consists of the word "Elanco" in a white, italicized, sans-serif font. The letters are slightly slanted to the right. The logo is set against a blue diagonal band that runs from the bottom right towards the top left of the slide.

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Notices and Disclaimers

Forward-Looking Statements. This presentation contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements concerning product launches and revenue from such products, our 2025 full year and third quarter guidance, long-term expectations, our expectations regarding debt levels, and expectations regarding our industry and our operations, performance and financial condition, and including, in particular, statements relating to our business, growth strategies, distribution strategies, product development efforts and future expenses. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important risk factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions, including but not limited to the following: operating in a highly competitive industry; the success of our research and development (R&D), regulatory approval and licensing efforts; the impact of disruptive innovations and advances in veterinary medical practices, animal health technologies and alternatives to animal-derived protein; competition from generic products that may be viewed as more cost-effective; changes in regulatory restrictions on the use of antibiotics in farm animals; an outbreak of infectious disease carried by farm animals; risks related to the evaluation of animals; consolidation of our customers and distributors; the impact of increased or decreased sales into our distribution channels resulting in fluctuations in our revenues; our dependence on the success of our top products; our ability to complete acquisitions and divestitures and to successfully integrate the businesses we acquire; our ability to implement our business strategies or achieve targeted cost efficiencies and gross margin improvements; manufacturing problems and capacity imbalances, including at our contract manufacturers; fluctuations in inventory levels in our distribution channels; risks related to the use of artificial intelligence in our business; our dependence on sophisticated information technology systems and infrastructure, including the use of third-party, cloud-based technologies, and the impact of outages or breaches of the information technology systems and infrastructure we rely on; the impact of weather conditions, including those related to climate change, and the availability of natural resources; demand, supply and operational challenges associated with the effects of a human disease outbreak, epidemic, pandemic or other widespread public health concern; the loss of key personnel or highly skilled employees; adverse effects of labor disputes, strikes and/or work stoppages; the effect of our substantial indebtedness on our business, including restrictions in our debt agreements that limit our operating flexibility and changes in our credit ratings that lead to higher borrowing expenses and restrict access to credit; changes in interest rates that adversely affect our earnings and cash flows; risks related to the write-down of goodwill or identifiable intangible assets; the lack of availability or significant increases in the cost of raw materials; risks related to foreign and domestic economic, political, legal, and business environments; risks related to foreign currency exchange rate fluctuations; risks related to underfunded pension plan liabilities; our current plan not to pay dividends and restrictions on our ability to pay dividends; the potential impact that actions by activist shareholders could have on the pursuit of our business strategies; risks related to tax expense or exposures; actions by regulatory bodies, including as a result of their interpretation of studies on product safety; the possible slowing or cessation of acceptance and/or adoption of our farm animal sustainability initiatives; the impact of increased regulation or decreased governmental financial support related to the raising, processing or consumption of farm animals; risks related to tariffs, trade protection measures or other modifications of foreign trade policy; the impact of litigation, regulatory investigations and other legal matters, including the risk to our reputation and the risk that our insurance policies may be insufficient to protect us from the impact of such matters; challenges to our intellectual property rights or our alleged violation of rights of others; misuse, off-label or counterfeiting use of our products; unanticipated safety, quality or efficacy concerns and the impact of identified concerns associated with our products; insufficient insurance coverage against hazards and claims; compliance with privacy laws and security of information; risks related to environmental, health and safety laws and regulations; and inability to achieve goals or meet expectations of stakeholders with respect to environmental, social and governance matters. For additional information about the factors that could cause actual results to differ materially from forward-looking statements, please see the company's latest Form 10-K and Form 10-Qs filed with the Securities and Exchange Commission. We undertake no duty to update forward-looking statements.

Non-GAAP Financial Measures. This presentation contains non-GAAP financial measures, such as organic constant currency (CC) revenue growth, adjusted gross profit, adjusted gross margin, adjusted net income, adjusted earnings per share (EPS), EBITDA, adjusted EBITDA and adjusted EBITDA margin and net debt and net debt leverage, which we use to assess and analyze our operational results and trends. Reconciliation of non-GAAP financial measures and reported GAAP financial measures are included in the tables in the appendix to this presentation and are posted on our website at www.elanco.com. These non-GAAP measures are not, and should not be viewed as, substitutes for U.S. GAAP reported measures.

On Today's Call

Jeff Simmons

Elanco Animal Health
*President and
Chief Executive Officer*



Bob VanHimbergen

Elanco Animal Health
*Executive Vice President,
Chief Financial Officer*



Accelerating Growth Through Delivering Our Diverse Portfolio of Innovation

Q2 2025 vs Guidance¹

✓ Revenue **+\$56M**

✓ Adj. EBITDA² **+\$28M**

✓ Adj. EPS² **+\$0.07**

¹Results compared to the midpoint of the company's second quarter guidance provided May 7, 2025. ²Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

³Organic CC growth represents revenue growth excluding the impacts from our prior year divestiture of the aqua business, which was divested July 9, 2024, royalty revenue that was sold to a third party and the impact of foreign exchange rates.



Strong Q2 Exceeding Expectations

Revenue, Adj. EBITDA, and Adj. EPS all above guidance ranges; **8% organic CC³ revenue growth** led by **U.S. Pet Health up 11%; 8th consecutive quarter** of underlying growth

Innovation Tracking Above Expectations

H1 innovation revenue contribution of \$420M; **raising 2025 target to \$720-\$800M** driven by our major innovation products

Deleveraging Faster Than Planned

Achieved **quarter-end net leverage ratio (NLR)² of 4.0x**, enabled by strong Q2 results and working capital discipline, as well as proceeds from the sale of the lotilaner royalty monetization; expect 2025 gross debt paydown of \$500-\$550M with **improved year-end NLR target of 3.8x-4.1x**

Neutralizing the Potential Tariff Impact

Estimated tariff net impact of \$10-\$14M more than offset by H1 execution; risks balanced by intervention actions and FX tailwind

