# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# Form 10-Q

**☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the Quarterly Period Ended September 30, 2026**
**OR**

**☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Transition Period from _____ to _____**

**COMMISSION FILE NUMBER 001-38661**

# Elanco Animal Health Incorporated

(Exact name of Registrant as specified in its charter)

| INDIANA | 82-5497352 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

450 ELANCO CIRCLE INDIANAPOLIS, INDIANA 46221
(Address and zip code of principal executive offices)

Registrant's telephone number, including area code (877) 352-6261

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common stock, no par value | ELAN | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of a "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☒ | Accelerated filer ☐ |
| Non-accelerated filer ☐ | Smaller reporting company ☐ |
| | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares of common stock outstanding as of November 4, 2026, was 499,827,067.

# ELANCO ANIMAL HEALTH INCORPORATED
# FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2026
# TABLE OF CONTENTS


| | | |
|---|---|---|
| PART 1. Financial Information | | |
| Item 1. | FINANCIAL STATEMENTS | |
| | CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) | 4 |
| | CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED) | 5 |
| | CONDENSED CONSOLIDATED BALANCE SHEETS | 6 |
| | CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED) | 7 |
| | CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) | 8 |
| | NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) | 9 |
| Item 2. | MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | |
| | OVERVIEW | 20 |
| | RESULTS OF OPERATIONS | 22 |
| | SUMMARY OF CHANGES | 22 |
| | LIQUIDITY AND CAPITAL RESOURCES | 26 |
| Item 3. | QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK | 27 |
| Item 4. | CONTROLS AND PROCEDURES | 28 |
| | | |
| PART II. Other Information | | |
| Item 1. | LEGAL PROCEEDINGS | 29 |
| Item 1A. | RISK FACTORS | 29 |
| Item 2. | UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS | 29 |
| Item 3. | DEFAULTS UPON SENIOR SECURITIES | 29 |
| Item 4. | MINE SAFETY DISCLOSURES | 29 |
| Item 5. | OTHER INFORMATION | 29 |
| Item 6. | EXHIBITS | 30 |
| | | |
| SIGNATURES | | 31 |

## FORWARD-LOOKING STATEMENTS AND RISK FACTOR SUMMARY

This Quarterly Report on Form 10-Q (Form 10-Q) includes forward-looking statements within the meaning of the federal securities laws. These forward-looking statements include, without limitation, statements concerning the impact on Elanco Animal Health Incorporated and its subsidiaries (collectively, Elanco, the Company, we, us or our) caused by the integration of business acquisitions, expected synergies and cost savings, product launches, global macroeconomic conditions, expectations relating to liquidity and sources of capital, our expected compliance with debt covenants, cost savings, expenses and reserves relating to restructuring actions, 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;
- an increased use of alternative distribution channels or changes within existing distribution channels;
- 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 our aspirations or meet the expectations of stakeholders with respect to environmental, social and governance matters.

See Item 1A, “Risk Factors,” of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the United States (U.S.) Securities and Exchange Commission (SEC) (2025 Form 10-K), and Part II of this Form 10-Q, for a further description of these and other factors. Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this quarterly report. If any of these risks materialize, or if any of the above assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this quarterly report. We caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this quarterly report. Any forward-looking statement made by us in this quarterly report speaks only as of the date hereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

# PART I

## ITEM 1. FINANCIAL STATEMENTS

**Elanco Animal Health Incorporated**
**Condensed Consolidated Statements of Operations (Unaudited)**
**(in millions, except per-share data)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Revenue | $ 1,265 | $ 1,137 | $ 4,004 | $ 3,571 |
| Cost of sales | 545 | 530 | 1,701 | 1,567 |
| Gross profit | 720 | 607 | 2,303 | 2,004 |
| Research and development | 99 | 89 | 288 | 275 |
| Marketing, selling and administrative | 393 | 351 | 1,223 | 1,092 |
| Amortization of intangible assets | 144 | 140 | 421 | 404 |
| Asset impairment, restructuring and other special charges | 3 | 25 | 28 | 35 |
| Interest expense, net of capitalized interest | 59 | 52 | 175 | 140 |
| Other (income) expense, net | (2) | — | 1 | 23 |
| Income (loss) before income taxes | 24 | (50) | 167 | 35 |
| Income tax expense (benefit) | 6 | (16) | 38 | (9) |
| Net income (loss) | $ 18 | $ (34) | $ 129 | $ 44 |
| | | | | |
| Earnings (loss) per share: | | | | |
| Basic | $ 0.04 | $ (0.07) | $ 0.26 | $ 0.09 |
| Diluted | $ 0.04 | $ (0.07) | $ 0.26 | $ 0.09 |
| Weighted-average shares outstanding: | | | | |
| Basic | 499.7 | 496.8 | 498.9 | 496.2 |
| Diluted | 506.5 | 496.8 | 506.0 | 501.2 |

See accompanying notes to condensed consolidated financial statements.

**Elanco Animal Health Incorporated**
**Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)**
**(in millions)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Net income (loss) | $ 18 | $ (34) | $ 129 | $ 44 |
| Other comprehensive income (loss): | | | | |
| Cash flow hedges, net of taxes | 31 | (10) | 57 | (55) |
| Foreign currency translation, net of taxes | (25) | 5 | (122) | 626 |
| Defined benefit plans, net of taxes | (4) | (2) | (11) | 1 |
| Other comprehensive income (loss), net of taxes | 2 | (7) | (76) | 572 |
| Comprehensive income (loss) | $ 20 | $ (41) | $ 53 | $ 616 |

See accompanying notes to condensed consolidated financial statements.

**Elanco Animal Health Incorporated**
**Condensed Consolidated Balance Sheets**
**(in millions, except share data)**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | (Unaudited) | |
| **Assets** | | |
| *Current Assets* | | |
| Cash and cash equivalents | $ 465 | $ 545 |
| Accounts receivable, net | 992 | 873 |
| Other receivables | 71 | 67 |
| Inventories | 1,818 | 1,737 |
| Prepaid expenses and other | 380 | 236 |
| Total current assets | 3,726 | 3,458 |
| *Noncurrent Assets* | | |
| Property and equipment, net | 1,438 | 1,409 |
| Goodwill | 4,797 | 4,779 |
| Other intangibles, net | 3,032 | 3,408 |
| Other noncurrent assets | 347 | 304 |
| Total assets | $ 13,340 | $ 13,358 |
| **Liabilities and Equity** | | |
| *Current Liabilities* | | |
| Accounts payable | $ 416 | $ 368 |
| Sales rebates and discounts | 443 | 416 |
| Current portion of long-term debt and finance lease liability | 74 | 74 |
| Other current liabilities | 854 | 739 |
| Total current liabilities | 1,787 | 1,597 |
| *Noncurrent Liabilities* | | |
| Long-term debt and finance lease liability | 3,633 | 3,943 |
| Liability for sale of future revenue | 309 | 304 |
| Deferred taxes | 424 | 382 |
| Other noncurrent liabilities | 559 | 585 |
| Total liabilities | 6,712 | 6,811 |
| *Commitments and Contingencies* | | |
| *Equity* | | |
| Preferred stock, 1,000,000,000 shares authorized, no par value; none issued | — | — |
| Common stock, no par value, 5,000,000,000 shares authorized, 499,726,948 and 496,975,154 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively | — | — |
| Additional paid-in capital | 8,898 | 8,870 |
| Accumulated deficit | (2,053) | (2,182) |
| Accumulated other comprehensive loss | (217) | (141) |
| Total equity | 6,628 | 6,547 |
| Total liabilities and equity | $ 13,340 | $ 13,358 |

See accompanying notes to condensed consolidated financial statements.

## Elanco Animal Health Incorporated
## Condensed Consolidated Statements of Equity (Unaudited)
**(in millions)**

| | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | | | | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | Cash Flow Hedges | Foreign Currency Translation | Defined Benefit Plans | Total | |
| December 31, 2024 | 494.4 | $ — | $ 8,817 | $ (1,950) | $ 37 | $ (866) | $ 58 | $ (771) | $ 6,096 |
| Net income | — | — | — | 67 | — | — | — | — | 67 |
| Other comprehensive income (loss), net of tax | — | — | — | — | (29) | 218 | (1) | 188 | 188 |
| Stock-based compensation activity, net | 2.1 | — | 2 | — | — | — | — | — | 2 |
| March 31, 2025 | 496.5 | — | 8,819 | (1,883) | 8 | (648) | 57 | (583) | 6,353 |
| Net income | — | — | — | 11 | — | — | — | — | 11 |
| Other comprehensive income (loss), net of tax | — | — | — | — | (16) | 403 | 4 | 391 | 391 |
| Stock-based compensation activity, net | 0.1 | — | 20 | — | — | — | — | — | 20 |
| June 30, 2025 | 496.6 | — | 8,839 | (1,872) | (8) | (245) | 61 | (192) | 6,775 |
| Net loss | — | — | — | (34) | — | — | — | — | (34) |
| Other comprehensive (loss) income, net of tax | — | — | — | — | (10) | 5 | (2) | (7) | (7) |
| Stock-based compensation activity, net | 0.2 | — | 15 | — | — | — | — | — | 15 |
| September 30, 2025 | 496.8 | $ — | $ 8,854 | $ (1,906) | $ (18) | $ (240) | $ 59 | $ (199) | $ 6,749 |
| | | | | | | | | | |
| December 31, 2025 | 497.0 | $ — | $ 8,870 | $ (2,182) | $ (12) | $ (219) | $ 90 | $ (141) | $ 6,547 |
| Net income | — | — | — | 57 | — | — | — | — | 57 |
| Other comprehensive (loss) income, net of tax | — | — | — | — | 12 | (99) | (5) | (92) | (92) |
| Stock-based compensation activity, net | 2.4 | — | (12) | — | — | — | — | — | (12) |
| March 31, 2026 | 499.4 | — | 8,858 | (2,125) | — | (318) | 85 | (233) | 6,500 |
| Net income | — | — | — | 54 | — | — | — | — | 54 |
| Other comprehensive income (loss), net of tax | — | — | — | — | 14 | 2 | (2) | 14 | 14 |
| Stock-based compensation activity, net | 0.1 | — | 20 | — | — | — | — | — | 20 |
| June 30, 2026 | 499.5 | — | 8,878 | (2,071) | 14 | (316) | 83 | (219) | 6,588 |
| Net income | — | — | — | 18 | — | — | — | — | 18 |
| Other comprehensive income (loss), net of tax | — | — | — | — | 31 | (25) | (4) | 2 | 2 |
| Stock-based compensation activity, net | 0.2 | — | 20 | — | — | — | — | — | 20 |
| September 30, 2026 | 499.7 | $ — | $ 8,898 | $ (2,053) | $ 45 | $ (341) | $ 79 | $ (217) | $ 6,628 |

See accompanying notes to condensed consolidated financial statements.

