IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

CHRISTOPHER DOUGHERTY, derivatively on behalf of ELANCO ANIMAL HEALTH INCORPORATED,

c/o Timothy Brown Esq.
The Brown Law Firm, P.C.
767 Third Avenue, Suite 2501
New York, NY 10017

Plaintiff,

v.

ELANCO ANIMAL HEALTH INCORPORATED,
2500 Innovation Way
Greenfield, IN 46140

Serve on:
CORPORATION SERVICE COMPANY
135 North Pennsylvania Street,
Suite 1610
Indianapolis, IN 46204

Nominal Defendant,

and

JEFFREY N. SIMMONS
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

TODD S. YOUNG
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

KAPILA ANAND

C.A. No. 1:25-cv-01357

DEMAND FOR JURY TRIAL

c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

JOHN BILBREY
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

WILLIAM DOYLE
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

ART GARCIA
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

MICHAEL HARRINGTON
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

PAUL HERENDEEN
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

R. DAVID HOOVER
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

DEBORAH KOCHEVAR
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

LAWRENCE KURZIUS
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

KIRK MCDONALD
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

DENISE SCOTS-KNIGHT
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

KATHY TURNER
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

and

CRAIG WALLACE
c/o Elanco Animal Health Incorporated
2500 Innovation Way
Greenfield, IN 46140

Defendants.

VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT

INTRODUCTION

Plaintiff Christopher Dougherty ("Plaintiff"), by Plaintiff's undersigned attorneys, derivatively and on behalf of Nominal Defendant Elanco Animal Health Incorporated ("Elanco" or the "Company"), files this Verified Shareholder Derivative Complaint against Jeffrey N. Simmons ("Simmons"), Todd S. Young ("Young"), Kapila Anand ("Anand"), John Bilbrey ("Bilbrey"), William Doyle ("Doyle"), Art Garcia ("Garcia"), Michael Harrington ("Harrington"), Paul Herendeen ("Herendeen"), R. David Hoover ("Hoover"), Deborah Kochevar ("Kochevar"), Lawrence Kurzius ("Kurzius"), Kirk McDonald ("McDonald"), Denise Scots-Knight ("Scots-Knight"), Kathy Turner ("Turner"), and Craig Wallace ("Wallace") (collectively, the "Individual Defendants," and together with Elanco, the "Defendants") for breaches of their fiduciary duties as directors and/or officers of Elanco, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of Section 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), and against Defendants Simmons and Young for contribution under Sections 10(b) and 21D of the Exchange Act. As for Plaintiff's complaint against the Individual Defendants, Plaintiff alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of the Defendants' public documents, conference calls and announcements made by the Defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Elanco, legal filings, news reports, securities analysts' reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a

reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a shareholder derivative action that seeks to remedy wrongdoing committed by the Individual Defendants from May 9, 2023 to June 26, 2024, both dates inclusive (the "Relevant Period").

2. Elanco is an Indiana corporation that possesses roughly 200 animal health products pertaining to the treatment and prevention of disease in pets and farm animals. The Company services over ninety countries, selling both directly to customers and indirectly through third-party distributors.

3. The Company has conducted operations since 1954 but operated as a business unit of Eli Lilly and Company ("Eli Lilly") until March 2019. After this separation, the Company bought Bayer Animal Health in August 2020, ". . . marking the largest acquisition in industry history."

4. Before a company can bring an animal drug to market in the U.S., it must gain approval from the United States Food and Drug Administration ("FDA") by evidencing, *inter alia*, that the animal drug meets certain safety and efficacy requirements.

5. One of Elanco's recent products is Zenrelia, a purportedly "innovative treatment for canine allergic itch and inflammation that provides fast and effective relief with just once-daily dosing . . ." intended to treat certain forms of dermatitis.

6. However, approximately two months prior to the start of the Relevant Period, in March 2023, the Company conducted a vaccine response study of Zenrelia (that Elanco thereafter submitted to the FDA), which revealed significant issues with the treatment—notably, that its use had resulted in ineffective vaccine responses, critical health problems, and two dogs having to be

euthanized. However, Defendants concealed this reality from investors, instead touting the prospects of Zenrelia and the Company's ability to bring it to market at all relevant times.

7. The Relevant Period began on May 9, 2023 when Elanco hosted an earnings call to discuss its financial results for the first quarter of the 2023 fiscal year. During the call, Defendant Simmons, the Company's Chief Executive Officer ("CEO"), represented that Defendants were "very confident" in "the quality of the package[]" that Elanco had provided to the FDA, and in the "[d]ialogue with the regulators."

8. During the Relevant Period, the Individual Defendants concealed the risks associated with Zenrelia from investors, particularly the fact that, due to the aforementioned problems that had previously been identified with the treatment, Zenrelia was likely to undergo delays in receiving FDA approval and, thus, being able to make it to market in the U.S. Despite this reality, the Individual Defendants repeatedly emphasized to investors that there had been "no change at all" in Zenrelia's approval process; that the treatment "continue[d] to have a path to first half [2024] approval"; and that Zenrelia would be launched commercially by the third quarter of 2024. They also touted the differentiation between Zenrelia and products from competitors, boasting that it would achieve "higher margins" and a "faster growth rate[]" to "drive gross margin and operating profit higher," despite the fact that the previously identified safety issues posed by Zenrelia made its future margins and growth rate questionable.

9. The truth fully emerged on June 27, 2024, when Defendants revealed that the FDA had still yet to approve Zenrelia's label. Additionally, Defendants noted that Zenrelia's label would require a ". . . boxed warning on safety[,] . . ." also known as a ". . . black box warning[,] . . ." Notably, Defendants stated that the reason for the label was due to the negative vaccine response study, which was the first time investors were made aware of it.

10. Defendants conceded the likely negative implications of the warning label requirement, both in terms of direct sales and the maximum amount of time Zenrelia could be safely administered. Further, Defendants pushed back their predicted FDA approval of Zenrelia to the fourth quarter of the 2024 fiscal year.

11. On this news, the price of the Company's stock fell $3.70 per share, or 20.53%, from a closing price of $17.97 per share on June 26, 2024 to close at $14.27 per share on June 27, 2024. Notably, over $1.8 billion in market capitalization was eliminated as a result.