Raising 2025 Revenue, Adj. EBITDA, & Adj. EPS Guidance

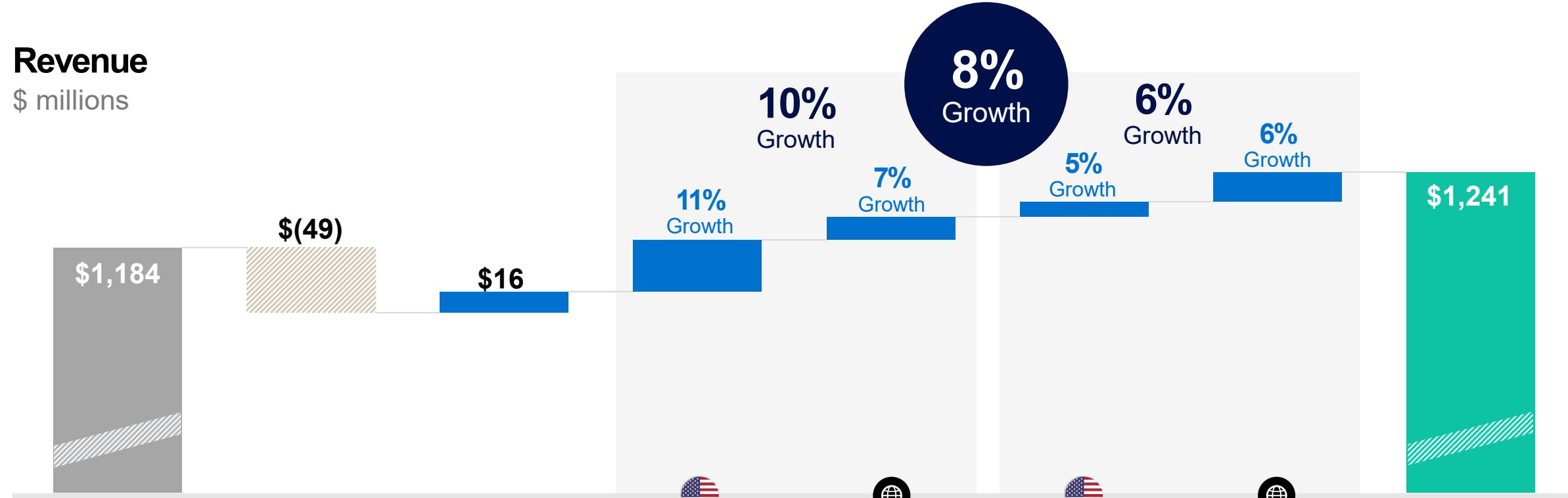
Increasing **organic CC revenue growth to 5%-6%** with Adj. EBITDA \$850-\$890M and Adj. EPS \$0.85-\$0.91; **incorporates current estimate for net tariff impact**

Q2 2024 to Q2 2025 Revenue Bridge

8% Organic Constant Currency¹ Revenue Growth

Revenue

\$ millions



Numbers may not add due to rounding. All growth rates noted are organic constant currency. ¹Organic CC growth represents revenue growth excluding the impacts from our prior year divestiture of the aqua business, which was divested July 9, 2024, royalty revenue that was sold to a third party and the impact of foreign exchange rates.

Pet Health

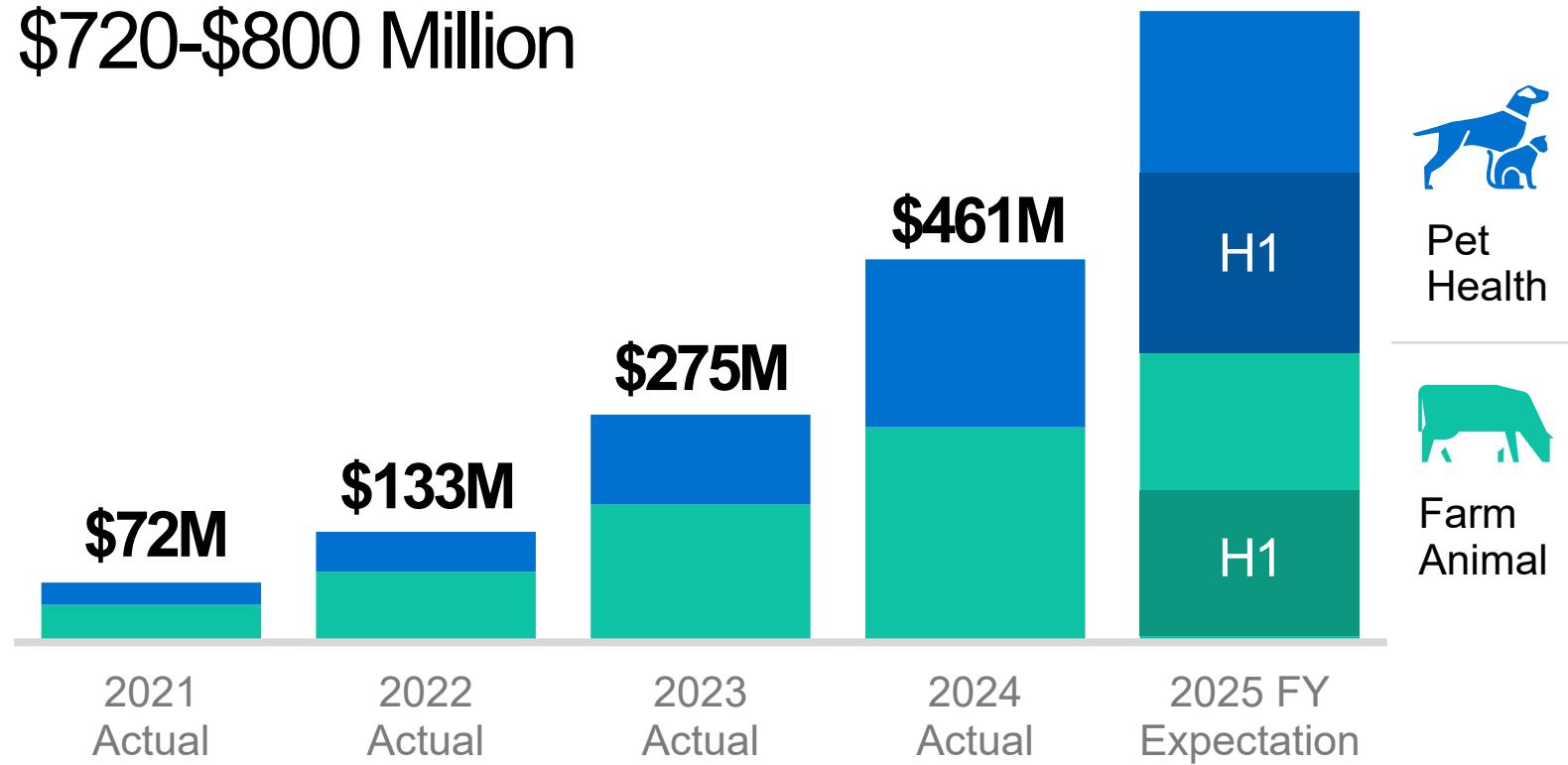


Farm Animal



2025 Innovation

Sales Target Raised:
Now Expected to
Deliver an Incremental
\$720-\$800 Million



Major innovation early in launch curve with portfolio exceeding the corporate gross margin average

Note: Expected innovation revenue of \$720-\$800 million is incremental in reference to 2020 sales and does not include the expected impact of cannibalization on the base portfolio.