**Elanco Animal Health Incorporated**
**Condensed Consolidated Statements of Cash Flows (Unaudited)**
**(in millions)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| **Cash Flows from Operating Activities** | | |
| Net income | $ 129 | $ 44 |
| Adjustments to reconcile net income to cash flows from operating activities: | | |
| Depreciation and amortization | 520 | 506 |
| Stock-based compensation expense | 61 | 52 |
| Asset impairment and write-down charges | 3 | 24 |
| Sold portion of royalty and milestone revenue | (39) | (10) |
| Interest on liability for sale of future revenue | 44 | 20 |
| Changes in operating assets and liabilities, net of acquisitions and divestitures | (270) | (126) |
| Other non-cash operating activities, net | 58 | (58) |
| **Net Cash Provided by Operating Activities** | 506 | 452 |
| **Cash Flows from Investing Activities** | | |
| Net purchases of property and equipment and software | (144) | (214) |
| Cash paid for acquisitions, net of cash acquired | (76) | — |
| Proceeds from divestitures | — | 9 |
| Other investing activities, net | (12) | (10) |
| **Net Cash Used for Investing Activities** | (232) | (215) |
| **Cash Flows from Financing Activities** | | |
| Proceeds from Revolving Credit Facility | — | 125 |
| Repayments of Revolving Credit Facility | — | (125) |
| Proceeds from Securitization Facility | 50 | 125 |
| Repayments of Securitization Facility | (50) | (125) |
| Repayments of long-term borrowings | (304) | (562) |
| Proceeds from sale of future revenue, net of transaction costs | — | 290 |
| Shares repurchased for employee tax withholdings | (36) | (14) |
| Other financing activities, net | (15) | 29 |
| **Net Cash Used for Financing Activities** | (355) | (257) |
| Effect of exchange rate changes on cash and cash equivalents | 1 | 57 |
| Net (decrease) increase in cash and cash equivalents | (80) | 37 |
| Cash and cash equivalents – beginning of period | 545 | 468 |
| **Cash and cash equivalents – end of period** | $ 465 | $ 505 |
| | | |
| **Supplemental disclosure of non-cash investing and financing activities:** | | |
| Right-of-use assets obtained in exchange for finance lease liability | $ — | $ 226 |
| Consideration to be transferred in a business combination | $ 165 | $ — |

See accompanying notes to condensed consolidated financial statements.

**Elanco Animal Health Incorporated**
**Notes to Condensed Consolidated Financial Statements (Unaudited)**
**(Tables present dollars and shares in millions, except per-share and per-unit data)**

## Note 1. Basis of Presentation and Summary of Significant Accounting Policies

We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with the SEC requirements for interim reporting. As permitted under those rules, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the U.S. (GAAP) have been condensed or omitted. The information included in this Form 10-Q should be read in conjunction with our consolidated financial statements and accompanying notes for the year ended December 31, 2025, included in our 2025 Form 10-K. The significant accounting policies set forth in Note 2 to the consolidated financial statements in our 2025 Form 10-K and the footnotes herein appropriately represent, in all material respects, the current status of our accounting policies.

In our opinion, the financial statements reflect all adjustments (including those that are normal and recurring) that are necessary for fair presentation of the results of operations for the periods shown. The preparation of financial statements in accordance with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates. In addition, results for interim periods should not be considered indicative of results for any other interim period or for the full year ending December 31, 2026, or any other future period.

## Note 2. New Financial Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*: *Disaggregation of Income Statement Expenses*, which is intended to provide more detailed and disaggregated information about significant expense categories, such as purchases of inventory, employee compensation, depreciation and amortization and selling expenses. This standard, including related updates, is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted, and the amendments may be applied either prospectively or retrospectively. We are currently assessing the impact ASU 2024-03 will have on our consolidated financial statements, including our footnote disclosures.

## Note 3. Revenue

The following table summarizes the activity in our global sales rebates and discounts liability:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| Beginning balance | $ 416 | $ 332 |
| Reduction of revenue | 871 | 717 |
| Payments | (840) | (687) |
| Foreign currency translation adjustments | (4) | 14 |
| Ending balance | $ 443 | $ 376 |

Adjustments to revenue recognized as a result of changes in estimates during the nine months ended September 30, 2026 and 2025, for product shipped in previous periods were not material. Actual global product returns were approximately 1% of net revenue for the nine months ended September 30, 2026 and 2025.

### *Disaggregation of Revenue*

The following table summarizes our revenue disaggregated by product category:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Pet Health | $ 608 | $ 533 | $ 2,036 | $ 1,811 |
| Farm Animal: | | | | |
| Cattle | 339 | 289 | 968 | 829 |
| Poultry | 201 | 217 | 654 | 621 |
| Swine | 91 | 87 | 284 | 272 |
| Total Farm Animal | 631 | 593 | 1,906 | 1,722 |
| Contract Manufacturing and Other [1] | 26 | 11 | 62 | 38 |
| Revenue | $ 1,265 | $ 1,137 | $ 4,004 | $ 3,571 |

(1) Represents royalty revenue, sales-based milestones and revenue from arrangements in which we manufacture products on behalf of a third party. Royalty revenue and sales-based milestones sold to a third party in May 2025 totaled $21 million and $6 million for the three months ended September 30, 2026 and 2025, respectively, and $39 million and $10 million for the nine months ended September 30, 2026 and 2025, respectively. While we are no longer entitled to these royalties and sales-based milestones, we are required under GAAP to continue recognizing them as revenue. See Note 10. Liability for Sale of Future Revenue for additional information.

The following table summarizes our revenue disaggregated by geographic area:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| United States | $ 613 | $ 547 | $ 1,881 | $ 1,694 |
| International | 652 | 590 | 2,123 | 1,877 |
| Revenue | $ 1,265 | $ 1,137 | $ 4,004 | $ 3,571 |

We have a single customer that accounted for approximately 13% and 12% of revenue for the nine months ended September 30, 2026 and 2025, respectively. Product sales with this customer resulted in accounts receivable of $133 million and $107 million at September 30, 2026 and December 31, 2025, respectively.

## Note 4. Acquisitions and Divestitures

### *Acquisitions*

AHV International: On April 30, 2026, we completed the acquisition of 100% of the outstanding equity interests of AHV International B.V. (AHV), along with selected assets of AHV's affiliates necessary for the ongoing operations of the business, for total estimated purchase consideration of $241 million. AHV is an innovative, farm animal health company incorporated in the Netherlands focused on solutions to improve animal welfare and productivity, while reducing the need for antibiotics. The acquisition of AHV is expected to accelerate our strategy to grow our industry leadership in farm animal products, particularly for cattle, by expanding our product portfolio, primarily throughout Europe and the U.S.

The AHV acquisition was accounted for as a business combination under the acquisition method of accounting. The acquisition method requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. The determination of estimated fair value requires management to make significant estimates and assumptions. The excess of the purchase price over the fair value of the acquired net assets has been recorded as goodwill.

The composition of the purchase price was as follows:

| | |
|---|---|
| Cash consideration paid upon closing | $ 76 |
| Deferred cash consideration due through 2030 [1] | 97 |
| Fair value of contingent consideration | 68 |
| **Total purchase consideration** | $ 241 |

(1) Approximately $60 million and $20 million of the deferred cash consideration due through 2030 is payable in January 2027 and January 2028, respectively.

Contingent consideration for this acquisition includes up to $140 million of payments due upon the achievement of significant performance-based and time-limited milestones through 2032. The initial fair value of the contingent consideration liability of $68 million was estimated using a Monte Carlo simulation model, which represents a Level 3 measurement under the fair value measurement hierarchy (see Note 9. Fair Value for further information).

The purchase price allocation is preliminary and subject to change, including the valuation of the contingent consideration, intangible assets and goodwill, among other items. The final determination of these amounts will be completed no later than one year from the acquisition date. The following table summarizes the preliminary fair values of assets acquired and liabilities assumed as of the acquisition date:

| | |
|---|---|
| Inventories | $ 3 |
| Prepaid expenses and other | 10 |
| Property and equipment, net | 2 |
| Finite-lived intangible assets | 139 |
| **Total identifiable assets acquired** | 154 |
| | |
| Accounts payable | 3 |
| Other current liabilities | 9 |
| Deferred tax liability | 36 |
| **Total liabilities assumed** | 48 |
| | |
| **Total identifiable net assets acquired** | 106 |
| Goodwill | 135 |
| **Total consideration transferred** | $ 241 |

The acquired finite-lived intangible assets primarily consisted of customer relationships ($79 million), marketed products ($49 million) and trade names ($10 million), which are being amortized over a weighted-average useful life of approximately 11 years on a straight-line basis. Goodwill recognized in connection with this transaction represents the value of an expanded customer base, new product offerings and expected synergies. We expect that the majority of goodwill associated with this acquisition is not deductible for local tax purposes. The results of operations for AHV have been included in the condensed consolidated financial statements since the date of acquisition. Revenues attributable to AHV during the nine months ended September 30, 2026, were approximately $22 million.

***Divestitures***

New Zealand manufacturing facility: In February 2025, we sold our manufacturing facility in Manukau, New Zealand, to a third party for cash proceeds of $9 million. Assets divested included property and equipment related to the facility and inventory. Additionally, approximately 50 individuals were transferred to the new owners as part of the divestiture. This transaction did not result in a material gain or loss on divestiture.