12. During the Relevant Period, the Individual Defendants breached their fiduciary duties by personally making and/or causing the Company to make to the investing public a series of materially false and misleading statements regarding the Company's business, operations, and prospects. Specifically, the Individual Defendants willfully or recklessly made and/or caused the Company to make false and misleading statements that failed to disclose, *inter alia*, that: (1) Zenrelia was riskier than previously advertised to investors, as evidenced by a previously unreleased study which demonstrated safety and efficacy issues; (2) FDA approval of Zenrelia was likely to be later than Defendants predicted; and (3) as a result, the Company overstated the financial prospects of Zenrelia.As a result of the foregoing, the Company's public statements were materially false and misleading and/or lacked a reasonable basis at all relevant times.

13. In light of the Individual Defendants' misconduct—which has subjected the Company, its President and CEO, and its Executive Vice President ("EVP") and Chief Financial Officer ("CFO") to a federal securities fraud class action lawsuit pending in the United States District Court for the District of Maryland (the "Securities Class Action") and which has further subjected the Company to the need to undertake internal investigations, the need to implement adequate internal controls, losses from the waste of corporate assets, and losses due to the unjust

enrichment of the Individual Defendants who were improperly overcompensated by the Company and/or who benefitted from the wrongdoing alleged herein—the Company will have to expend many millions of dollars.

14. The Company has been substantially damaged as a result of the Individual Defendants' knowing or highly reckless breaches of fiduciary duty and other misconduct.

15. In light of the breaches of fiduciary duty engaged in by the Individual Defendants, most of whom are the Company's current directors, of the collective engagement in fraud and misconduct by the Company's directors, of the substantial likelihood of the directors' liability in this derivative action, of the President/CEO's and EVP/CFO's liability in the Securities Class Action, and of their not being disinterested and/or independent directors, a majority of the Company's Board of Directors (the "Board") cannot consider a demand to commence litigation against themselves on behalf of the Company with the requisite level of disinterestedness and independence.

JURISDICTION AND VENUE

16. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 because Plaintiff's claims raise a federal question under Section 14(a) of the Exchange Act (15 U.S.C. § 78n(a)(1)), Rule 14a-9 of the Exchange Act (17 C.F.R. § 240.14a-9), Section 10(b) of the Exchange Act (15 U.S.C. § 78j(b)), and Section 21D of the Exchange Act (15 U.S.C. § 78u-4(f)). Plaintiff's claims also raise a federal question pertaining to the claims made in the Securities Class Action based on violations of the Exchange Act.

17. This Court has supplemental jurisdiction over Plaintiff's state law claims pursuant to 28 U.S.C. § 1367(a).

18. This derivative action is not a collusive action to confer jurisdiction on a court of the United States that it would not otherwise have.

19. Venue is proper in this District because the alleged misstatements and wrongs complained of herein entered this District, the Defendants have conducted business in this District, and Defendants' actions have had an effect in this District.

PARTIES

Plaintiff

20. Plaintiff is a current shareholder of Elanco. Plaintiff has continuously held Elanco common stock since first purchasing the stock on April 6, 2020.

Nominal Defendant Elanco

21. Elanco is an Indiana corporation with its principal executive offices at 2500 Innovation Way, Greenfield, Indiana 46140. Elanco's shares trade on the New York Stock Exchange ("NYSE") under the ticker symbol "ELAN."

Defendant Simmons

22. Defendant Simmons has served as President and CEO of the Company and as a Company director since September 2018. Defendant Simmons currently serves as a member of the Finance, Strategy, and Oversight Committee. Defendant Simmons previously served in leadership roles at Eli Lilly, the Company's predecessor, from 1989 to 2018.

23. The Company's Schedule 14A filed with the SEC on April 19, 2024 (the "2024 Proxy Statement") stated the following about Defendant Simmons:

KEY QUALIFICATIONS

- Business Leadership and Operations expertise exhibited as a proven, purpose-driven leader during his 30-plus years in the life sciences industry, including as the head of Elanco for the past decade, during which he directed Elanco's growth and transformation from a primarily U.S. livestock feed additive company to a global

animal health leader with a diversified business, more than quadrupled revenue, created a unique innovation engine and built five new businesses, including a greater than $2 billion pet health business

- M&A and Business Development experience acquired while evaluating, executing and integrating several significant acquisitions during his tenure as Elanco's CEO, including the acquisitions of Aratana Therapeutics, Kindred Biosciences and Bayer Animal Health, one of the largest animal health transaction to date
- Risk Management and Sustainability expertise shown when under his leadership, Elanco deepened its commitment to sustainability and, in October 2020, became the first independent animal health company to launch sustainability commitments connected to the United Nations Sustainable Development Goals; also demonstrated by his role in progressing Bovaer, Elanco's methane reduction product, and developing a carbon insetting marketplace
- Research and Development/Innovation experience acquired through his oversight of research and development programs over the past three decades, including the successful product launch of numerous animal health blockbuster drugs while serving as Executive Director for U.S. and Global Research & Development as well as other senior leadership roles within the Elanco Animal Health Division of Eli Lilly

Defendant Young

24. Defendant Young has served as the Company's EVP and CFO since November 2018.

25. The 2024 Proxy Statement stated the following about Defendant Young:

Mr. Young, 52, serves as our Executive Vice President and Chief Financial Officer, a position he has held since he joined Elanco in November 2018. Mr. Young oversees our financial operations, including our treasury, investor relations, tax functions, and commercial finance teams as well as information technology. He brings significant financial leadership experience in pharmaceutical and healthcare as well as a focus on strategic and commercial decision-making to his position. Prior to joining Elanco, Mr. Young served as Executive Vice President and Chief Financial Officer at ACADIA Pharmaceuticals Inc., a biopharmaceutical company, from August 2016 to October 2018, where he oversaw their financial functions as well as information technology and facilities. Prior to that, he served in roles of increasing responsibility at Baxter International Inc. and its spin-off company, Baxalta, a biopharmaceutical leader in hematology, immunology and oncology, most recently as Baxalta's Senior Vice President and Treasurer. Mr. Young received his bachelor's degree in economics from Grinnell College and a Juris Doctor from the University of Michigan.

Defendant Anand

26. Defendant Anand has served as a Company director since September 2018. She also serves as the Chair of the Audit Committee and as a member of the Corporate Governance Committee.

27. The 2024 Proxy Statement stated the following about Defendant Anand:

KEY QUALIFICATIONS

- Finance and Accounting experience gained through her more than 30 years of services as a Certified Public Accountant at KPMG and utilized during her service on the audit committees of multiple public companies
- Risk Management and Sustainability expertise developed over her career advising companies throughout their life cycle on topics such as strategic planning, due diligence, risk assessments, enterprise risk management, and setting up proper internal controls and further honed through her work as an advisory partner to KPMG's risk and governance practice
- Legal, Public Policy and Regulatory experience acquired while playing a leading role in the development of KPMG's private equity and regulatory businesses
- M&A and Business Development experience obtained while acting as an advisory partner to KPMG's M&A and integration services practie

Defendant Bilbrey

28. Defendant Bilbrey has served as a Company director since March 2019. He also serves as Chair of the Finance, Strategy, and Oversight Committee and as a member of the Audit Committee.