Updates on Select Major Innovation Products

Zenrelia™



- Patient market share doubled, from ~2% in March to ~4% in June¹
- ~10,000 clinics buying vs. ~8,000 in May; reorder rate nearly 80% vs. ~70% in May
- ~50% of Zenrelia prescribing U.S. vets now using as first-line treatment, primarily for new patients or seasonal restarts; 46% of non-prescribing U.S. vets intend to use³
- European Commission and Switzerland approvals; consistent label vs. other int'l mkts
- Expect revised U.S. label language in Q4, removing risk language of fatal vaccine-induced disease



Canine Parvovirus Monoclonal Antibody



- Focus on increasing access to this life-saving treatment, especially with shelters
- Pursuing interventions on pricing to address the cost of the treatment
- International expansion after 2030 expected to drive further growth

Credelio Quattro™



- U.S. broad-spectrum endecto market at \$1.3B and growing almost 40%²
- Achieved ~14% dollar share of the broad-spectrum sales out of U.S. vet clinics in June¹
- Sell-in and sell-out rates at consistent levels relative to each other at quarter-end
- Share capture favorable to expectations; switches from competition and new starts representing nearly 70% of sales
- Submissions made in Australia, Canada, the EU, the UK, and Japan

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Experior™



- Q2 sales up over 80% vs. tougher compare
- Customer retention over 90%
- Potential annual U.S. and Canada market size of \$350M+
- Heifer clearance expected to continue market expansion opportunity

AdTab™

Chewable Tablets



- Continued robust growth trajectory with Q2 sales up over 60%
- Leadership in outside-the-vet channel oral isoxazolines
- Strong performance driven by increased DTC investment
- Approved and launched in the UK, a key market, in April 2025

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Bovaer®



- Strong demand from farmers and CPGs; cows on Bovaer increased 4x since February
- Customer retention over 90%; cash flow sourced from CPGs supports long-term product use
- Data submitted for expanded claim, enhancing value and user flexibility

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¹Per Kynetec Q2 data

²Industry figures represent Elanco analysis of Q2 2025 market data and internal estimates for animal health medicines and vaccines.

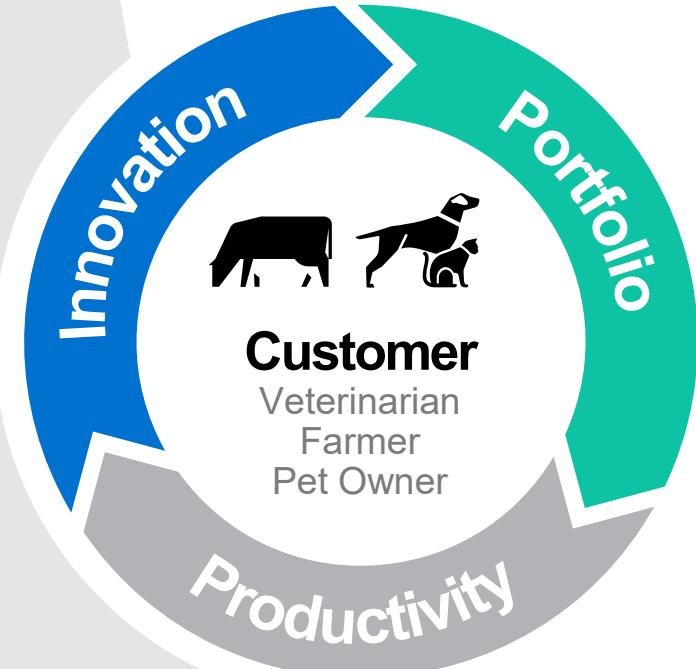
³Estimated based on responses to Elanco survey

IPP

Innovation, Portfolio, Productivity

Recent Highlights

Consistent Progress Across Our Strategic Priorities



Deliver Consistent, High-Impact Innovation

Credelio Quattro

Strong performance continues; market share ahead of expectations

Experior

Fast adoption from heifer clearance continuing

Zenrelia

Approved in the EU with Q3 launch; expect revised U.S. label language in Q4

Optimize Our Diverse Portfolio to Grow Share

Share Gains

In U.S. Pet Health markets: para, NSAIDs, derm

Broad-Based Growth

All quadrants positive with a stabilizing base; 3% price contribution

Vaccine Portfolio Expansion

Launching TruCan CIV enhancing our line of Tru Portfolio vaccines

Continuously Improve Productivity & Cash Flow

Improving NLR

Expect \$500-\$550M net debt paydown, following \$1.5B reduction in 2024

Capex Investments

Elwood, Kansas and Ft. Dodge, Iowa expansions on track

Elanco Ascend

Launching company-wide productivity and capabilities initiative

Financial Results

Second Quarter 2025

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Second Quarter 2025

Impact of Price, Rate, and Volume on Revenue

\$ Millions	Revenue	Price	FX Rate	Organic Volume	Aqua Volume	Total	Organic CC ¹ Change
Pet Health	\$643	4%	1%	6%		11%	10%
Cattle	\$268		0%			4%	4%
Poultry	\$215		2%			9%	7%
Swine	\$100		1%			11%	10%
Aqua	\$0					(100)%	
Farm Animal	\$583	2%	1%	4%	(9)%	(2)%	6%
Contract Mfg. / Other	\$15					36%	
Total Elanco	\$1,241	3%	1%	5%	(4)%	5%	8%

Reported revenue in millions. Numbers may not add due to rounding.

¹Organic CC growth represents revenue growth excluding the impacts from our prior year divestiture of the aqua business, which was divested July 9, 2024, royalty revenue that was sold to a third party and the impact of foreign exchange rates.

Second Quarter 2025

Revenue by Geography and Species

\$ Millions	2025	2024	Change (%)	Organic CC ¹ Change (%)
US Pet Health	\$377	\$338	11%	11%
Int'l Pet Health	\$266	\$241	10%	7%
Total Pet Health	\$643	\$579	11%	10%
US Farm Animal	\$215	\$206	5%	5%
Int'l Farm Animal	\$368	\$388	(5)%	6%
Total Farm Animal	\$583	\$594	(2)%	6%
Contract Mfg. / Other	\$15	\$11	36%	
Total Elanco	\$1,241	\$1,184	5%	8%

Reported revenue in millions. Numbers may not add due to rounding.

¹Organic CC growth represents revenue growth excluding the impacts from our prior year divestiture of the aqua business, which was divested July 9, 2024, royalty revenue that was sold to a third party and the impact of foreign exchange rates.

Second Quarter 2025

Adjusted¹ Income Statement Highlights

Including Impact from Aqua Divestiture

\$ millions, except per share values	2025	2024	Change (\$) ²	Change (%) ²
Revenue	\$1,241	\$1,184	\$57	5%
Adjusted Gross Profit	\$709	\$689	\$20	3%
Adjusted Gross Margin	57.3%	58.2%	NM	(90) bps
Operating Expense	\$492	\$443	\$49	11%
Interest Expense, Net	\$38	\$65	(\$27)	(42)%
Other Expense	\$12	\$4	\$8	200%
Effective Tax Rate	21.7%	16.9%	NM	NM
Adjusted Net Income	\$131	\$147	(\$16)	(11)%
Adjusted Earnings Per Share Diluted	\$0.26	\$0.30	(\$0.04)	(13)%
Adjusted EBITDA	\$238	\$275	(\$37)	(13)%
Adjusted EBITDA Margin	19.2%	23.2%	NM	(400) bps

Note: Numbers may not add due to rounding. NM – Not meaningful.