## Note 5. Asset Impairment, Restructuring and Other Special Charges

In recent years, we have incurred substantial costs associated with restructuring programs and cost-reduction initiatives. Restructuring activities have primarily included charges associated with business and facility rationalizations and workforce reductions. We have also incurred costs associated with executing acquisitions, divestitures and other significant transactions and related integration and/or separation activities. Components of asset impairment, restructuring and other special charges were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Asset impairments [1] | $ — | $ 24 | $ 3 | $ 24 |
| Restructuring charges: | | | | |
| Cash-based severance and other | 1 | — | 3 | 1 |
| Non-cash charges [2] | — | — | 15 | — |
| Acquisition and divestiture-related charges | 2 | 1 | 5 | 2 |
| Other items [3] | — | — | 2 | 8 |
| Total expense | $ 3 | $ 25 | $ 28 | $ 35 |

(1) Asset impairments in 2025 primarily related to two early-stage capital projects that we indefinitely suspended during the three months ended September 30, 2025 ($16 million).

(2) Non-cash charges in 2026 related to $15 million of non-cash shut-down costs for the animal studies portion of our R&D facilities in Monheim, Germany, recorded in the first quarter of 2026.

(3) Other items in 2025 primarily related to upfront payments made in relation to new licensing arrangements.

The following table summarizes the activity in our reserves established in connection with restructuring activities:

| | |
|---|---|
| Balance at December 31, 2025 | $ 124 |
| Charges | 3 |
| Cash paid and other [1] | (58) |
| Balance at September 30, 2026 | $ 69 |

(1) Includes foreign currency translation adjustments.

The timing of payment of restructuring reserve obligations varies due to country-specific negotiations and regulations. As of September 30, 2026, approximately $67 million of our restructuring reserve was classified within other current liabilities on our condensed consolidated balance sheet, with the remainder classified within other noncurrent liabilities.

## Note 6. Inventories

Inventories consisted of the following:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Finished products | $ 952 | $ 871 |
| Work in process | 816 | 837 |
| Raw materials and supplies | 124 | 104 |
| Total | 1,892 | 1,812 |
| Decrease to LIFO cost | (74) | (75) |
| Inventories | $ 1,818 | $ 1,737 |

## Note 7. Debt and Finance Lease Liability

Our long-term debt and finance lease liability consisted of the following:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Term Loan B due 2032 | $ 892 | $ 1,100 |
| Euro Term Loan due 2029 | 371 | 470 |
| Incremental Term Facility due 2028 | 335 | 339 |
| Incremental Term Facility due 2029 | 169 | 171 |
| Incremental Term Facility due 2031 | 318 | 321 |
| Incremental Term Facility due 2032 | 535 | 539 |
| Revolving Credit Facility [1] | — | — |
| Securitization Facility [2] | 100 | 100 |
| Senior Notes due 2028 [3] | 750 | 750 |
| Unamortized debt issuance costs | (21) | (28) |
| Total debt | 3,449 | 3,762 |
| Finance lease liability | 258 | 255 |
| | 3,707 | 4,017 |
| Less current portion of long-term debt and finance lease liability | 74 | 74 |
| Total long-term debt and finance lease liability | $ 3,633 | $ 3,943 |

(1) Our Revolving Credit Facility provides up to $750 million in borrowing capacity, bears interest at Term SOFR plus a spread dependent on our Net Total Leverage Ratio, as defined within the agreement, which was 1.50% at September 30, 2026, and matures in July 2029.

(2) Our Securitization Facility is secured and collateralized by our U.S. Net Eligible Receivables Balance, bears interest at Term SOFR plus 1.25% and matures in June 2028. Our borrowing capacity under our Securitization Facility is subject to monthly fluctuation based on the level of our borrowing base as reported to the lender. During the nine months ended September 30, 2026, we borrowed $50 million on our Securitization Facility for general corporate purposes and to complete the acquisition of AHV (see Note 4. Acquisitions and Divestitures), which we subsequently repaid during the second quarter of 2026.

(3) Our Senior Notes due 2028 are subject to interest rate adjustments based on credit rating agency actions. A rating upgrade in the fourth quarter of 2025 reduced the applicable interest rate, and as of September 30, 2026, these notes bear interest at a rate of 6.40%.

As of September 30, 2026, approximately 60% of our long-term indebtedness, excluding our finance lease liability, bore interest at a fixed rate, including variable-rate debt converted to fixed-rate through the use of interest rate swaps (see Note 8. Financial Instruments for additional information). We were in compliance with all of our debt covenants as of September 30, 2026.

## Note 8. Financial Instruments

To manage our exposure to market risks, such as changes in foreign currency exchange rates and variable interest rates, we have entered into various derivative transactions. We do not offset derivative assets and liabilities on our condensed consolidated balance sheets. Our outstanding positions are discussed below.

*Derivatives Not Designated as Hedges*

We may enter into foreign currency exchange forward or option contracts to reduce the effects of fluctuating foreign currency exchange rates. As of September 30, 2026 and December 31, 2025, we had outstanding foreign currency exchange contracts with aggregate notional amounts of $1,137 million and $1,090 million, respectively. The amounts of net gains on derivative instruments not designated as hedging instruments, recorded in other (income) expense, net were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Foreign exchange forward contracts [1] | $ 23 | $ 2 | $ 39 | $ 26 |

(1) These amounts were substantially offset in other (income) expense, net by the effect of changing exchange rates on the underlying foreign currency exposures.

*Derivatives Designated as Hedges – Net investment hedges*

At September 30, 2026 and December 31, 2025, we had a series of cross-currency fixed interest rate swaps to help mitigate the impact of foreign currency fluctuations on our operations in Switzerland with a combined 1,000 million CHF notional amount with tenors from 2026 to 2031. These instruments were determined to be, and were designated as, effective economic hedges of net investments in our CHF denominated net assets. In October 2026, we settled 100 million CHF notional amount and extended the maturity of 700 million CHF notional amount by replacing them with new fixed-to-fixed cross-currency swaps with tenors maturing from 2029 to 2031.

The amounts of gains (losses) on net investment hedges, net of tax, recorded in accumulated other comprehensive loss were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Cross-currency fixed interest rate swaps | $ 31 | $ 7 | $ 51 | $ (150) |

During the nine months ended September 30, 2026 and 2025, these instruments also generated $33 million and $34 million of interest income, respectively, which was included as a contra interest expense, net of capitalized interest in our condensed consolidated statements of operations.

*Derivatives Designated as Hedges – Interest rate swaps*

As of September 30, 2026 and December 31, 2025, we had outstanding interest rate swap agreements with aggregate notional amounts of $1,450 million and $2,300 million, respectively. The swaps outstanding as of December 31, 2025 matured in August 2026, at which time our forward-starting interest rate swap agreements became effective. The outstanding swaps as of September 30, 2026, have scheduled maturities ranging between 2027 and 2031.

The amounts of gains (losses) on interest rate swaps, net of tax, recorded in accumulated other comprehensive loss were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Interest rate swaps | $ 30 | $ 1 | $ 45 | $ (20) |

The amounts of (losses) gains reclassified out of accumulated other comprehensive loss and recognized into earnings through interest expense, net of capitalized interest were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Interest rate swaps | $ (1) | $ 11 | $ (12) | $ 35 |

Over the next 12 months, we expect to reclassify a gain of $13 million out of accumulated other comprehensive loss and into interest expense, net of capitalized interest related to our interest rate swaps, although the actual amounts reclassified may vary as a result of future changes in market conditions.

As of September 30, 2026, when factoring in the impact from our interest rate swaps, the weighted-average effective interest rate on our outstanding indebtedness, excluding our finance lease liability, was 5.26%.

## Note 9. Fair Value

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are based on a framework that utilizes the inputs market participants use to determine the fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs. Level 1 fair value measurements are based on quoted prices in active markets for identical assets or liabilities. We determine our Level 2 fair value measurements based on a market approach using quoted market values or significant other observable inputs for identical or comparable assets or liabilities. Our Level 3 fair value measurements are based on unobservable inputs based on little or no market activity.

The following table summarizes the fair value information at September 30, 2026 and December 31, 2025, for assets and liabilities measured at fair value on a recurring basis in the respective balance sheet line items, as well as long-term debt, excluding our finance lease liability, for which fair value is disclosed on a recurring basis:

| | | Fair Value Measurements Using | | | |
|---|---|---|---|---|---|
| Financial statement line item | Carrying Amount | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Fair Value |
| September 30, 2026 | | | | | |
| **Recurring fair value measurements** | | | | | |
| Prepaid expenses and other - derivative instruments | $ 37 | $ — | $ 37 | $ — | $ 37 |
| Other noncurrent assets - derivative instruments | 45 | — | 45 | — | 45 |
| Other current liabilities - derivative instruments | (96) | — | (96) | — | (96) |
| Other current liabilities - contingent consideration | (38) | — | — | (38) | (38) |
| Other noncurrent liabilities - derivative instruments | (29) | — | (29) | — | (29) |
| Other noncurrent liabilities - contingent consideration | (49) | — | — | (49) | (49) |
| **Financial instruments not carried at fair value** | | | | | |
| Long-term debt, excluding finance lease liability | (3,470) | — | (3,475) | — | (3,475) |
| | | | | | |
| December 31, 2025 | | | | | |
| **Recurring fair value measurements** | | | | | |
| Prepaid expenses and other - derivative instruments | $ 20 | $ — | $ 20 | $ — | $ 20 |
| Other current liabilities - derivative instruments | (111) | — | (111) | — | (111) |
| Other current liabilities - contingent consideration | (29) | — | — | (29) | (29) |
| Other noncurrent liabilities - derivative instruments | (73) | — | (73) | — | (73) |
| **Financial instruments not carried at fair value** | | | | | |
| Long-term debt, excluding finance lease liability | (3,790) | — | (3,809) | — | (3,809) |

Cash and cash equivalents include cash on hand and all highly liquid investments with original maturities at the time of purchase of three months or less. The carrying values of cash and cash equivalents, accounts and other receivables, accounts payable and other current liabilities are reasonable estimates of their fair values due to the short-term nature of these assets and liabilities.

As of September 30, 2026, liabilities measured using Level 3 inputs consisted of contingent consideration liabilities resulting from our acquisitions of AHV and NutriQuest, LLC. At September 30, 2026, the contingent consideration liability related to our acquisition of AHV was approximately $68 million (see Note 4. Acquisitions and Divestitures for further information) and approximately $19 million related to our past acquisition of NutriQuest, LLC (also included in December 31, 2025). Payment of the contingent consideration is subject to the achievement of specified development, geographic, and net sales milestones, as set forth in the respective purchase agreements. The fair values of these liabilities were estimated using Monte Carlo simulation models, consisting of inputs not observable in the market, including estimates relating to revenue projections, discount rates, and volatility.