29. The 2024 Proxy Statement stated the following about Defendant Bilbrey:

KEY QUALIFICATIONS

- Consumer Products experience and deep knowledge gained over his long history of successfully building and marketing brands in the consumer products industry, including 15 years of leadership experience at Hershey and 22 years at Procter & Gamble
- M&A and Business Development expertise demonstrated by his track record of successfully buying and integrating companies and growing and leading businesses in the consumer products industry
- Finance and Accounting expertise developed as a Certified Public Accountant and deepened while overseeing Hershey's financial and accounting practices, operating budgets and financial statements, as Chairman and Chief Executive Officer of a global food products leader
- Unique combination of livestock production, food industry and consumer

insights experience, all of which are highly relevant to our industry, due to service as an owner and operator of commercial cattle operations for Bilbrey Farms and Ranch

Defendant Doyle

30. Defendant Doyle served as a Company director between December 2020 until he resigned on March 16, 2025. During this time, Defendant Doyle served as a member of the Finance, Strategy, and Oversight Committee and as a member of the Innovation, Science, and Technology Committee.

31. The 2024 Proxy Statement stated the following about Defendant Doyle:

KEY QUALIFICATIONS

- Animal Health/Health Care Industry experience, gained through his service in roles of increasing responsibility at Johnson & Johnson, his current role at Novocure, and as a director of companies in the healthcare sector, such as OptiNose and Minerva Neurosciences, and the pet health sector, such as Zoetis
- M&A and Business Development experience acquired through his oversight responsibilities while at Johnson & Johnson's venture capital arm and illustrated by Novocure revenue growth of more than $500 million and adjusted EBITDA growth by hundreds of millions of dollars while he served as its Executive Chairman
- Research and Development/Innovation expertise developed through his co-founding and service as Managing Director of WFD Ventures, a technology and life sciences focused venture capital firm, which resulted in a broad understanding of new technologies and emerging business models and risks, as well as through his tenure at Johnson & Johnson, where he managed innovation programs
- Institutional Investor Perspective gained while serving at Pershing Square, a well-known activist hedge fund

Defendant Garcia

32. Defendant Garcia has served as a Company director since May 2019. He also serves as a member of the Audit Committee and as a member of the Finance, Strategy, and Oversight Committee.

33. The 2024 Proxy Statement stated the following about Defendant Garcia:

KEY QUALIFICATIONS

- Business Leadership and Operations expertise acquired through his experience leading the finance organization at Ryder Systems, where he led the re-engineering of the organization to help drive efficiency, established a new business model and implemented strategies to revitalize growth and improve profitability
- Finance and Accounting experience developed during the 18 years he served in financial roles at Ryder Systems, where he ultimately had oversight of the entire financial function for almost a decade and during his service on the audit, risk management and governance committees on the boards of other public companies
- M&A and Business Development expertise obtained while overseeing the corporate strategy and business development functions and managing the financial integration of numerous acquisitions at Ryder Systems
- Institutional Investor Perspective developed through his nearly 10 years of experience engaging with the financial community as a public company Chief Financial Officer

Defendant Harrington

34. Defendant Harrington has served as a Company director since September 2018. He also serves as the Chair of the Corporate Governance Committee, as a member of the Audit Committee, and as a member of the Innovation, Science, and Technology Committee.

35. The 2024 Proxy Statement stated the following about Defendant Harrington:

KEY QUALIFICATIONS

- Animal Health/Health Care Industry experience in more than three decades at Eli Lilly, one of the world's leading global pharmaceutical companies and our former parent company
- Digital, Technology and Cybersecurity expertise developed through his prior oversight of Eli Lilly's information security program
- Legal, Public Policy and Regulatory expertise developed and demonstrated having responsibility and oversight of legal and public policy issues, government and regulatory affairs, intellectual property, risk management, corporate governance and compliance for Eli Lilly
- M&A and Business Development expertise gained executing numerous transactions while at Eli Lilly, including playing a leading role in the separation of Elanco from Eli Lilly and subsequent listing of Elanco on the NYSE as an independent public company

Defendant Herendeen

36. Defendant Herendeen has served as a Company director since December 2020. He also serves as a member of the Audit Committee and as a member of the Finance, Strategy, and

Oversight Committee.

37. The 2024 Proxy Statement stated the following about Defendant Herendeen:

KEY QUALIFICATIONS

- Animal Health/Health Care Industry experience gained serving in leadership positions at MedPointe Pharmaceuticals, Warner Chicott, Zoetis, and Bausch Health over more than 20 years
- Finance and Accounting expertise developed through decades of experience serving in financial roles in the life sciences industry, including service as the Chief Financial Officer of Zoetis, and at Bausch Health, where he helped the company reduce its debt and strengthen its balance sheet
- M&A and Business Development experience from his tenure at Warner Chilcott, MedPointe Pharmaceuticals, Zoetis and Bausch Health, as well as his nearly decade of experience as a principal at Dominion Income Management and Cornerstone Partners, where he worked on investments as well as mergers and acquisitions for the firms and their portfolio companies
- Institutional Investor Perspective developed through his more than 15 years of experience engaging with the financial community as a public company Chief Financial Officer and leader of award-winning investor relations programs

Defendant Hoover

38. Defendant Hoover has served as a Company director since September 2018. He also serves as a member of the Compensation and Human Capital Committee and as a member of the Corporate Governance Committee.

39. The 2024 Proxy Statement stated the following about Defendant Hoover:

KEY QUALIFICATIONS

- Business Leadership and Operations experience gained from leading Ball for over four decades, resulting in a deep understanding of leading global businesses, human capital management, financial and accounting practices, risk management and business development
- Consumer Products expertise gained by leading Ball, a leading supplier of innovative and sustainable packaging for beverage, personal care, household and other products, where he developed an understanding of consumer trends and preferences; this developed further while serving on the board of Edgewell
- Finance and Accounting knowledge and expertise acquired while serving in financial roles at Ball, including as Chief Financial Officer
- M&A and Business Development experience gained while at Ball, where he was instrumental as the chief strategist and lead negotiator for Ball in the largest

acquisition in the company's history, the purchase of the North American beverage can manufacturing assets of Reynolds Metals Company, which made Ball the largest manufacturer of recyclable aluminum beverage cans in North America and one of the largest in the world

Defendant Kochevar

40. Defendant Kochevar has served as a Company director since March 2019. She also serves as the Chair of the Innovation, Science, and Technology Committee and as a member of the Corporate Governance Committee.