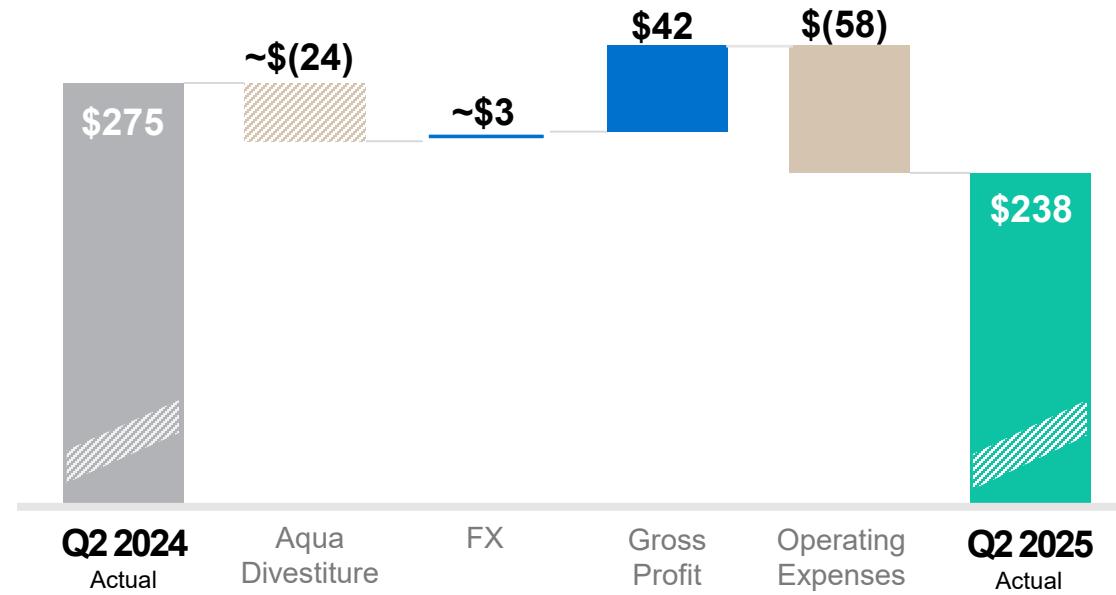
¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.²Comparisons have not been adjusted for the unfavorable impact of the aqua divestiture which was completed on July 9, 2024.

Second Quarter 2025

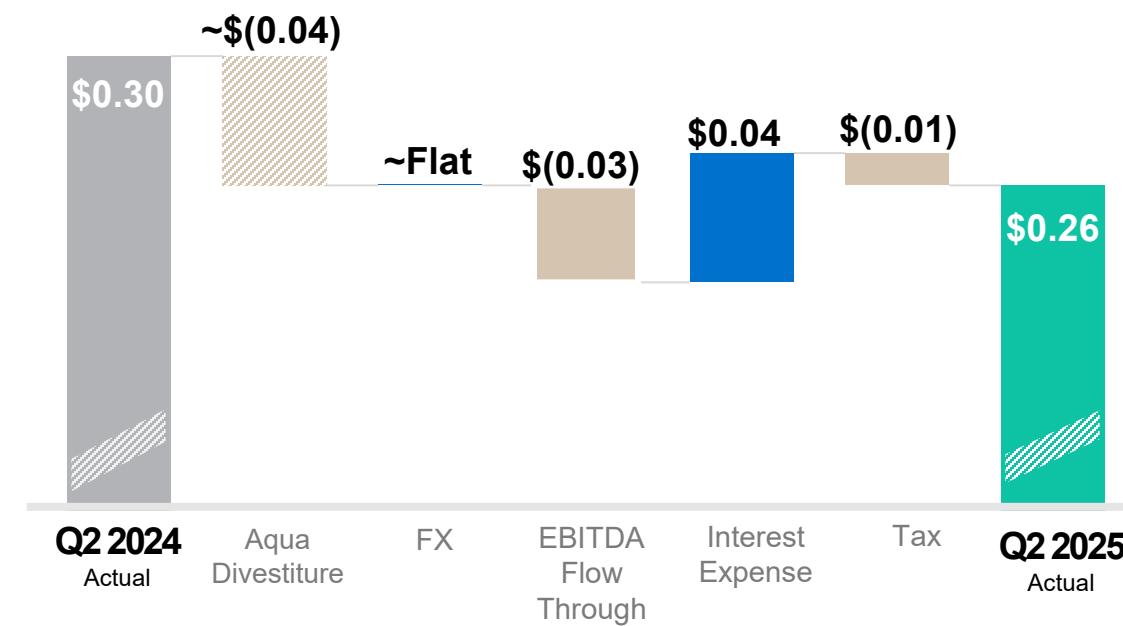
Adjusted EBITDA¹ and Adjusted EPS¹ Drivers

Q2 Adjusted EBITDA

\$ millions



Q2 Adjusted EPS



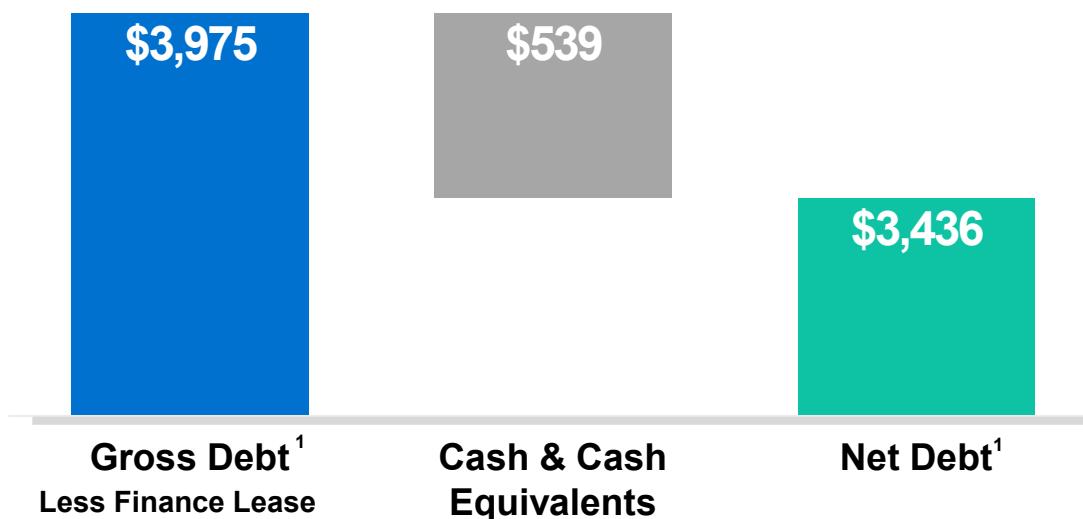
Note: Numbers may not add due to rounding and ranges.

¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

Key Balance Sheet and Cash Flow Metrics

Debt Balances as of June 30, 2025

\$ millions



Note: Numbers may not add due to rounding.

¹Net debt is a non-GAAP measure calculated as gross debt, excluding finance lease liabilities, less cash and cash equivalents on our balance sheet. Gross debt is the sum of current portion of long-term debt and long-term debt and excludes unamortized debt issuance costs. ²DSO calculated as the trailing 12-month average. ³Net leverage ratio calculated as gross debt less cash and cash equivalents and finance lease liabilities on our balance sheet divided by adjusted EBITDA.

Q2 Net Leverage Ratio³ 4.0x

Net debt decreased by ~\$500M in the quarter

Operating Cash Flow (OCF) of \$237M

Reflects continued focus on working capital discipline and strong business performance

Days Sales Outstanding² improved to 73 days

Year over year decrease of 3 days

2025 Net Leverage Ratio target improves

Expect \$500-\$550M of 2025 gross debt paydown and ending NLR of 3.8x-4.1x

Consistent Capital Allocation Strategy

Capital Allocation Priorities



Debt Paydown

Primary use of free cash flow

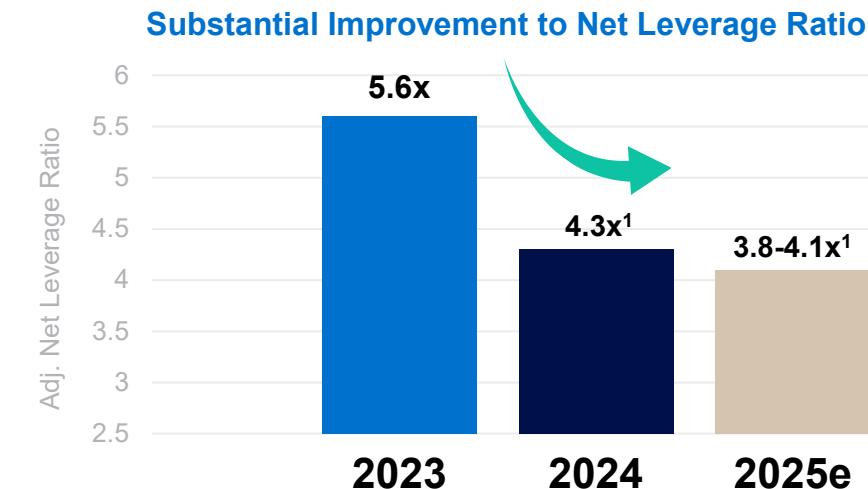
Targeting below 3x over time



Investment in Business

R&D, manufacturing capex, commercial launches investment expected to drive sustainable topline growth in 2025 and beyond

Strengthening Balance Sheet



Anticipate Future Capital Allocation Flexibility as Net Leverage Ratio Expected to Move Below 3x

¹Based on the company's 2024 full year results and 2025 guidance as provided on August 7, 2025.

Financial Guidance

Third Quarter and Full Year 2025

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2025 Full Year

Financial Guidance

\$ millions, except
per share values

	May	August	Comments
Revenue	\$4,510 - \$4,580	\$4,570 - \$4,620	Expect 5-6% organic CC ² growth; Includes ~\$35M FX tailwind vs. May
Reported Net Loss	\$(35) - \$(7)	\$(38) - \$(14)	
Adjusted EBITDA¹	\$830 - \$870	\$850 - \$890	Includes current est. for net tariff impact
Reported Diluted EPS	\$(0.07) - \$(0.01)	\$(0.08) - \$(0.03)	
Adjusted Diluted EPS¹	\$0.80 - \$0.86	\$0.85 - \$0.91	Reflects adj. EBITDA flow through and favorable interest



FX Impact YOY

Relative tailwind vs. May guidance, with neutral full-year impact now expected year-over-year



Adjusted EBITDA Cadence

Now expecting H1 vs H2 Adj. EBITDA cadence closer to historical trends



Lotilaner U.S. Royalties

Required under GAAP to recognize as revenue (\$4M in Q2) and imputed interest expense (\$7M in Q2); excluded from Adj. EBITDA and Adj. EPS

¹Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

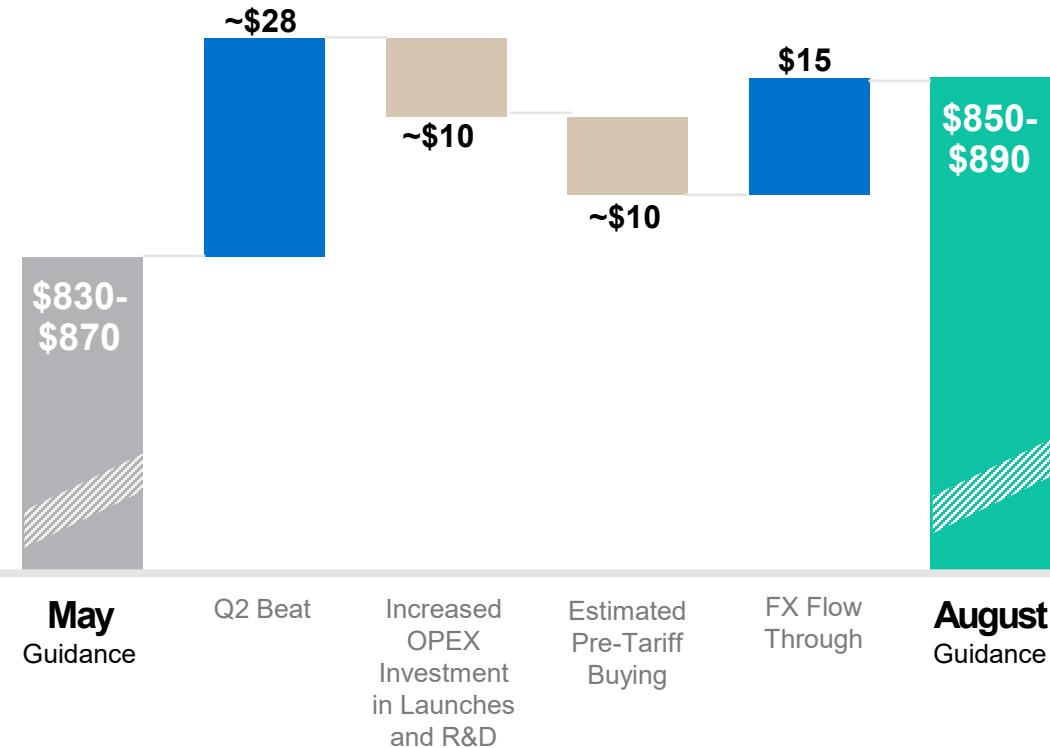
²Organic CC growth represents revenue growth excluding the impacts from our prior year divestiture of the aqua business, which was divested July 9, 2024, royalty revenue that was sold to a third party and the impact of foreign exchange rates.