We also had investments without readily determinable fair values which were classified as other noncurrent assets on our condensed consolidated balance sheets totaling $13 million and $15 million as of September 30, 2026, and December 31, 2025, respectively. These investments are not recorded at fair value on a recurring basis, and as such, are not included in the fair value table above.

## Note 10. Liability for Sale of Future Revenue

In May 2025, we executed a Purchase and Sale Agreement (PSA) with funds affiliated with Blackstone Life Sciences and Blackstone Credit & Insurance (collectively, Blackstone). Pursuant to the PSA, we received a cash payment of $295 million from Blackstone for the rights to the proceeds from (a) the future royalties we are owed from net sales in the U.S. of XDEMVY® (lotilaner ophthalmic solution) 0.25%, a medical treatment for Demodex blepharitis in humans, by Tarsus Pharmaceuticals, Inc. (Tarsus) and (b) certain future sales milestone payments we are owed based on global net sales of XDEMVY, both of which are pursuant to the terms of a previously executed license agreement with Tarsus (the qualifying royalties and milestones). These payments are made by Tarsus to Blackstone through a third-party escrow account and, therefore, do not represent cash inflows or outflows within our condensed consolidated statements of cash flows. The PSA applies to net sales of XDEMVY in the U.S. from April 1, 2025 through August 24, 2033. We retain the rights to all royalty payments on net sales outside the U.S. and any royalties due on U.S. net sales after August 24, 2033. We also retain the rights to any future royalties or milestones earned due to the future expansion of lotilaner in other human health applications. Given our continuing involvement with the generation of the qualifying royalties and milestones, the payment received in exchange for the qualifying royalties and milestones, net of transaction costs, was recorded as a liability for sale of future revenue.

GAAP also requires us to impute interest expense associated with the liability for sale of future revenue. Our imputed interest rate is calculated based on the rate we expect would enable the liability to be amortized in full over the life of the agreement and may vary throughout the term of the arrangement depending on the amount and timing of forecasted qualifying royalties and milestones, which will affect the timing and amount of reductions to the liability.

Further, although we will no longer receive the proceeds from the qualifying future royalties and milestones, we are required under GAAP to continue recognizing these amounts within our condensed consolidated statements of operations.

The following table summarizes the activity related to our liability for sale of future revenue:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| Beginning balance | $ 304 | $ — |
| Proceeds from sale of future revenue | — | 295 |
| Deferred transaction costs | — | (5) |
| Royalty and milestone revenue | (39) | (10) |
| Imputed interest expense | 44 | 20 |
| Ending balance | $ 309 | $ 300 |
| Effective interest rate | 18.4 % | 16.2 % |

## Note 11. Income Taxes

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Income tax expense (benefit) | $ 6 | $ (16) | $ 38 | $ (9) |
| Effective tax rate | 25.7 % | 30.9 % | 22.8 % | (24.5)% |

For the three and nine months ended September 30, 2026, we recognized income tax expense of $6 million and $38 million, respectively. For the three months ended September 30, 2026, our effective tax rate of 25.7% differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of projected earnings. For the nine months ended September 30, 2026, our effective tax rate of 22.8% differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of projected earnings as well as the utilization of net operating losses and a valuation allowance release in the U.S.

For the three and nine months ended September 30, 2025, we recognized an income tax benefit of $16 million and $9 million, respectively. Our effective tax rate of 30.9% for the three months ended September 30, 2025, differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of income and losses in non-U.S. jurisdictions. We also recognized a tax benefit of $16 million related to the remeasurement of certain deferred tax positions due to a foreign tax rate change during the three months ended September 30, 2025.

In addition to this benefit from the remeasurement of certain deferred tax positions due to a foreign tax rate change, our effective tax rate of (24.5)% for the nine months ended September 30, 2025, also differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of income and losses in non-U.S. jurisdictions.

We were included in Eli Lilly and Company's (Lilly's) U.S. tax examinations by the Internal Revenue Service through the full separation date of March 11, 2019. Pursuant to the tax matters agreement we executed with Lilly in connection with our initial public offering (IPO), the potential liabilities or potential refunds attributable to pre-IPO periods in which Elanco was included in a Lilly consolidated or combined tax return remain with Lilly. The U.S. examination of tax years 2016 to 2018 began in 2019 and remains ongoing. Final resolution of certain matters is dependent upon several factors, including the potential for formal administrative proceedings.

## Note 12. Commitments and Contingencies

### *Legal Matters*

We are party to various legal actions that oftentimes arise in the normal course of business. The most significant of these matters are described below. Under GAAP, loss contingency provisions are recorded when we deem it probable that we will incur a loss and are able to formulate a reasonable estimate of that loss. For the legal matters discussed below, we either believe material loss is not probable or are unable to reasonably estimate the possible loss or range of loss, if any. The process of resolving these matters is inherently uncertain and may develop over an extended period of time; therefore, at this time, the ultimate resolutions cannot be predicted. As of September 30, 2026 and December 31, 2025, we had no material liabilities established related to the legal matters discussed below.

On October 7, 2024, a putative securities class action lawsuit captioned *Joseph Barpar v. Elanco Animal Health Inc., et al.* (*Barpar*) was filed in the U.S. District Court for the District of Maryland against Elanco and two of its executives. *Barpar* alleged claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the Exchange Act) and specifically alleged that Elanco and the two executives made materially false and/or misleading statements and/or failed to disclose certain facts about the safety of and labeling for our *Zenrelia*® product, as well as the approval and launch timelines for *Zenrelia* and our *Credelio Quattro*™ product. The plaintiff purported to represent purchasers of Elanco securities between November 7, 2023 and June 26, 2024. On March 21, 2025, plaintiff filed an amended complaint that extended the time period for which the plaintiff purported to represent purchasers of Elanco securities to between May 9, 2023 and June 26, 2024. The amended complaint also removed allegations concerning the approval and launch timelines for our *Credelio Quattro* product. On May 20, 2025, we filed a motion to dismiss this case, and on March 26, 2026, the court granted our motion to dismiss the amended complaint in its entirety with prejudice and entered judgment in our favor. The plaintiff has appealed this decision to the U.S. Court of Appeals for the Fourth Circuit, and the appeal is currently pending.

Following the filing of *Barpar*, several derivative cases were filed, all of which have been stayed pending final resolution of the *Barpar* matter, including any applicable appeal periods. On November 1, 2024, a shareholder derivative action captioned *Lawrence Hollin v. Lawrence E. Kurzius, et al. (Hollin)* was filed in the U.S. District Court for the District of Maryland against current members of Elanco's Board of Directors and senior management, alleging claims under Sections 10(b) and 20(a) of the Exchange Act and state law claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment and waste of corporate assets, based on allegations substantially similar to the allegations in the putative class action complaint in *Barpar*. On March 11, 2025, a shareholder derivative action captioned *James Habermehl v. Jeffrey N. Simmons, et al.* was filed in Hancock County Circuit Court of Indiana, against the same parties named in *Hollin*, alleging claims under Indiana state law for breach of fiduciary duty and unjust enrichment, based on allegations substantially similar to the allegations in the putative class action complaint in *Barpar.* On April 28, 2025, a shareholder derivative action captioned *Christopher Dougherty v. Elanco Animal Health, Inc., et al. (Dougherty)*, was filed in the District of Maryland, naming certain Elanco executives and 13 Elanco Board members as defendants. *Dougherty* alleges the defendants engaged in conspiratorial and individually culpable conduct based on materially false or misleading statements and omissions alleged in, referenced or related to, in large part, the putative class action complaint in *Barpar*, as well as breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and as to the certain executives, contribution under Section 15, U.S.C. § 78j(b) and Section 21D of the Exchange Act. On June 11, 2025, a shareholder derivative action captioned *Mike Sexton v. Jeffrey N. Simmons, et al.* was filed in Hancock County Circuit Court of Indiana against largely the same parties as in *Hollin*, alleging claims under Indiana state law for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. We are vigorously defending our positions in connection with each of these actions.

On May 20, 2020, a shareholder class action lawsuit captioned *Hunter v. Elanco Animal Health Inc., et al.* was filed in the U.S. District Court for the Southern District of Indiana against Elanco and certain executives. On September 3, 2020, the court appointed a lead plaintiff, and on November 9, 2020, the lead plaintiff filed an amended complaint

adding additional claims against Elanco, certain executives and other individuals. The lawsuit alleged, in part, that Elanco and certain of its executives made materially false and/or misleading statements and/or failed to disclose certain facts about Elanco's supply chain, inventory, revenue and projections. The lawsuit sought unspecified monetary damages and purports to represent purchasers of Elanco securities between September 30, 2018 and May 6, 2020, and purchasers of Elanco common stock issued in connection with Elanco's acquisition of Aratana Therapeutics, Inc. On January 13, 2021, we filed a motion to dismiss, and on August 17, 2022, the Court issued an order granting our motion to dismiss the case without prejudice. On October 14, 2022, the plaintiffs filed a motion for leave to amend the complaint. On December 7, 2022, we filed an opposition to the plaintiffs' motion, and on September 27, 2023, the court denied the plaintiffs' motion for leave, issuing final judgment in favor of Elanco. On October 25, 2023, the plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Seventh Circuit, which was affirmed on August 14, 2026. On August 28, 2026, the plaintiffs filed a petition for rehearing and rehearing en banc, which the Seventh Circuit denied on September 14, 2026. We intend to continue to vigorously defend our position.