41. The 2024 Proxy Statement stated the following about Defendant Kochevar:

KEY QUALIFICATIONS

- Animal Health Industry expertise gained through her distinguished academic career, including as Dean of one of the world's leading veterinary schools and her service as a director of a national group of general specialty and emergency veterinary practices
- Legal, Public Policy and Regulatory acumen due to her experience with various government entities and from advancing evidence-based science with international aspects like inter-professional education, clinical and translational research, and global One Health diplomacy
- Research and Development/Innovation expertise developed and demonstrated by publication in peer-reviewed journals and strategic planning, resourcing and oversight of diverse institutional research programming
- Risk Management and Sustainability knowledge acquired from her understanding of quality veterinary practices and the needs of scientists and the research and development community

Defendant Kurzius

42. Defendant Kurzius has served as a Company director since September 2018 and as Chairman of the Board since 2024.

43. The 2024 Proxy Statement stated the following about Defendant Kurzius:

KEY QUALIFICATIONS

- Consumer Products experience acquired over his career in consumer goods marketing and senior leadership roles at Mars, Quaker Oats, Zatarain's and McCormick, a large, multi-faceted, consumer and flavor solutions food business, and further developed while serving on the boards of multiple industry groups,

including The Consumer Goods Forum, The Consumer Brands Association and The National Association of Manufacturers, resulting in his extensive knowledge of consumer trends and a deep understanding of consumer preferences

- Global Business Experience gained leading multinational companies, where understanding both the domestic and international markets was essential to success
- Human Capital Management expertise developed through his leadership of a company with over 14,000 employees globally, which has resulted in a deep understanding of attracting, developing, motivating and retaining top talent, as well as executive compensation and leadership development
- Risk Management and Sustainability experience obtained from his broad executive experience at McCormick, where under his leadership, the company became a UN Global Compact LEAD company while embedding purpose-led performance into McCormick's culture by championing the company's industry-leading sustainability efforts

Defendant McDonald

44. Defendant McDonald has served as a Company director since March 2019. He also serves as the Chair of the Compensation and Human Capital Committee and as a member of the Innovation, Science, and Technology Committee.

45. The 2024 Proxy Statement stated the following about Defendant McDonald:

KEY QUALIFICATIONS

- Business Leadership and Operations expertise gained over his significant career in leadership roles with responsibility for developing and executing on business strategies
- Consumer Products experience gained during his more than 30 years of experience in marketing leadership roles at leading companies like Microsoft and AT&T
- Digital, Technology and Cybersecurity expertise developed at GroupM, where he helped develop technology-enabled services to provide media and advertising solutions, resulting in experience with digital and emerging technologies; he was recognized for his digital expertise by AdWeek, which named him one of the "50 vital leaders in tech, media and marketing"
- Human Capital Management insights gained as Chief Executive Officer of GroupM, an organization of approximately 6,500 people in a fast-growing industry

Defendant Scots-Knight

46. Defendant Scots-Knight has served as a Company director since March 2019. She also serves as a member of the Compensation and Human Capital Committee and as a member of

the Innovation, Science, and Technology Committee.

47. The 2024 Proxy Statement stated the following about Defendant Scots-Knight:

KEY QUALIFICATIONS

- Health Care Industry experience acquired over her career in the life sciences industry, and through her current and past service as a director of other public and privately held biotech and life sciences companies and supported by being named of one of the 15 leading women in European biotech by Labiotech UG
- Global Business Experience gained through her service as Co-Founder and Chief Executive Officer of Mereo BioPharma, a United Kingdom-based, Nasdaq-listed company with operations in the U.S., as well as leadership roles in other non-U.S. organizations, which further developed her valuable insights into global strategic oversight, talent and leadership development that are critical in our growth-oriented industry
- Institutional Investor Perspective obtained through her extensive experience investing and allocating capital as the head of a life sciences-focused venture capital firm
- Research and Development/Innovation expertise developed through her career, where she has a track record of building new innovation models and strategic partnerships for emerging technologies, which has resulted in her having a deep acumen and technical expertise beneficial for overseeing our research and development activities

Defendant Turner

48. Defendant Turner has served as a Company director since March 2024 and also serves as a member of the Finance, Strategy, and Oversight Committee.

49. The 2024 Proxy Statement stated the following about Defendant Turner:

KEY QUALIFICATIONS

- Animal Health/Health Care Industry experience gained through her service on industry advisory boards and industry business associations, including Veterinarians Without Borders, Health for Animals and Kisaco Animal Health
- Business Leadership and Operations experience gained through her positions of increasing responsibility at IDEXX Laboratories and Abbott Laboratories
- Global Business Experience gained through her 35 years of international general management, strategy development, product development, and commercial experience, including her service as Corporate Vice President, Europe, Middle East, Africa & Asia and Corporate Vice President, Europe, Middle East & Africa of IDEXX Laboratories, Divisional Vice President of European Commercial Operations and Divisional Vice President of Global Strategic Operations for the Diagnostics Division of Abbott Laboratories

- Consumer Products experience gained through 10 years of strategy development and commercial experience in multiple roles at Abbott Laboratories in the Nutritional Products Division and Diabetes Care Division
- M&A and Business Development experience gained through her position as Divisional Vice President, Global Strategic Operations, Abbott Diagnostics Division of Abbott Laboratories
- Research and Development/Innovation experience gained through her position as Divisional Vice President, Global Strategic Operations, Abbott Diagnostics Division of Abbott Laboratories

Defendant Wallace

50. Defendant Wallace has served as a Company director since March 2024 and also serves as a member of the Finance, Strategy, and Oversight Committee.

51. The 2024 Proxy Statement stated the following about Defendant Wallace:

KEY QUALIFICATIONS

- Animal Health Industry experience gained through his nearly 35 years of service in animal health
- Business Leadership and Operations experience gained as the Chief Executive Office of Hannah Pet Hospitals and Ceva Santé Animale
- Consumer Products experience through his more than two decades at Fort Dodge Animal Health and Ceva Santé Animale, global manufacturers of animal health products
- Institutional Investor Perspective developed through his experience leading an investment and advisory firm that engages with companies in our industry

FIDUCIARY DUTIES OF THE INDIVIDUAL DEFENDANTS

52. By reason of their positions as officers, directors, and/or fiduciaries of Elanco and because of their ability to control the business and corporate affairs of Elanco, the Individual Defendants owed Elanco and its shareholders fiduciary obligations of trust, loyalty, good faith, and due care, and were and are required to use their utmost ability to control and manage Elanco in a fair, just, honest, and equitable manner. The Individual Defendants were and are required to act in furtherance of the best interests of Elanco and its shareholders so as to benefit all shareholders equally.