May Guidance to August Guidance Bridge

Raising Adj. EBITDA¹ and Adj. EPS¹ Guidance

2025 Adj. EBITDA

*Flowing through \$15M FX benefit;
\$15M remaining FX benefit not
included in Aug. guidance offset by
macroeconomic uncertainty*



2025 Adj. EPS



Note: Numbers may not add due to rounding and ranges. Dollars in millions, except per share amounts.

¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

Balanced Approach to Guidance

Intervention Actions, FX & Business Execution Mitigating Potential Tariff Impacts

Current State	Potential Risk Scenarios	Mitigating Actions Being Implemented
<p>Expect ~\$10M-\$14M impact to 2025 Adj. EBITDA as of August 5th, 2025 vs. prior expectation of \$16-\$20M</p> <p>Expect Q3 normalization of pre-tariff customer buying (~\$10M to Adj. EBITDA)</p>	<ul style="list-style-type: none"> ○ 2025 tariffs related to pharmaceutical products ○ Tariff escalation ○ Moderate economic slowdown ○ Farm trade disruption 	<ul style="list-style-type: none"> + Supply chain optimization + Inventory management + Tactical pricing in select geographies + Strategic API sourcing + Not including ~\$15M Expected FX benefit to Adj. EBITDA in guidance to cover potential risk scenarios

Tariff Impacts and Risks Covered by Business Performance and Balanced Approach to Guidance

Third Quarter 2025

Financial Guidance

\$ millions, except
per share values

	Q3 Guidance	Comments
Revenue	\$1,080 - \$1,110	Expect 4%-6% organic CC ² growth; FX rates reflect end of July with minimal YoY impact
Reported Net Loss	\$(66) - \$(45)	
Adjusted EBITDA¹	\$160 - \$180	Includes operating expenses up ~8%
Reported Diluted EPS	\$(0.13) - \$(0.09)	
Adjusted Diluted EPS¹	\$0.12 - \$0.16	Tax rate expected 27%-29%



Seasonal Cadence

Reflective of seasonality of Elanco's higher-margin parasiticide products



OPEX Investments

\$10M of incremental support for innovation product launches and key R&D projects



Additional Q3 Assumptions

Interest expense of ~\$40M; ~\$55M of cash taxes related to the 2024 aqua divestiture expected to be paid

¹Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

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Elanco's Strategic Trajectory: Powerful Momentum into 2025

2018-2020

Established Foundation Focused on Animal Health

Acquisitions for portfolio diversity; Spin-out of Eli Lilly with 2018 IPO; Dedicated sites & systems

2019-2021

Balanced Mix & Increased Scale

Portfolio diversifying acquisition of Bayer Animal Health increased global scale, with productivity focus

2021-2024

Innovation Delivered & Enhanced Capabilities

Late-stage pipeline delivered; Strategy streamlined; Launch efforts re-imagined

2025 & Beyond

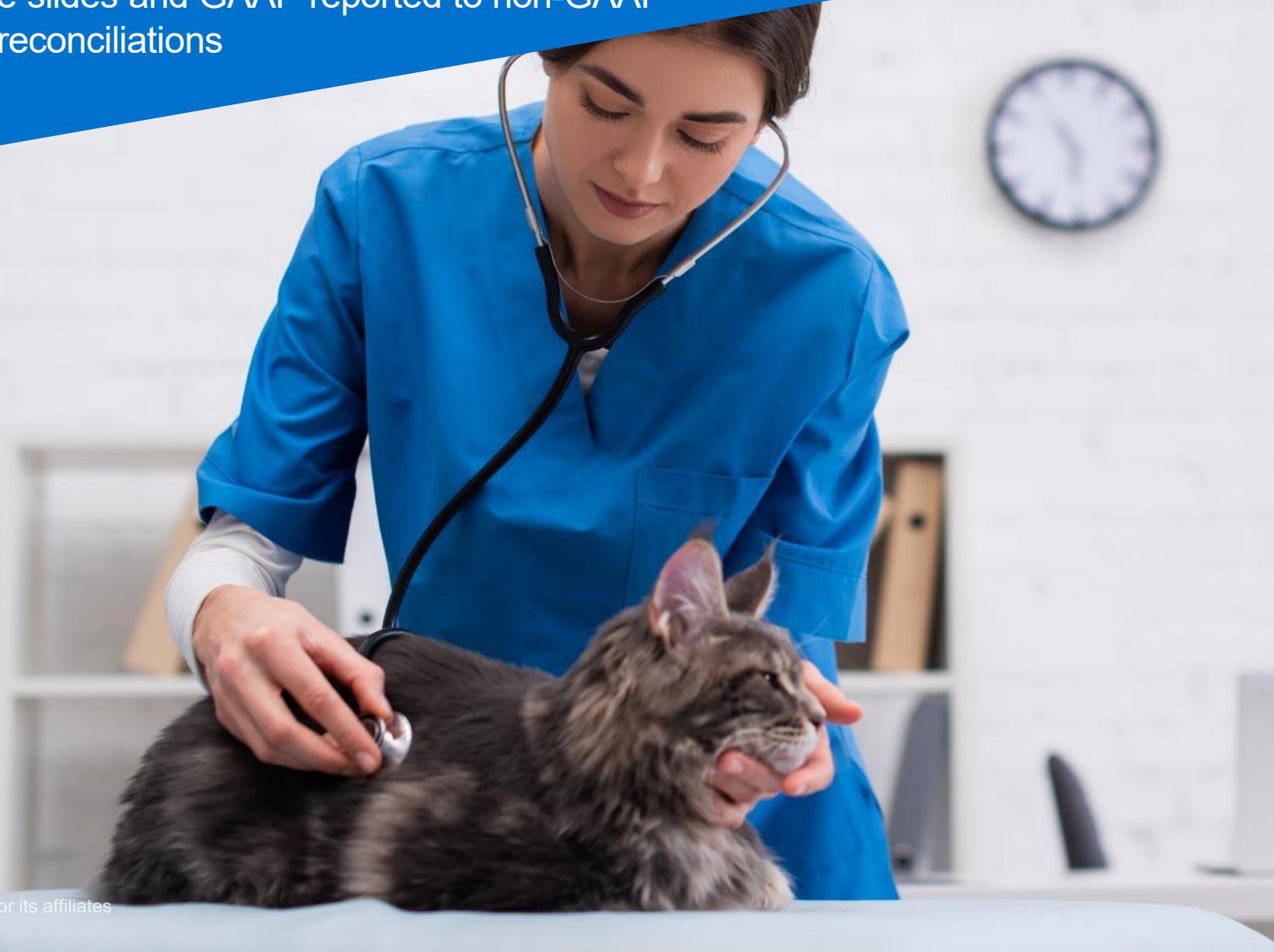
Poised for Sustainable Revenue Growth

Multiple potential blockbusters in market and a stabilizing base to drive growth

Accelerating contribution from innovation, majority already approved, and a stabilizing base business expected to drive sustainable growth. Leveraging the existing cost base allows for expected margin expansion in 2026 and beyond