On October 16, 2020, a shareholder class action lawsuit captioned *Safron Capital Corporation v. Elanco Animal Health Inc., et al.* was filed in the Marion Superior Court of Indiana against Elanco, certain executives and other individuals and entities. On December 23, 2020, the plaintiffs filed an amended complaint adding an additional plaintiff. The lawsuit alleged, in part, that Elanco and certain of its executives made materially false and/or misleading statements and/or failed to disclose certain facts about Elanco's relationships with third-party distributors and revenue attributable to those distributors within the registration statement on Form S-3 dated January 21, 2020, and accompanying prospectus filed in connection with Elanco's public offering which closed on or about January 27, 2020. The lawsuit sought unspecified monetary damages and purported to represent purchasers of Elanco common stock or tangible equity units issued in connection with the public offering. On June 8, 2023, the plaintiffs filed a motion for leave to file a second amended complaint, which became the operative complaint. We filed a motion to dismiss the second amended complaint on August 7, 2023, which was granted on April 17, 2024. On or about October 4, 2024, the plaintiffs appealed the dismissal to the Indiana Court of Appeals, which affirmed the trial court's order granting our motion to dismiss on August 1, 2025. On October 23, 2025, the plaintiff appealed dismissal to the Indiana Supreme Court, and on February 26, 2026, the Indiana Supreme Court denied plaintiff's appeal, which resolved this case in final form in Elanco's favor at the state court level. On May 15, 2026, the plaintiff filed a petition for a Writ of Certiorari with the U.S. Supreme Court. The matter remains resolved in Elanco's favor unless and until the U.S. Supreme Court grants review and rules otherwise.

In the third quarter of 2019, Tevra Brands, LLC (Tevra) filed a complaint in the U.S. District Court of the Northern District of California, alleging that Bayer Animal Health (acquired by us in August 2020) had been involved in unlawful, exclusive dealing and tying of its flea and tick products *Advantage*, *Advantix* and *Seresto*™ and maintained a monopoly in the market. The complaint was amended in March 2020 and then dismissed in September 2020 with leave to amend. A second amended complaint was filed in March 2021 and realleged claims of unlawful exclusive dealing related to *Advantage* and *Advantix* and monopoly maintenance. A motion to dismiss the second amended complaint was denied in January 2022. Tevra's demands included both actual and treble damages. On April 16, 2024, the court granted our motion for summary judgment to exclude all damages subsequent to our acquisition of Bayer Animal Health in August 2020. A jury trial was held in July 2024, and on August 1, 2024, the jury returned a verdict in favor of Bayer Animal Health. In January 2025, Tevra's motion for a new trial was denied, and in February 2025, Tevra filed its notice of appeal. On July 6, 2026, the Ninth Circuit Court of Appeals affirmed the jury verdict, and on July 28, 2026, Tevra filed a petition for panel rehearing with the Ninth Circuit Court of Appeals, which was denied on July 31, 2026.

Following the initial Tevra trial, three additional matters were filed against us, both in the Northern District of California and in the Southern District of Indiana, most recently in January 2025: *Tracy Spradlin v. Elanco Animal Health, Inc. (Spradlin)*, *Tevra Brands, LLC v. Elanco Animal Health, Inc. (Tevra v. Elanco)*, and *Susan Kraus-Silfen v. Elanco Animal Health, Inc. et. al. (Kraus-Silfen)*. While there are substantive and statutory differences, the allegations underpinning these matters are similar in some respects to the initial Tevra matter. *Spradlin* and *Kraus-Silfen* are putative class actions, and all three of these additional matters seek injunctive relief and an unspecified amount of monetary relief. On March 31, 2025, our motion to dismiss *Tevra v. Elanco* was granted by the court without prejudice to plaintiff's right to file an amended claim. Thereafter, Tevra voluntarily moved to dismiss its complaint with prejudice, which motion was granted on October 13, 2026. On February 18, 2026, we reached a settlement in principle with the *Kraus-Silfen* and *Spradlin* plaintiffs, including the potential payment by Elanco of a non-material amount. Related to this settlement, the parties' unopposed motion for preliminary class approval was granted on September 17, 2026. This proposed settlement does not constitute an admission of liability.

## Note 13. Earnings Per Share

We compute basic earnings (loss) per share by dividing net income (loss) by the weighted-average number of common shares outstanding for the reporting period. Elanco has variable common stock equivalents relating to certain equity awards in stock-based compensation arrangements. Diluted earnings (loss) per share reflects the potential dilution that could have occurred if holders of the unvested equity awards converted their holdings into common stock. The weighted-average number of potentially dilutive shares outstanding was calculated using the treasury stock method. Potential common shares that would have had the effect of increasing diluted earnings per share (or reducing loss per share) were considered to be anti-dilutive and as such, these shares were not included in the calculation of diluted earnings (loss) per share.

Basic and diluted weighted-average shares outstanding were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Basic weighted-average common shares outstanding | 499.7 | 496.8 | 498.9 | 496.2 |
| Assumed conversion of dilutive common stock equivalents [(1)] | 6.8 | — | 7.1 | 5.0 |
| Diluted weighted-average shares outstanding | 506.5 | 496.8 | 506.0 | 501.2 |

(1) For the three months ended September 30, 2026 and 2025, approximately 1.4 million and 8.1 million, respectively, of potential common shares were excluded from the calculation of diluted weighted-average shares outstanding because their effect was anti-dilutive. For the nine months ended September 30, 2026 and 2025, approximately 1.3 million and 2.4 million, respectively, of potential common shares were excluded from the calculation of diluted weighted-average shares outstanding because their effect was anti-dilutive.

## Note 14. Business Segment Information

We operate our business as a single segment engaged in the development, manufacturing, marketing and sales of animal health products for both pets and farm animals. Consistent with our operational structure, our Chief Executive Officer (CEO), as the chief operating decision maker, makes resource allocation and business process decisions globally across our consolidated business. Strategic and resource allocation decisions are managed globally, with global functional leaders responsible for determining significant costs and investments and with regional leaders responsible for overseeing the execution of our global strategy. Managing and allocating resources at the global corporate level enables our CEO to assess the overall level of resources available and how to best deploy these resources across functions, product types, regional commercial organizations and R&D projects in line with our overarching long-term, corporate-wide strategic goals, rather than on a product or geographic basis. Consistent with this decision-making process, our CEO considers consolidated net income (loss), which is our single segment's principal measure of segment profit and loss, when evaluating performance. Our CEO also considers these measures, as well as other factors, such as an assessment of a new product's future market potential, when determining how to allocate company-wide resources.

Significant segment expenses are amounts that are regularly provided to our CEO and included in consolidated net income (loss), our primary measure of our single segment's profit or loss. Our CEO regularly reviews reported consolidated revenue, gross profit, other significant segment expenses and consolidated net income (loss), in addition to forecasted revenue, significant segment expenses and net income (loss) amounts for future periods. A summary of our consolidated net income for the three and nine months ended September 30, 2026 and 2025, is as follows, including the significant segment expenses provided to and regularly reviewed by our CEO, as well as other expenses, which are included in consolidated net income, but are not regularly provided to and/or reviewed by our CEO:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Revenue | $ 1,265 | $ 1,137 | $ 4,004 | $ 3,571 |
| Cost of sales | 545 | 530 | 1,701 | 1,567 |
| Gross profit | 720 | 607 | 2,303 | 2,004 |
| Other significant segment expenses: | | | | |
| Research and development | 99 | 89 | 288 | 275 |
| Marketing and selling | 259 | 220 | 825 | 717 |
| General and administrative | 134 | 131 | 398 | 375 |
| Interest expense, net of capitalized interest | 59 | 52 | 175 | 140 |
| Other (income) expense, net | (2) | — | 1 | 23 |
| Income tax expense (benefit) | 6 | (16) | 38 | (9) |
| Total other significant segment expenses | 555 | 476 | 1,725 | 1,521 |
| Other expenses [1] | 147 | 165 | 449 | 439 |
| Net income (loss) | $ 18 | $ (34) | $ 129 | $ 44 |

(1) Other expenses include amortization of intangible assets and asset impairment, restructuring and other special charges.

Depreciation expense related to property and equipment and amortization expense related to software for the three and nine months ended September 30, 2026 and 2025, respectively, were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Depreciation expense | $ 27 | $ 28 | $ 81 | $ 77 |
| Amortization of software | 6 | 8 | 18 | 25 |

Given our single reporting segment structure, we manage our assets on a total company basis. Cash paid for acquisitions, intangible assets and property and equipment and software, and cash proceeds from divestitures, are all summarized in the Investing Activities section of our condensed consolidated statements of cash flows.

# ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Introduction

Management's discussion and analysis of financial condition and results of operations (MD&A) is intended to assist the reader in understanding and assessing significant changes and trends related to our results of operation and financial position. This discussion and analysis should be read in conjunction with the condensed consolidated financial statements and accompanying footnotes in Item 1 of Part I of this Form 10-Q. Certain statements in this Item 2 of Part I of this Form 10-Q constitute forward-looking statements. Various risks and uncertainties, including, but not limited to those discussed in "Forward-Looking Statements" of this Form 10-Q, in Item 1A, "Risk Factors" of Part II of this Form 10-Q and in Item 1A, "Risk Factors" of Part I of our 2025 Form 10-K, may cause our actual results, financial position and cash flows to differ materially from these forward-looking statements.

## Business Overview

Elanco is a global leader in animal health, dedicated to innovating and delivering products and services to prevent and treat disease in farm animals and pets. We partner with farmers, pet owners, veterinarians and society to create value and help our customers improve the health of animals in their care, while also making a meaningful impact on the communities we serve. Our diverse, durable product portfolio is sold in more than 90 countries and serves animals across many species, primarily: dogs and cats (collectively, pet health) and cattle, poultry, swine, and sheep (collectively, farm animal). Our purpose — *making life better for animals makes life better* — inspires us to Go Beyond for animals, customers, society and our people.

With a heritage dating back to 1954, we operate our business in a single segment within the animal health industry, offering a diverse product portfolio of approximately 200 brands, which helps make us a trusted partner to pet owners, veterinarians and farm animal producers. Our products are generally sold worldwide to third-party distributors and independent retailers and directly to farm animal producers and veterinarians. Our omnichannel presence extends to both the veterinary clinic and retail markets, including e-commerce.

## Product Development and Regulatory Update

A key element of our targeted value creation strategy is to drive revenue growth through portfolio development and product innovation. We continue to pursue the development of new chemical and biological molecules, as well as additional registrations and indications for current products. Our future growth and success depend on both our pipeline of new products, including new products we develop internally, with partners or obtain through licenses or acquisitions, and the life cycle management of our existing products. We believe we are an industry leader in animal health R&D, with a track record of successful product innovation, business development and commercialization. Recent new product development, regulatory and product launch highlights include the following:

Zenrelia: We received final FDA approval for *Zenrelia*®, a JAK inhibitor targeting control of pruritus and atopic dermatitis in dogs, in September 2024. We launched *Zenrelia* in the U.S. shortly after final approval and have also commercialized *Zenrelia* in Australia, Brazil, Canada, the European Union (EU), Japan and the U.K. Additional reviews are ongoing in other markets.