53. Each director and officer of the Company owes to Elanco and its shareholders the

fiduciary duty to exercise good faith and diligence in the administration of the Company and in the use and preservation of its property and assets and the highest obligations of fair dealing.

54. The Individual Defendants, because of their positions of control and authority as directors and/or officers of Elanco, were able to and did, directly and/or indirectly, exercise control over the wrongful acts complained of herein.

55. To discharge their duties, the officers and directors of Elanco were required to exercise reasonable and prudent supervision over the management, policies, controls, and operations of the Company.

56. Each Individual Defendant, by virtue of their position as a director and/or officer, owed to the Company and to its shareholders the highest fiduciary duties of loyalty, good faith, and the exercise of due care and diligence in the management and administration of the affairs of the Company, as well as in the use and preservation of its property and assets. The conduct of the Individual Defendants complained of herein involves a knowing and culpable violation of their obligations as directors and officers of Elanco, the absence of good faith on their part, or a reckless disregard for their duties to the Company and its shareholders that the Individual Defendants were aware or should have been aware posed a risk of serious injury to the Company. The conduct of the Individual Defendants who were also officers and directors of the Company has been ratified by the remaining Individual Defendants who collectively comprised a majority of Elanco's Board at all relevant times.

57. As senior executive officers and/or directors of a publicly-traded company whose common stock was registered with the SEC pursuant to the Exchange Act and traded on the NYSE, the Individual Defendants had a duty to prevent and not to effect the dissemination of inaccurate and untruthful information with respect to the Company's financial condition, performance,

growth, operations, financial statements, business, products, management, earnings, internal controls, and present and future business prospects, including the dissemination of false information regarding the Company's business, prospects, and operations, and had a duty to cause the Company to disclose in its regulatory filings with the SEC all those facts described in this complaint that it failed to disclose, so that the market price of the Company's common stock would be based upon truthful and accurate information. Further, they had a duty to ensure the Company remained in compliance with all applicable laws.

58. To discharge their duties, the officers and directors of Elanco were required to exercise reasonable and prudent supervision over the management, policies, practices, and internal controls of the Company. By virtue of such duties, the officers and directors of Elanco were required to, among other things:

(a) ensure that the Company was operated in a diligent, honest, and prudent manner in accordance with the laws and regulations of Indiana and the United States, and pursuant to Elanco's own Code of Business Conduct and Ethics (the "Code of Conduct");

(b) conduct the affairs of the Company in an efficient, business-like manner so as to make it possible to provide the highest quality performance of its business, to avoid wasting the Company's assets, and to maximize the value of the Company's stock;

(c) remain informed as to how Elanco conducted its operations, and, upon receipt of notice or information of imprudent or unsound conditions or practices, to make reasonable inquiry in connection therewith, and to take steps to correct such conditions or practices;

(d) establish and maintain systematic and accurate records and reports of the business and internal affairs of Elanco and procedures for the reporting of the business and internal affairs to the Board and to periodically investigate, or cause independent investigation to be made of, said

reports and records;

(e) maintain and implement an adequate and functioning system of internal legal, financial, and management controls, such that Elanco's operations would comply with all applicable laws and Elanco's financial statements and regulatory filings filed with the SEC and disseminated to the public and the Company's shareholders would be accurate;

(f) exercise reasonable control and supervision over the public statements made by the Company's officers and employees and any other reports or information that the Company was required by law to disseminate;

(g) refrain from unduly benefiting themselves and other Company insiders at the expense of the Company; and

(h) examine and evaluate any reports of examinations, audits, or other financial information concerning the financial affairs of the Company and make full and accurate disclosure of all material facts concerning, *inter alia*, each of the subjects and duties set forth above.

59. Each of the Individual Defendants further owed to Elanco and the shareholders the duty of loyalty requiring that each favor Elanco's interest and that of its shareholders over their own while conducting the affairs of the Company and refrain from using their position, influence, or knowledge of the affairs of the Company to gain personal advantage.

60. At all times relevant hereto, the Individual Defendants were the agents of each other and of Elanco and were at all times acting within the course and scope of such agency.

61. Because of their advisory, executive, managerial, directorial, and controlling positions with Elanco, each of the Individual Defendants had access to adverse, nonpublic information about the Company.

62. The Individual Defendants, because of their positions of control and authority,

were able to and did, directly or indirectly, exercise control over the wrongful acts complained of herein, as well as the contents of the various public statements issued by Elanco.

CONSPIRACY, AIDING AND ABETTING, AND CONCERTED ACTION

63. In committing the wrongful acts alleged herein, the Individual Defendants have pursued, or joined in the pursuit of, a common course of conduct, and have acted in concert with and conspired with one another in furtherance of their wrongdoing. The Individual Defendants caused the Company to conceal the true facts as alleged herein. The Individual Defendants further aided and abetted and/or assisted each other in breaching their respective duties.

64. The purpose and effect of the conspiracy, common enterprise, and/or common course of conduct was, among other things, to: (i) facilitate and disguise the Individual Defendants' violations of law, including breaches of fiduciary duty, unjust enrichment, waste of corporate assets, gross mismanagement, abuse of control, and violations of the Exchange Act; (ii) conceal adverse information concerning the Company's operations, financial condition, legal compliance, future business prospects, and internal controls; and (iii) artificially inflate the Company's stock price.

65. The Individual Defendants accomplished their conspiracy, common enterprise, and/or common course of conduct by causing the Company purposefully or recklessly to conceal material facts, fail to correct such misrepresentations, and violate applicable laws. In furtherance of this plan, conspiracy, and course of conduct, the Individual Defendants collectively and individually took the actions set forth herein. Because the actions described herein occurred under the authority of the Board, each of the Individual Defendants who is a director of Elanco was a direct, necessary, and substantial participant in the conspiracy, common enterprise, and/or common course of conduct complained of herein.

66. Each of the Individual Defendants aided and abetted and rendered substantial assistance in the wrongs complained of herein. In taking such actions to substantially assist the commission of the wrongdoing complained of herein, each of the Individual Defendants acted with actual or constructive knowledge of the primary wrongdoing, either took direct part in, or substantially assisted in the accomplishment of that wrongdoing, and was or should have been aware of his or her overall contribution to and furtherance of the wrongdoing.