Appendix

Reference slides and GAAP reported to non-GAAP
adjusted reconciliations



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First Half 2025

Impact of Price, Rate, and Volume on Revenue

	Revenue	Price	FX Rate	Organic Volume	Aqua Volume	Total	Organic CC ¹ Change
Pet Health	\$1,278	3%	0%	2%		5%	5%
Cattle	\$540		(1)%			8%	9%
Poultry	\$404		(1)%			2%	3%
Swine	\$185		(1)%			6%	7%
Aqua	\$0					(100)%	
Farm Animal	\$1,129	3%	(1)%	4%	(8)%	(2)%	7%
Contract Manufacturing	\$27					29%	
Total Elanco	\$2,434	3%	(1)%	3%	(3)%	2%	6%

Note: Reported revenue in millions. Numbers may not add due to rounding.

¹Organic CC growth represents revenue growth excluding the impacts from our prior year divestiture of the aqua business, which was divested July 9, 2024, royalty revenue that was sold to a third party and the impact of foreign exchange rates.

First Half 2025

Revenue by Geography and Species

	2025	2024	Change	Organic CC ¹ Change
US Pet Health	\$700	\$671	\$29	4%
Int'l Pet Health	\$578	\$547	\$31	6%
Total Pet Health	\$1,278	\$1,218	\$60	5%
US Farm Animal	\$446	\$402	\$44	11%
Int'l Farm Animal	\$683	\$748	(\$65)	4%
Total Farm Animal	\$1,129	\$1,150	(\$21)	7%
Contract Manufacturing	\$27	\$21	\$6	
Total Elanco	\$2,434	\$2,389	\$41	6%

Note: Reported revenue in millions. Numbers may not add due to rounding.

¹Organic CC growth represents revenue growth excluding the impacts from our prior year divestiture of the aqua business, which was divested July 9, 2024, royalty revenue that was sold to a third party and the impact of foreign exchange rates.

First Half 2025

Adjusted¹ Income Statement Highlights

Including Impact from Aqua Divestiture

\$ millions, except per share values	2025	2024	Change (\$) ²	Change (%) ²
Revenue	\$2,434	\$2,389	\$41	2%
Adjusted Gross Profit	\$1,394	\$1,379	\$15	1%
Adjusted Gross Margin	57.4%	57.7%	NM	(30) bps
Operating Expense	\$927	\$867	\$60	7%
Interest Expense, Net	\$78	\$131	\$(53)	(40)%
Other Expense	\$19	\$8	\$11	138%
Effective Tax Rate	14.8%	15.8%	NM	NM
Adjusted Net Income	\$315	\$314	\$1	0%
Adjusted Earnings Per Share Diluted	\$0.63	\$0.63	\$0.00	0%
Adjusted EBITDA	\$514	\$569	\$(55)	(10)%
Adjusted EBITDA Margin	21.2%	23.8%	NM	(260) bps

Note: Numbers may not add due to rounding.

¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.²Comparisons have not been adjusted for the unfavorable impact of the aqua divestiture which was completed on July 9, 2024.

Full Year 2025

Financial Guidance & Additional Assumptions

\$ millions, except
per share values

	May	August
Total Revenue	\$4,510 – \$4,580	\$4,570 – \$4,620
Adjusted Gross Margin ¹	54.2% – 54.7%	54.5% – 55.0%
Operating Expenses	\$1,735 – \$1,750	\$1,760 – \$1,770
Adjusted EBITDA¹	\$830 – \$870	\$850 – \$890
Adjusted EBITDA Margin¹	18.4% – 19.0%	18.6% – 19.3%
Adjusted Interest Expense, Net	Approx. \$190	Approx. \$180
Tax Rate	21% – 23%	20% – 22%
Adjusted Earnings per Share¹	\$0.80 – \$0.86	\$0.85 – \$0.91
Weighted Average Diluted Share Count	Approx. 500 million	Approx. 500 million
Capital Expenditures	\$225 – \$255	\$225 – \$255
Cash Taxes	Approx. \$230	Approx. \$230
Cash Interest	Approx. \$225	Approx. \$210

¹Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

Second Quarter 2025

**Adjusted
EBITDA
Reconciliation**

\$ millions

	2025	2024
Reported Net Income (Loss)	\$11	\$(50)
Net Interest Expense	\$48	\$65
Income Tax Expense	\$14	\$18
Depreciation and Amortization	\$169	\$164
EBITDA	\$242	\$197
Non-GAAP Adjustments		
Asset Impairment, Restructuring, and Other Special Charges	\$1	\$80
Impact of Royalty Revenue on EBITDA	\$(4)	\$0
Other Income, Net	\$(1)	\$(2)
Adjusted EBITDA	\$238	\$275
Adjusted EBITDA Margin	19.2%	23.2%

Note: Numbers may not add due to rounding.

Second Quarter 2025

Reconciliation of GAAP Reported to Non-GAAP Adjusted Income Statement Items

\$ millions, except
per share values

	2025		2024	
	Net Income	EPS	Net Income	EPS
GAAP Reported Net Income	\$11	\$0.02	\$(50)	\$(0.10)
Amortization of Intangible Assets	\$136	\$0.27	\$131	\$0.26
Asset Impairment, Restructuring, and Other Special Charges ⁽¹⁾	\$1	\$0.00	\$80	\$0.16
Sold Royalty Revenue ⁽²⁾	\$(4)	\$(0.01)	-	-
Interest Expense, Net of Capitalized Interest ⁽³⁾	\$10	\$0.02	-	-
Other Expense, Net	\$(1)	\$0.00	\$(2)	\$0.00
Income Tax Expense ⁽⁴⁾	(22)	\$(0.04)	(12)	\$(0.02)
Adjusted Net Income	\$131	\$0.26	\$147	\$0.30

Note: Numbers may not add due to rounding.