Credelio Quattro: In October 2024, we received final approval from the FDA for *Credelio Quattro*®, a monthly chewable tablet for dogs that protects against fleas, ticks, heartworms, roundworms, hookworms and three different species of tapeworms. *Credelio Quattro* was launched in January 2025 and in December 2025 we also received conditional approval for treatment of the New World screwworm. Credelio Quattro was launched in Australia, Canada and Japan during the second quarter of 2026. Additional submissions have been made in other key markets, including the EU and the U.K.

Befrena: In December 2025, we received final approval from the USDA for *Befrena*®, a new anti-IL31 monoclonal antibody injection targeting canine allergic and atopic dermatitis. We continue the phased launch of *Befrena,* which was initiated during the second quarter of 2026.

### Other Key Trends and Factors Affecting Our Results of Operations

Restructuring Activities: In December 2025, our Board of Directors authorized a restructuring plan (the 2025 Restructuring Plan) to support margin expansion, optimize our global footprint and further invest in innovation. Specifically, the 2025 Restructuring Plan targeted an expected 2026 closure of the animal studies portion of our R&D facilities in Monheim, Germany, while also expanding our R&D organization in Indianapolis, Indiana, among other changes to our R&D organization. The 2025 Restructuring Plan is also expected to result in our exit from certain farm animal implant products and the related closure of our manufacturing facility in Kansas City, Kansas, in 2026. In total, the 2025 Restructuring Plan is expected to result in a global headcount reduction of approximately 300 employees, with an additional approximately 300 employees whose positions will be replaced with positions in growth areas or in lower-cost geographies.

In connection with the 2025 Restructuring Plan, we incurred charges of $155 million in the fourth quarter of 2025. Expected pre-tax charges associated with the 2025 Restructuring Plan total $25 million to $30 million in 2026, of which $18 million was incurred during the nine months ended September 30, 2026, primarily related to the remaining shut-down costs for our Monheim, Germany, facility. The 2025 Restructuring Plan is expected to result in savings of approximately $25 million in 2026 and approximately $60 million in 2027.

Trade Environment and Other U.S. Government Initiatives: Changes to U.S. trade policy continued throughout the first nine months of 2026. On February 20, 2026, the U.S. Supreme Court ruled that the International Emergency Economic Powers Act (IEEPA) does not provide authority for the President to impose tariffs. Subsequently, new tariffs were imposed under Section 122 of the Trade Act of 1974; however, these Section 122 tariffs expired on July 24, 2026. Following this expiration, the U.S. government implemented new tariffs under Section 301 of the Trade Act of 1974, which specifically target products associated with forced labor concerns.

On April 2, 2026, the President issued a proclamation under Section 232 of the Trade Expansion Act of 1962 imposing tariffs on certain imported patented pharmaceuticals and active pharmaceutical ingredients. While these tariffs target certain patented pharmaceutical products, the proclamation and subsequent regulatory guidance include significant carve-outs, including for certain animal-health pharmaceutical products. To date, neither these measures nor recent Section 301 tariff announcements have had a material impact on our operations. We continue to monitor ongoing trade developments.

While the ultimate financial impact of these and other decisions cannot be reasonably estimated at this time, we will continue to closely monitor the trade policies in countries in which we operate and/or from which we import products and continue to take actions, where possible, to mitigate the impacts on our business.

As disclosed in Item 1A, "Risk Factors – *Tariffs, trade protection measures or other modifications of foreign trade policy may harm us or our customers*", of our 2025 Form 10-K, our business is subject to risks related to, among other factors, tariffs, trade and monetary policies and economic conditions and events. We do not believe the previously enacted tariffs had a material impact on our results of operations for the nine months ended September 30, 2026. However, while animal-health pharmaceutical products are largely exempt from the U.S. tariffs imposed to date, it remains uncertain if this will continue to be the case, and pharmaceutical products are not exempt from all tariffs imposed outside of the U.S. Following the February 2026 U.S. Supreme Court ruling, we filed for refunds of certain IEEPA tariffs previously paid. While the timing and extent of any recoveries remain uncertain, we do not believe the impact of these potential refunds will be material to our business or financial statements.

Further, the U.S. presidential administration has sought to implement significant changes to the size and scope of the federal government. Among these changes, certain previously authorized government incentives focused on the adoption of new products for the sole purpose of sustainability have been frozen or rescinded. As disclosed in Item 1A, "Risk Factors – *If the acceptance and/or adoption of our farm animal sustainability initiatives do not continue, our future results may be materially impacted*", of our 2025 Form 10-K, we have made significant progress in recent years in gaining acceptance of farm animal sustainability products. However, we believe the adoption rate of Bovaer, one of our farm animal sustainability products, has been tempered given the absence of government incentives focused on such adoption. We continue to monitor the impact these changes are having on our current business and on the adoption ramp of Bovaer, although the potential longer-term impact to us remains uncertain.

Sale of Future Revenue: In May 2025, we executed a PSA with affiliates of Blackstone, pursuant to which we received proceeds of $295 million in exchange for the rights to the proceeds from qualifying future royalties and sales milestone payments owed to us by Tarsus based on their net sales of XDEMVY® (lotilaner ophthalmic solution) 0.25%, a medical treatment for Demodex blepharitis in humans. These net proceeds were utilized to repay previously outstanding debt. See Note 10. Liability for Sale of Future Revenue for further information.

Acquisition and Integration: On April 30, 2026, we completed the acquisition of AHV, along with selected assets of AHV's affiliates necessary for the ongoing operations of the business. AHV is an innovative, farm animal health company incorporated in the Netherlands focused on solutions to improve animal welfare and productivity, while reducing the need for antibiotics. The acquisition of AHV is expected to accelerate our strategy to grow our industry

leadership in farm animal products, particularly for cattle, by expanding our product portfolio, primarily throughout Europe and the U.S. We expect AHV to contribute modestly to revenue in 2026, with a more meaningful impact beginning in 2027 as we integrate the business and realize commercial synergies. This transaction was funded utilizing cash on hand and by borrowing $50 million on our Securitization Facility, which was subsequently repaid during the second quarter of 2026. This acquisition is not expected to materially affect our deleveraging timeline or overall liquidity position.

Macroeconomic Factors: Our operations are exposed to, and impacted by, various global macroeconomic factors, including emerging global armed conflicts and related government responses to them. While our business has not been materially impacted by any such conflicts to date, conflict escalation or prolonged international tensions could result in economic slowdown, volatility in consumer behavior, increased shipping costs or materials costs and/or supply chain disruptions, any one of which could have a material negative impact on our results of operations.

Seasonality: While many of our products are sold consistently throughout the year, we do experience seasonality in our pet health business due to increased demand for certain parasiticide product offerings in the first half of the year. For example, in 2025 approximately 70% and 60% of total annual revenue generated by our higher-margin parasiticide products *Seresto* and *Advantage Family*, respectively, occurred during the first half of the year, which is reflective of the flea and tick season in the Northern Hemisphere.

## Results of Operations

The following discussion and analysis of our results of operations should be read along with our condensed consolidated financial statements and the notes thereto. Our results of operations for the periods presented below may not be comparable with prior periods or with our results of operations in the future due to many factors, including but not limited to the factors identified above.

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| **(Dollars in millions)** | **2026** | **2025** | **% Change** | **2026** | **2025** | **% Change** |
| Revenue | $ 1,265 | $ 1,137 | 11% | $ 4,004 | $ 3,571 | 12% |
| Cost of sales | 545 | 530 | 3% | 1,701 | 1,567 | 9% |
| Gross profit | 720 | 607 | 19% | 2,303 | 2,004 | 15% |
| Research and development | 99 | 89 | 11% | 288 | 275 | 5% |
| Marketing, selling and administrative | 393 | 351 | 12% | 1,223 | 1,092 | 12% |
| Amortization of intangible assets | 144 | 140 | 3% | 421 | 404 | 4% |
| Asset impairment, restructuring and other special charges | 3 | 25 | NM | 28 | 35 | (20)% |
| Interest expense, net of capitalized interest | 59 | 52 | 13% | 175 | 140 | 25% |
| Other (income) expense, net | (2) | — | NM | 1 | 23 | NM |
| Income (loss) before income taxes | 24 | (50) | NM | 167 | 35 | 377% |
| Income tax expense (benefit) | 6 | (16) | NM | 38 | (9) | NM |
| Net income (loss) | $ 18 | $ (34) | NM | $ 129 | $ 44 | 193% |

Certain amounts and percentages may reflect rounding adjustments.
NM - Not meaningful

### *Revenue*

Our products are sold in more than 90 countries, and as a result, a significant portion of our revenue is recorded in currencies other than the U.S. Dollar. Because of this, our revenue is influenced by changes in foreign currency exchange rates. During the nine months ended September 30, 2026 and 2025, approximately 52% and 51%, respectively, of our revenue was denominated in foreign currencies.

Further, increases or decreases in inventory levels in our distribution channels can positively or negatively impact our periodic revenue results, leading to variations in revenue. This can be a result of various factors, such as end customer demand, new customer contracts, initial stocking of new products, heightened and generic competition, the need for certain inventory levels, our ability to renew distribution contracts with expected terms, our ability to implement commercial strategies, regulatory restrictions, unexpected customer behavior, proactive measures taken by us in response to shifting market dynamics, payment terms we extend, which are subject to internal policies, blackout shipping periods due to system downtime, implementations and integrations and procedures and environmental factors beyond our control.