67. At all times relevant hereto, each of the Individual Defendants was the agent of each of the other Individual Defendants and of Elanco and was at all times acting within the course and scope of such agency.

ELANCO'S CODE OF CONDUCT

68. Elanco's Code of Conduct opens with a message from Defendant Simmons, stating that the Company ". . . uphold[s] and exemplif[ies its] values of integrity, respect, and excellence in everything [it does]" and that the Code of Conduct provides Company employees with a guide for ". . . decision making and interactions with others[,]" forming ". . . the foundation of ethical behavior at Elanco." Further, the Code of Conduct emphasizes that all employees ". . . have a responsibility to foster a culture of integrity. . . [and] encourage[] employees, contractors, and suppliers to report any known or suspected violation of [the] Code of Conduct. . ." The Code of Conduct purportedly applies to ". . . everyone in [the] company, at every level, including employees, managers, board members subsidiaries, and affiliates."

69. Under the "Our Responsibilities" section of the Code of Conduct, the subsection "Ensure Financial Integrity" states the following:

> Elanco routinely discloses information to all relevant stakeholders that is necessary to present an accurate picture of the Company's financial status and to ensure the effective running of the business. We employ internationally accepted accounting standards and practices to ensure our books and records accurately represent our

business.

The integrity of our financial records and information is critical to our success and to maintaining the trust of our shareholders and other stakeholders. Ensuring financial integrity extends to all Elanco employees, not just those preparing our formal financial disclosures. Ensuring accuracy in invoicing, expense reporting, time and benefit records, and other day-to-day tasks is important for all of us. We obtain all necessary approvals before committing funds on behalf of Elanco – and we follow all internal processes, controls, and accounting principles. We ensure that our records accurately, fairly, and completely reflect all transactions. Every Elanco employee should immediately report any known or suspected unrecorded assets or liabilities or false or fraudulent entries recorded within our books and records.

You may report these concerns to a member of management, Human Resources or the Ethics and Compliance team. Before committing Elanco funds or resources, all employees must follow Financial Responsibility and Authorization Procedures (FRAP) which serve as a framework to assist employees in making sound financial decisions on behalf of the company. This procedure ensures that all transactions are appropriate, lawful, and consistent with our company policies. While all employees have a duty to exercise financial integrity, financial officers at Elanco hold an important and elevated role in corporate governance. The Financial Code of Ethics outlines principles and responsibilities for these employees and guidance on how to carry out their duties with honesty and integrity.

70. Under the "Our Responsibilities" section of the Code of Conduct, the subsection "Respect Privacy and Safeguard Information" states the following:

We safeguard all personal and confidential information entrusted to us, whether it is that of a customer, consumer, Business Partner, employee, or any other individual. When we have a business need for personal information, we're intentional about protecting it and are open and honest about how we collect, manage, use, and disclose it.

The Global Privacy Policy sets forth our commitment to privacy and outlines the privacy principles that govern Elanco's collection, use, storage, disclosure, and other processing of personal information. Our global privacy program supports compliance with all laws and regulations and ensures we protect confidential and personal information in the countries where we operate. Elanco takes its obligation to protect this information seriously and only uses data in accordance with our policies and procedures. For more information on our Global Privacy Policy and other procedures that support our privacy program, please visit the Privacy Hub on the Company intranet. If you have questions or would like to report an actual or suspected privacy incident or concern, please contact privacy@elancoah.com or make a report through the IntegrityLine.

> The Elanco Information Security program protects our networks, systems, services and technology. We require third parties who process information on our behalf to implement appropriate security controls that meet our standards. Whether sharing information internally or externally, all employees must classify, label, store and share in accordance with the Elanco Information Handling Guide.

71. Under the "Our Responsibilities" section of the Code of Conduct, the subsection "Conduct Business Ethically" states the following, in relevant part:

> We conduct business with integrity, comply with all legal requirements and uphold ethical standards. To state it simply – we do the right thing, every day.
>
> The Conducting Business with Integrity Policy and its corresponding procedures affirm our commitment to conducting business ethically and provide practical guidance to our employees. Although the procedures cannot cover every scenario an employee may face, they offer guidance for employees as they interact with others on behalf of Elanco.
>
> Interactions involving the exchange of value, such as money, goods, or services, are an essential aspect of our business. These interactions enable Elanco to distribute products and communicate information related to innovations and advancements that improve animal health and well-being. All interactions involving value transfers must be conducted with transparency, accountability, and integrity.

72. Under the "Our Responsibilities" section of the Code of Conduct, the subsection "Communicate Honestly" states the following, in relevant part:

> As a publicly traded company, it is critical that we are honest, accurate, and transparent when sharing information internally and externally.
>
> We are committed to delivering timely, accurate and reliable information both internally and externally. As a publicly traded company, we are subject to regulations for our external or public disclosures. Only authorized individuals at Elanco should speak to the media or answer questions from financial analysts or investors.
>
> Elanco employees may have access to non-public information such as information about mergers and acquisitions, sales or earnings results, financial forecasts, changes to management structure or pending legal matters. All employees must avoid sharing non-public information with anyone outside of Elanco.

73. In violation of the Code of Conduct, the Individual Defendants conducted little, if

any, oversight of the Company's engagement in the Individual Defendants' scheme to issue materially false and misleading statements to the public and to facilitate and disguise the Individual Defendants' violations of law, including breaches of fiduciary duty, gross mismanagement, abuse of control, waste of corporate assets, unjust enrichment, and violations of the Exchange Act. Moreover, in violation of the Code of Conduct, the Individual Defendants failed to maintain the accuracy of Company records and reports, comply with laws and regulations, conduct business in an honest and ethical manner, and properly report violations of the Code of Conduct.

ELANCO'S AUDIT COMMITTEE CHARTER

74. The Company also maintains a charter for the Audit Committee (the "Audit Charter"). According to the Audit Charter, the purpose of the Audit Committee is to assist the Board in overseeing:

> • The integrity of the Company's financial statements and any other financial information which will be provided to the Company's shareholders and others;
> • The independent auditor's qualifications and independence;
> • The systems of internal controls and disclosure controls which management has established;
> • The performance of internal and independent audit functions;
> • The Company's risk assessment and risk management processes related to financial matters;
> • The Company's compliance with legal and regulatory requirements involving matters of financial compliance; and
> • The Company's information security and data privacy matters as it relates to financial reporting and internal controls.