Second Quarter 2025

Details of Adjustments to Certain GAAP Reported Measures

For the three months ended June 30, 2025 and 2024:

- (1) Adjustments of \$80 million for the three months ended June 30, 2024, principally included a \$53 million impairment charge related to a pet health IPR&D asset (IL-4R) and \$10 million of transaction costs associated with the sale of our aqua business.
- (2) Adjustments of \$4 million for the three months ended June 30, 2025, related to recognized royalty revenue that has been sold to a third party.
- (3) Adjustments of \$10 million for the three months ended June 30, 2025, primarily related to imputed interest expense on our liability related to the Iotilaner U.S. royalty monetization (liability for sale of future revenue).
- (4) Adjustments of \$22 million and \$12 million for the three months ended June 30, 2025 and 2024, respectively, primarily represented the income tax expense associated with the adjusted items discussed above and the discrete tax impact from the remeasurement of certain deferred tax positions due to a foreign tax rate change.

First Half 2025

Adjusted EBITDA Reconciliation

\$ millions

	2025	2024
Reported Net Income (Loss)	\$78	\$(18)
Net Interest Expense	\$88	\$131
Income Tax Expense (Benefit)	\$7	\$(2)
Depreciation and Amortization	\$330	\$329
EBITDA	\$503	\$440
Non-GAAP Adjustments		
Cost of Sales	\$1	\$0
Asset Impairment, Restructuring, and Other Special Charges	\$10	\$126
Impact of Royalty Revenue on EBITDA	\$(4)	\$0
Other Expense, Net	\$4	\$3
Adjusted EBITDA	\$514	\$569
Adjusted EBITDA Margin	21.2%	23.8%

Note: Numbers may not add due to rounding.

First Half 2025

Reconciliation of GAAP Reported to Non-GAAP Adjusted Income Statement Items

\$ millions, except
per share values

	2025		2024	
	Net Income	EPS	Net Income	EPS
GAAP Reported Net Income	\$78	\$0.16	\$(18)	\$(0.04)
Cost of Sales	\$1	\$0.00	-	-
Amortization of Intangible Assets	\$264	\$0.53	\$264	\$0.53
Asset Impairment, Restructuring, and Other Special Charges ⁽¹⁾	\$10	\$0.02	\$126	\$0.25
Sold Royalty Revenue ⁽²⁾	\$(4)	\$(0.01)	-	-
Interest Expense, Net of Capitalized Interest ⁽³⁾	\$10	\$0.02	-	-
Other Expense, Net	\$4	\$0.01	\$3	\$0.01
Income Tax Expense ⁽⁴⁾	(48)	\$(0.10)	(61)	\$(0.12)
Adjusted Net Income	\$315	\$0.63	\$314	\$0.63

Note: Numbers may not add due to rounding.

First Half 2025

Details of Adjustments to Certain GAAP Reported Measures

For the six months ended June 30, 2025 and 2024:

- (1) Adjustments of \$10 million for the six months ended June 30, 2025, primarily included \$7 million of upfront payments made in relation to new licensing arrangements. Adjustments of \$126 million for the six months ended June 30, 2024, principally included the above noted \$53 million IPR&D asset impairment charge, \$43 million of costs associated with our restructuring plan announced in February 2024 and \$17 million of transaction costs related to the sale of our aqua business.
- (2) Adjustments of \$4 million for the six months ended June 30, 2025 related to earned royalty revenue that has been sold to a third party.
- (3) Adjustments of \$10 million for the six months ended June 30, 2025 primarily related to imputed interest expense on our liability for sale of future revenue.
- (4) Adjustments of \$48 million for the six months ended June 30, 2025, primarily represented the income tax expense associated with the adjusted items discussed above and the discrete tax impact from the remeasurement of certain deferred tax positions due to a foreign tax rate change, partially offset by a \$35 million benefit related to a discrete tax item recognized during the first quarter of 2025. Adjustments of \$61 million for the six months ended June 30, 2024, represented the income tax expense associated with the adjusted items discussed above and \$13 million related to the partial release of a valuation allowance attributable to the anticipated sale of our aqua business.

Full Year 2025

EBITDA Guidance Reconciliation

\$ millions

Reported Net Loss	\$(38) - \$(14)
Net Interest Expense	Approx. \$220 w/ Royalty Monetization Liability
Income Tax (Benefit) Expense	\$(13) - \$8
Depreciation and Amortization	Approx. \$670
EBITDA	\$836 - \$886
Non-GAAP Adjustments	
Cost of Sales	Approx. \$2
Asset Impairment, Restructuring, and Other Special Charges	Approx. \$15
Other Expense, Net	Approx. \$8
Sold Royalty Revenue	Approx. \$(15)
Adjusted EBITDA	\$850 - \$890
Adjusted EBITDA Margin	18.6% - 19.3%

Note: Numbers may not add due to rounding.

Full Year 2025

EPS Guidance Reconciliation

Reported Loss per Share	\$(0.08) - \$(0.03)
Cost of Sales	Approx. \$0.00
Amortization of Intangible Assets	Approx. \$1.08
Asset Impairment, Restructuring, and Other Special Charges	\$0.02 - \$0.04
Other Expense, Net	\$0.03 - \$0.04
Royalty Monetization	Approx. \$0.03
Subtotal	\$1.17 - \$1.18
Tax Impact of Adjustments	\$(0.25) - \$(0.23)
Total Adjustments to Earnings per Share	\$0.93 - \$0.94
Adjusted Earnings per Share¹	\$0.85 - \$0.91

Note: Numbers may not add due to rounding.

¹Adjusted EPS is calculated as the sum of reported EPS and total adjustments to EPS.

Third Quarter 2025

EBITDA Guidance Reconciliation

\$ millions

Reported Net Loss	\$(66) - \$(45)
Net Interest Expense	Approx. \$50 w/ Royalty Monetization Liability
Income Tax (Benefit) Expense	\$(6) - \$1
Depreciation and Amortization	Approx. \$170
EBITDA	\$158 - \$182
Non-GAAP Adjustments	
Asset Impairment, Restructuring, and Other Special Charges	Approx. \$5
Other Expense, Net	Approx. \$2
Sold Royalty Revenue	Approx. \$(6)
Adjusted EBITDA	\$160 - \$180
Adjusted EBITDA Margin	14.8% - 16.2%

Note: Numbers may not add due to rounding.

Third Quarter 2025

EPS Guidance Reconciliation

Reported Loss per Share	\$(0.13) - \$(0.09)
Amortization of Intangible Assets	Approx. \$0.27
Asset Impairment, Restructuring, and Other Special Charges	\$0.00 - \$0.01
Other Expense, Net	Approx. \$0.01
Royalty Monetization	Approx. \$0.01
Subtotal	\$0.30 - \$0.31
Tax Impact of Adjustments	\$(0.06) - \$(0.05)
Total Adjustments to Earnings per Share	Approx. \$0.25
Adjusted Earnings per Share¹	\$0.12 - \$0.16

Note: Numbers may not add due to rounding.

¹Adjusted EPS is calculated as the sum of reported EPS and total adjustments to EPS.



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