Our revenue by product category for the three and nine months ended September 30, 2026 and 2025, was as follows:

| | Three Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | Revenue | | % of Total Revenue | | | |
| (Dollars in millions) | 2026 | 2025 | 2026 | 2025 | $ Change | % Change |
| Pet Health | $ 608 | $ 533 | 48 % | 47 % | $ 75 | 14 % |
| Farm Animal | 631 | 593 | 50 % | 52 % | 38 | 6 % |
| Contract Manufacturing and Other [1] | 26 | 11 | 2 % | 1 % | 15 | 136 % |
| Total | $ 1,265 | $ 1,137 | 100 % | 100 % | $ 128 | 11 % |

| | Nine Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | Revenue | | % of Total Revenue | | | |
| (Dollars in millions) | 2026 | 2025 | 2026 | 2025 | $ Change | % Change |
| Pet Health | $ 2,036 | $ 1,811 | 51 % | 51 % | $ 225 | 12 % |
| Farm Animal | 1,906 | 1,722 | 48 % | 48 % | 184 | 11 % |
| Contract Manufacturing and Other [1] | 62 | 38 | 1 % | 1 % | 24 | 63 % |
| Total | $ 4,004 | $ 3,571 | 100 % | 100 % | $ 433 | 12 % |

Note: Numbers may not add due to rounding.

(1) Represents royalty revenue, sales-based milestones and revenue from arrangements in which we manufacture products on behalf of a third party. Royalty revenue and sales-based milestones sold to a third party in May 2025 totaled $21 million and $6 million for the three months ended September 30, 2026 and 2025, respectively, and $39 million and $10 million for the nine months ended September 30, 2026 and 2025, respectively. While we are no longer entitled to these royalties and sales-based milestones, we are required under GAAP to continue recognizing them as revenue. See Note 10. Liability for Sale of Future Revenue for additional information.

The effects of price, foreign currency exchange rates and volume on changes in revenue for the three and nine months ended September 30, 2026, compared to three and nine months ended September 30, 2025, were as follows:

**Three months ended September 30, 2026**

| (Dollars in millions) | Revenue | Price | FX Rate | Volume | Acquisition [1] | Total |
|---|---|---|---|---|---|---|
| Pet Health | $ 608 | 5% | —% | 9% | —% | 14% |
| Farm Animal | 631 | 3% | —% | 1% | 2% | 6% |
| Contract Manufacturing and Other | 26 | | | | | 136% |
| Total | $ 1,265 | 4% | —% | 5% | 1% | 11% |

**Nine months ended September 30, 2026**

| (Dollars in millions) | Revenue | Price | FX Rate | Volume | Acquisition [1] | Total |
|---|---|---|---|---|---|---|
| Pet Health | $ 2,036 | 3% | 2% | 7% | —% | 12% |
| Farm Animal | 1,906 | 3% | 2% | 5% | 1% | 11% |
| Contract Manufacturing and Other | 62 | | | | | 63% |
| Total | $ 4,004 | 3% | 2% | 6% | 1% | 12% |

Note: Numbers may not add due to rounding.

(1) Includes revenues contributed by the AHV business acquired on April 30, 2026. Revenues attributable to AHV during the nine months ended September 30, 2026, were approximately $22 million.

Pet health revenue increased $75 million, or 14%, for the three months ended September 30, 2026, compared to the same period in 2025, driven primarily by higher volumes and increased pricing. Higher volumes were primarily driven by *Zenrelia, Credelio Quattro* and *AdTab,* partially offset by smaller declines in certain legacy parasiticide products. A portion of the higher volumes were attributable to adoption of *Zenrelia* and *Credelio Quattro* by new customers.

Pet health revenue increased $225 million, or 12%, for the nine months ended September 30, 2026, compared to the same period in 2025, primarily driven by higher volumes, increased pricing and the impacts from foreign currency exchange rate movements. Higher volumes were primarily driven by *Zenrelia, Credelio Quattro* and *AdTab.* A portion of the higher volumes were attributable to adoption of *Zenrelia* and *Credelio Quattro* by new customers.

Farm animal revenue increased $38 million, or 6%, for the three months ended September 30, 2026, compared to the same period in 2025, driven by increased pricing and higher volumes in ruminants, partially offset by decreased poultry volumes. The increase in ruminant volumes was primarily driven by *Rumensin,* which was impacted by certain customer buying patterns, and contributions from the acquisition of AHV.

Farm animal revenue increased $184 million, or 11%, for the nine months ended September 30, 2026, compared to the same period in 2025, driven primarily by increased volumes in ruminants and poultry, increased pricing and the impacts from foreign currency exchange rate movements. Higher volumes in ruminants were primarily led by *Rumensin*.

Contract manufacturing and other revenue increased $15 million and $24 million for the three and nine months ended September 30, 2026, respectively, compared to the same period in 2025. The increases were driven primarily by higher royalties and a $10 million sales-based milestone recognized during the three months ended September 30, 2026. No such sales-based milestone was recognized in the comparative periods.

### *Gross Profit*

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| (Dollars in millions) | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Gross profit | $ 720 | $ 607 | 19 % | $ 2,303 | $ 2,004 | 15 % |
| Gross margin % | 56.9 % | 53.4 % | | 57.5 % | 56.1 % | |

Gross profit increased $113 million and $299 million for the three and nine months ended September 30, 2026, respectively, corresponding to increased revenues. Gross margin percentage (gross profit as a percentage of total revenue) increased compared to the three months ended September 30, 2025, driven primarily by favorable pricing and product mix.

### *Research and Development*

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| (Dollars in millions) | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Research and development | $ 99 | $ 89 | 11 % | $ 288 | $ 275 | 5 % |
| % of revenue | 8 % | 8 % | | 7 % | 8 % | |

Research and development expenses increased $10 million and $13 million for the three and nine months ended September 30, 2026, as compared to the same period in the prior year. The increases were primarily driven by increased spending on global research and development projects and foreign currency exchange rate movements.

### *Marketing, Selling and Administrative*

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| (Dollars in millions) | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Marketing, selling and administrative | $ 393 | $ 351 | 12 % | $ 1,223 | $ 1,092 | 12 % |
| % of revenue | 31 % | 31 % | | 31 % | 31 % | |

Marketing, selling and administrative expenses increased $42 million and $131 million for the three and nine months ended September 30, 2026, as compared to the same period in the prior year. The increases were driven by higher compensation expense, strategic investments in the global launches of new products and foreign currency exchange rate movements, partially offset by decreases in certain general and administrative expenses.

### *Amortization of Intangible Assets*

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| (Dollars in millions) | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Amortization of intangible assets | $ 144 | $ 140 | 3 % | $ 421 | $ 404 | 4 % |

Amortization of intangible assets increased $4 million and $17 million for the three and nine months ended September 30, 2026, as compared to the same period in the prior year. The increases were primarily driven by changes in foreign currency exchange rates and amortization of finite-lived intangibles recognized as part of the acquisition of AHV not included in the comparative period (see Note 4. Acquisitions and Divestitures for further information).

### *Asset Impairment, Restructuring and Other Special Charges*

| (Dollars in millions) | Three Months Ended September 30, 2026 | 2025 | % Change | Nine Months Ended September 30, 2026 | 2025 | % Change |
|---|---|---|---|---|---|---|
| Asset impairment, restructuring and other special charges | $ 3 | $ 25 | NM | $ 28 | $ 35 | (20)% |

Asset impairment, restructuring and other special charges decreased $22 million and $7 million for the three and nine months ended September 30, 2026, respectively, as compared to the same period in the prior year. Asset impairment, restructuring and other special charges during the nine months ended September 30, 2026, included $18 million of charges related to the 2025 Restructuring Plan ($15 million of which was non-cash shut-down costs for the animal studies portion of our R&D facilities in Monheim, Germany) and $5 million of costs associated with our acquisition of AHV. Amounts recorded to asset impairment, restructuring and other special charges during the three and nine months ended September 30, 2025, included asset impairments of $24 million, primarily comprised of $16 million related to two early-stage capital projects that we indefinitely suspended during the third quarter of 2025. Additional amounts recorded primarily consisted of upfront payments made during the first quarter of 2025 in relation to new licensing arrangements.

### *Interest Expense, Net of Capitalized Interest*

| (Dollars in millions) | Three Months Ended September 30, 2026 | 2025 | % Change | Nine Months Ended September 30, 2026 | 2025 | % Change |
|---|---|---|---|---|---|---|
| Interest expense, net of capitalized interest | $ 59 | $ 52 | 13 % | $ 175 | $ 140 | 25 % |

Interest expense, net of capitalized interest increased $7 million and $35 million for the three and nine months ended September 30, 2026, respectively, as compared to the same period in the prior year. These increases were principally due to increased imputed interest on our liability for the sale of future revenue of $3 million and $24 million for the three and nine months ended September 30, 2026, respectively (see Note 10. Liability for Sale of Future Revenue for further information). The remaining increase during the nine months ended September 30, 2026, was due to interest expense related to our corporate headquarters finance lease (which commenced in June 2025), partially offset by lower average outstanding debt balances.

### *Other (Income) Expense, Net*

| (Dollars in millions) | Three Months Ended September 30, 2026 | 2025 | % Change | Nine Months Ended September 30, 2026 | 2025 | % Change |
|---|---|---|---|---|---|---|
| Other (income) expense, net | $ (2) | $ — | NM | $ 1 | $ 23 | NM |

Other income, net for the three months ended September 30, 2026, primarily consisted of foreign currency exchange gains. Other expense, net for the nine months ended September 30, 2026, primarily consisted of currency translation losses reclassified from accumulated other comprehensive loss to the condensed consolidated statements of operations in conjunction with the substantial liquidation of dormant legal entity, a litigation settlement and mark-to-market adjustments on equity investments, partially offset by foreign currency exchange gains. Other expense, net for the nine months ended September 30, 2025, primarily consisted of foreign currency exchange losses.

### *Income Tax Expense (Benefit)*

| (Dollars in millions) | Three Months Ended September 30, 2026 | 2025 | % Change | Nine Months Ended September 30, 2026 | 2025 | % Change |
|---|---|---|---|---|---|---|
| Income tax expense (benefit) | $ 6 | $ (16) | NM | $ 38 | $ (9) | NM |
| Effective tax rate | 25.7 % | 30.9 % | | 22.8 % | (24.5)% | |

We recognized income tax expense of $6 million and income tax benefit of $16 million for the three months ended September 30, 2026 and 2025, respectively. Our effective tax rate of 25.7% for the three months ended September 30, 2026, differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of projected earnings. Our effective tax rate of 30.9% for the three months ended September 30, 2025, differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of income and losses in non-U.S. jurisdictions. We also recognized a tax benefit of $16 million related to the remeasurement of certain deferred tax positions due to a foreign tax rate change during the three months ended September 30, 2025.