75. Under the "Duties and Responsibilities" section of the Audit Charter, the subsection "Audit Functions" states, in relevant part:

> 4. Prepare a report for inclusion in the Company's annual proxy statement in accordance with SEC regulations.
>
> 5. Review, with management and the independent auditor, the annual and quarterly financial results before they are filed in periodic reports with the SEC or other regulators. These reviews shall include discussions with management and the independent auditor regarding significant financial reporting issues and judgments

made in connection with the preparation of the Company's financial statements.

***

7. Review and discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

8. Review and discuss with management the Company's use of non-GAAP information and key performance indicators in connection with the reporting of the Company's financial results.

***

11. Review and discuss with management and the independent auditor the certifications and any related disclosures made by the Company in its periodic reports about the results of management's evaluation of the effectiveness of disclosure controls and procedures and any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting, and any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting, prior to the filing of the Company's annual report on Form 10-K and quarterly reports on Form 10-Q.

12. Administer and oversee compliance with the Company's related person transactions policy, financial code of ethics and code of conduct, and make recommendations to the Board for any amendments of such policies.

13. Periodically review the Company's insider trading policy with authority to administer the policy and make recommendations to the Board for any amendment of the policy.

14. Oversee procedures to promote and protect employee and third-party reporting of suspected fraud or wrongdoing relating to accounting, auditing, financial reporting or internal controls, including procedures for:
• Receiving, retaining and addressing complaints received by the Company relating to such matters;
• Enabling employees to submit to the Committee, on a confidential and anonymous basis, any concerns regarding such matters; and
• Protecting reporting employees from retaliation.

15. For matters of financial compliance (accounting, auditing, financial reporting and investor disclosures), assist the Board in its oversight of legal and regulatory compliance by having sole oversight over such matters, generally oversee the Company's compliance with applicable laws and significant legal and compliance exposure, and review material reports or inquiries from regulators related to such matters.

76. Under the "Duties and Responsibilities" section of the Audit Charter, the

subsection "Compliance Functions" states the following:

> 16. Review policies and practices related to the health and safety of employees.
>
> 17. Receive reports from the Chief Ethics and Compliance Officer at least four times per year, from the head of internal audit and the Senior Vice President of Quality at least annually and from any of the Senior Director of Elanco Ethics and Compliance, the head of internal audit or the Senior Vice President of Quality, if and when such individual determines, in his or her discretion, that an issue or concern requires the prompt attention of the Committee.
>
> 18. Hold executive sessions at least two times per year to discuss compliance and enterprise risk management with the Chief Ethics and Compliance Officer and the Senior Vice President of Quality (or persons performing similar functions).

77. Under the "Duties and Responsibilities" section of the Audit Charter, the subsection "General Functions" states the following:

> 19. Oversee the Company's programs, policies and procedures related to information asset security and data protection as it relates to financial reporting and internal controls, including data privacy and network security, and meet periodically with the Company's Chief Information Officer (or person performing a similar function).
>
> 20. Inquire of management, the head of internal audit and the independent auditor about significant financial risks or exposures, and evaluate the steps management has taken to monitor and control such significant financial risks or exposures to the Company.
>
> 21. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
>
> 22. Review and assess the adequacy of the reporting and information flows the Committee is receiving, and make such changes as are required to maintain and enhance the Committee's effectiveness.
>
> 23. Annually review and assess this charter and recommend any proposed changes to the Board for approval.
>
> 24. Annually review the performance of the Committee.
>
> The Committee shall also undertake such additional activities within the scope of [i]ts primary functions as the Board or the Committee may from time to time determine.

78. In violation of the Audit Charter, Defendants Anand, Garcia, Bilbrey, Herendeen, and Harrington failed to adequately review and discuss the Company's quarterly earnings press releases; failed to adequately exercise their risk management and risk assessment functions; and failed to ensure adequate Board oversight of the Company's internal control over financial reporting, disclosure controls and procedures, and Code of Conduct.

ELANCO'S INNOVATION, SCIENCE, AND TECHNOLOGY COMMITTEE CHARTER

79. The Company also maintains a charter for the Innovation, Science, and Technology Committee (the "Science Charter"). According to the Science Charter, the purpose of the Innovation, Science, and Technology Committee is to assist the Board in overseeing:

> • The Company's strategy, activities, results and investment in and optimization of research, development, and go-to-market strategies, as well as supporting investments, external innovation/business development and innovation initiatives;
> • The Company's strategic, tactical and policy matters related to science and technology and any changes to the development and regulatory landscape;
> • The Company's advancement and augmentation of its product pipeline innovation;
> • The Company's management of risks related to its research and development program, competitive or disruptive technologies and technologies which the Company is acquiring or in which the Company is investing; and
> • The Company's ambition to achieve scientific innovation leadership in the animal health industry.

80. The "Duties and Responsibilities" section of the Science Charter states the following:

> 1. Review the overall scientific, research and development and external innovation strategy of the Company and report to the Board regarding such reviews in order to help facilitate the Board's oversight of the Company's innovation strategy and goals.
>
> 2. Review the Company's research and development pipeline.
>
> 3. Review the Company's regulatory strategy and compliance programs, as applicable.

4. Review the competitive landscape in terms of related external scientific research, discoveries and commercial developments and potential future innovations in animal healthcare, as appropriate.

5. Review the Company's overall intellectual property strategies and its portfolio of patents and other intellectual property.

6. Review and consider management's prioritization decisions regarding the allocation, deployment, utilization of and investment in the Company's scientific and development assets.

7. Review and consider management's prioritization decisions regarding the allocation, deployment, utilization of and investment in the Company's product/offering, "go to market" capabilities and investments, inclusive of new and established products.

8. Review and consider management's decisions and due diligence evaluations regarding select high-impact transactions, as identified by the EVP for Innovation (or the person performing substantially the same role), regarding acquisition, divestiture, or investment in product candidates or pipeline assets.

9. Assist the Board with its oversight responsibility for enterprise risk management in areas affecting the Company's research and development efforts.

10. Annually review and assess this Charter and recommend any proposed changes to the Board for approval.

11. Annually review the performance of the Committee.

The Committee shall also undertake such additional activities within the scope of its primary functions as the Board or the Committee may from time to time determine.

81. In violation of the Science Charter, Defendants Kochevar, Harrington, McDonald, and Scots-Knight failed to adequately review the overall research and development and strategy of the Company; failed to report to the Board regarding such reviews; and failed to adequately assist the Board with its oversight responsibility in areas affecting the Company's research and development efforts.