We recognized income tax expense of $38 million and income tax benefit of $9 million for the nine months ended September 30, 2026 and 2025, respectively. Our effective tax rate of 22.8% for the nine months ended September 30, 2026, differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of projected earnings as well as the utilization of net operating losses and a valuation allowance release in the U.S. Our effective tax rate of (24.5)% for the nine months ended September 30, 2025, differed from the statutory income tax rate primarily due to the tax benefit of $16 million related to the remeasurement of certain deferred tax positions during the three months ended September 30, 2025, as well as due to the jurisdictional mix of income and losses in non-U.S. jurisdictions.

## Liquidity and Capital Resources

Our primary sources of liquidity are cash on hand, cash flows from operations and funds available under our credit facilities. As a significant portion of our business is conducted internationally, we hold a significant portion of cash outside the U.S. We monitor and adjust the amount of foreign cash based on projected cash flow requirements. Our ability to use foreign cash to fund cash flow requirements in the U.S. may be impacted by local regulations and, to a lesser extent, the income taxes associated with transferring cash to the U.S. We intend to indefinitely reinvest substantially all foreign earnings for continued use in our foreign operations. As our business evolves, we may change that strategy, particularly to the extent we identify tax-efficient reinvestment alternatives for our foreign earnings or change our cash management strategy.

We believe our primary sources of liquidity are sufficient to fund our short-term and long-term existing and planned capital requirements, which include working capital obligations, funding existing marketed and pipeline products, capital expenditures, business development in our targeted areas, short-term and long-term debt obligations, including both principal and interest payments, as well as interest rate swaps, lease payments, purchase obligations and costs associated with mergers, acquisitions, divestitures, business integrations and/or restructuring activities. As of September 30, 2026, we had cash and cash equivalents of $465 million and unused borrowing capacity on our Revolving Credit Facility of approximately $750 million. In addition, our Securitization Facility provides for additional borrowing capacity based on our U.S. Net Eligible Receivable Balances. As of September 30, 2026, we had approximately $170 million in undrawn borrowing capacity on this facility. We also have the ability to access capital markets to obtain debt financing for longer-term funding, if required. Further, we believe we have sufficient cash flow and liquidity to remain in compliance with our debt covenants.

Our ability to meet future funding requirements may be impacted by macroeconomic, business and financial volatility. As market conditions change, we will continue to monitor our liquidity position. However, a challenging economic environment or an economic downturn may impact our liquidity or ability to obtain future financing. See "Item 1A. Risk Factors – *We have substantial indebtedness*" in Part I of our 2025 Form 10-K.

### *Cash Flows*

The following table provides a summary of cash flows from operating, investing and financing activities for the nine months ended September 30, 2026 and 2025:

| **(in millions)**<br>**Net cash provided by (used for):** | **2026** | **2025** | **$ Change** |
|---|---|---|---|
| Operating activities | $ 506 | $ 452 | $ 54 |
| Investing activities | (232) | (215) | (17) |
| Financing activities | (355) | (257) | (98) |
| Effect of exchange rate changes on cash and cash equivalents | 1 | 57 | (56) |
| Net (decrease) increase in cash and cash equivalents | $ (80) | $ 37 | $ (117) |

*Operating activities*

Cash provided by operating activities was $506 million for the nine months ended September 30, 2026, compared to cash provided by operating activities of $452 million for the nine months ended September 30, 2025. The $54 million increase in cash provided by operating activities was primarily driven by an increase in cash earnings and changes in working capital.

*Investing activities*

Cash used for investing activities was $232 million for the nine months ended September 30, 2026, compared to cash used for investing activities of $215 million for the nine months ended September 30, 2025. This increase was primarily driven by $76 million paid in April 2026 in relation to our acquisition of AHV (see Note 4. Acquisitions and Divestitures for further information), offset by an approximately $70 million decrease in purchases of property and equipment. This decrease relates to the timing of spending for the ongoing expansion of our monoclonal antibody manufacturing facility in Elwood, Kansas, which was completed in August 2026, as well as capital projects at our Fort Dodge, Iowa, and Huningue, France, manufacturing facilities.

*Financing activities*

Cash used for financing activities was $355 million for the nine months ended September 30, 2026, compared to cash used for financing activities of $257 million for the nine months ended September 30, 2025. Cash used for financing activities during the nine months ended September 30, 2026, included $304 million of early and scheduled repayments of long-term borrowings and $36 million of purchases of common stock for employee tax withholding obligations. Cash used for financing activities during the nine months ended September 30, 2025, included $562 million in scheduled and early repayments of long-term borrowings, partially enabled by net proceeds of $290 million from the sale of qualifying future royalties and sales milestone payments (see Note 10. Liability for Sale of Future Revenue for further information).

### *Description of Indebtedness*

For a complete description of our existing debt and available credit facilities as of September 30, 2026 and December 31, 2025, see Note 7. Debt and Finance Lease Liability within Item 8, “Financial Statements and Supplementary Data,” of Part II of our 2025 Form 10-K. New developments are discussed in Note 7. Debt and Finance Lease Liability of this Form 10-Q.

### Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures at the date of the financial statements and during the reporting period. Certain of our accounting estimates are considered critical because they are the most important to the fair presentation of our financial statements, including the disclosures thereto, and often require significant, difficult or complex judgments, probabilities and assumptions.

While we believe our critical accounting estimates to be reasonable based on all relevant information available, given their inherent uncertainty, if our estimates and assumptions are not representative of actual outcomes, our results could be materially impacted. We regularly evaluate our estimates and assumptions and adjust them when facts and circumstances indicate the need for change, and such changes generally would be reflected in our condensed consolidated financial statements in the period they are determined. We apply estimation methodologies consistently from year to year. Our critical accounting estimates are summarized in Item 7, "Management's Discussion & Analysis of Results of Financial Condition and Results of Operations," of our 2025 Form 10-K. There were no significant changes or developments in the application of our critical accounting estimates during the nine months ended September 30, 2026.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Foreign Exchange Risk

We operate on a global basis and are exposed to the risk that our revenue, earnings, cash flows and equity could be adversely impacted by fluctuations in foreign currency exchange rates. We are exposed to foreign currency exchange risk as the functional currency financial statements of non-U.S. subsidiaries are translated to U.S. dollars. We are also subject to foreign currency transaction gains and losses to the extent revenue and expense transactions are not denominated in the functional currency of a subsidiary. We are primarily exposed to foreign currency exchange risk with respect to net assets denominated in the Euro, British pound, Swiss franc, Brazilian real, Australian dollar, Japanese yen, Canadian dollar, Chinese yuan and Polish zloty.

Additionally, we generally identify hyperinflationary markets as those markets whose cumulative inflation rate over a three-year period exceeds 100%. We have applied hyperinflationary accounting for our subsidiary in Turkey since 2022 and, as a result, have changed the functional currency of this subsidiary to the U.S. dollar. During the nine months ended September 30, 2026, revenue in Turkey represented less than 1% of our consolidated revenue, while assets held in Turkey as of September 30, 2026, also represented less than 1% of our consolidated assets. While the application of hyperinflationary accounting did not have a material impact on our business during the nine months ended September 30, 2026, we may in the future incur significant currency devaluations, which could have a material adverse impact on our results of operations.

### Interest Risk

As of September 30, 2026, we had outstanding interest rate swap agreements with a combined notional amount of $1,450 million that have the economic effect of modifying this amount of our variable-rate debt to fixed-rate. When including the variable-rate converted to fixed-rate through the use of interest rate swaps, as of September 30, 2026, approximately 60% of our long-term indebtedness, excluding our finance lease liability, bore interest at a fixed rate.

## ITEM 4. CONTROLS AND PROCEDURES

(a) *Evaluation of Disclosure Controls and Procedures*. Under applicable SEC regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the company's disclosure controls and procedures, which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the SEC (such as this Form 10-Q) is recorded, processed, summarized and reported on a timely basis.

Our management, with the participation of Jeffrey N. Simmons, president and chief executive officer, and Robert M. VanHimbergen, executive vice president and chief financial officer, evaluated our disclosure controls and procedures as of September 30, 2026, and concluded they were effective.

(b) *Changes in Internal Controls*. During the third quarter of 2026, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# PART II

## ITEM 1. LEGAL PROCEEDINGS

See Note 12. Commitments and Contingencies to the condensed consolidated financial statements for a summary of our legal proceedings. This item should be read in conjunction with "Legal Proceedings" in Part I, Item 3 of our 2025 Form 10-K.

## ITEM 1A. RISK FACTORS

Our risk factors are documented in Item 1A of Part I of our 2025 Form 10-K. There have been no material changes from the risk factors previously disclosed in the 2025 Form 10-K.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(none)

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

(none)

## ITEM 4. MINE SAFETY DISCLOSURES

(none)

## ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2026, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 6. EXHIBITS

The following exhibits are either filed or furnished herewith (as applicable) or, if so indicated, incorporated by reference to the documents indicated in parentheses, which have previously been filed or furnished with the SEC.

| Exhibit Number | Description |
|---|---|
| 31.1 | Section 302 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith) |
| 31.2 | Section 302 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith) |
| 32 | Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith) |
| 101 | Interactive Data Files (Inline XBRL) |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101) |

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ELANCO ANIMAL HEALTH INCORPORATED
(Registrant)

Date: November 6, 2026

/s/ Jeffrey N. Simmons
Jeffrey N. Simmons
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2026

/s/ Robert M. VanHimbergen
Robert M. VanHimbergen
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATIONS

I, Jeffrey N. Simmons, certify that:

1. I have reviewed this report on Form 10-Q of Elanco Animal Health Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 6, 2026

By: /s/ Jeffrey N. Simmons

Jeffrey N. Simmons
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Robert M. VanHimbergen, certify that:

1. I have reviewed this report on Form 10-Q of Elanco Animal Health Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 6, 2026

By: /s/ Robert M. VanHimbergen

Robert M. VanHimbergen
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32

**CERTIFICATION OF THE**

**CHIEF EXECUTIVE OFFICER AND**

**CHIEF FINANCIAL OFFICER**

**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Elanco Animal Health Incorporated, an Indiana corporation (the "Company"), does hereby certify that, to the best of their knowledge:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2026 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2026

/s/ Jeffrey N. Simmons

Jeffrey N. Simmons
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2026

/s/ Robert M. VanHimbergen

Robert M. VanHimbergen
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)