ELANCO'S FINANCIAL CODE OF ETHICS

82. The Company also maintains a Financial Code of Ethics ("Ethics Code"). The Ethics Code purports to ". . . contain[] the ethical principles by which the Company's Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer, Controller, or persons performing similar functions . . . are expected to conduct themselves when carrying out their duties and responsibilities." The Ethics Code notes that "[f]inancial officer[s] hold an important and elevated role in corporate governance at the Company."

83. The "Standards of Conduct" section of the Ethics Code states the following, in relevant part:

> In carrying out his or her duties to and responsibilities for the Company, each Financial Officer shall, to the best of his or her knowledge and ability:
>
> ▪ act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships;
> ▪ provide the Company and its constituents with information that is accurate, complete, objective, relevant, timely, and understandable, including all publicly available documents and communications;
> ▪ routinely disclose information to all relevant constituents, both positive and negative, that is necessary to present an accurate picture of the Company's financial status and to ensure the effective running of the business;
> ▪ comply with applicable laws, rules and regulations of federal, state, provincial, local and national governments, and other appropriate private and public regulatory agencies;
> ▪ promptly notify the Company's General Counsel and/or the Chief Compliance Officer if he or she is aware of any violations of laws or regulations, frauds, or defalcations;
> ▪ act in good faith, responsibly, with due care, competence, and diligence, without misrepresenting material facts or allowing his or her independent judgment to be subordinated;
> ▪ respect the confidentiality of information acquired in the course of his or her work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of his or her work is not used for personal advantage;
> ▪ share knowledge and maintain skills important and relevant to constituents' needs;
> ▪ proactively promote ethical behavior as a responsible partner among peers and subordinates in his or her work environment and community;
> ▪ promote and provide a safe environment for subordinates to report unethical/inappropriate behavior or suspected fraud including by not condoning or accepting any retribution against those subordinates for reporting these activities;

▪ achieve responsible use of and control over all assets and resources employed by or entrusted to him or her;
▪ recognize his or her fiduciary duties in the ensuring of effective internal control systems and a control environment necessary to protect those assets and resources employed by or entrusted to his or her;
▪ notify the head of internal audit and the Financial Controls Organization if he or she is aware of any material weakness in the design or operation of internal controls which could adversely affect the ability to record, process, summarize, and report financial data;
▪ read, understand and model the behaviors called for in the Company's Code of Conduct, and act as an advocate to ensure compliance in all areas within his or her span of control.

84. The "Administration" section of the Ethics Code states the following:

> The Financial Officers are expected to adhere to this Financial Code. Any request for a waiver under this Financial Code shall be submitted in writing to the chairperson of the Audit Committee who along or together with the other members of the Audit Committee have the authority to grant or deny it. Any amendment to or waiver of this Financial Code shall be promptly disclosed on the Company's website or through a current report filed with the Securities and Exchange Commission, as applicable.

85. In violation of the Ethics Code, the Individual Defendants failed to provide the Company with accurate, complete, and timely information, and failed to routinely disclose negative information regarding the Company which was necessary to accurately portray the Company's financial status.

THE INDIVIDUAL DEFENDANTS' MISCONDUCT

Background

86. Elanco is an Indiana corporation operating in the animal health industry. Previously, Elanco was a business unit of Eli Lilly but became an independent corporation on September 18, 2018.

87. Elanco is primarily engaged in the development, production, and sale of medical treatments for both farm animals and pets. Currently, Elanco possesses roughly 200 different brands of products, servicing over 90 countries.

88. One recent product of note from the Company is Zenrelia, a medication used to treat allergic itching and inflammation caused by certain forms of canine dermatitis. Zenrelia belongs to the class of medications known as janus kinase inhibitors ("JAK"), which block the enzymes that trigger canine itching and inflammation.

89. The first JAK inhibitor to be approved by the FDA was oclacitinib ("Apoquel"), in 2013. Apoquel is sold by one of Elanco's main industry rivals, Zoetis, Inc. ("Zoetis" or "ZTS"). ZTS began to sell Apoquel in the U.S. and other markets beginning in January 2014. Apoquel proved profitable, as ZTS partially credited the drug with resulting in a "companion animal" sales increase of roughly four percent in 2014, and a further fourteen percent in 2015.

90. Apoquel continued to prove a successful product, becoming ZTS's second-best selling product in 2022. Further, Apoquel contributed roughly ten percent of ZTS's revenues (over $8 billion) in 2022, and again in 2023 (over $8.5). As such, Apoquel existed as the incumbent canine dermatitis treatment when Zenrelia was being developed.

91. Prior to the Relevant Period, Elanco experienced an economic downturn, reporting a slight decline in constant currency revenue between 2021 and2022. However, the Company largely attributed the decline to global shocks such as the COVID-19 pandemic. As such, Elanco sought to reverse this trend by focusing on innovation—particularly, Zenrelia.

92. Notably, Defendants sought to enter the canine dermatology market in a sustained manner. Defendants noted that, prior to the Relevant Period, the Company only possessed one canine dermatological product, and this product was not a first-line product but rather a treatment used primarily after competing products proved ineffective. To that end, Defendants desired a first-line canine dermatological product. In light of this objective, Defendant Simmons stated on November 29, 2023 that ". . . with Zenrelia . . . [t]here'll be competition in the derm space that

Zoetis has not had[.]"

93. Defendants represented that Zenrelia's success would prove beneficial to the whole of Elanco's pet health portfolio and drive revenue through the availability of a "full complement" of products. On June 12, 2023, Defendant Simmons explained this concept, the "portfolio advantage," by stating the following, in relevant part:

> ***You look at a derm market that's [the] number one reason pet owners go to the vet is because of a derm problem.*** The dog is self-diagnosed in [sic] itself with the itching is that that [sic] continues to be a market where people are looking for alternatives. There's also portfolio plays to[o], where today, ***maybe a competitor that has all of those has a little bit of a portfolio advantage,*** [we']ll be coming with a portfolio advantage or to be a lot more competitive as we've got a leading pain portfolio, one of the widest parasiticide portfolios, ***derm will be an additive impact to our portfolio, which will be a big part of the competitiveness going into this market.***[1]

94. Further, when speaking to investors on September 11, 2023, Defendant Simmons stated, in relevant part:

> The other aspect I think is derm has been that one category as you look at the major players because you don't have it, going into whether it's corporate vets or going into the offering to the marketplace. ***You got to have para, you got to have pain, you got to have therapy and bios. But without derm, you've had some loss of leverage.*** We'll be, we think, one of two companies now that have that portfolio that will also play in the ramp rate and the share taking in this marketplace as well.

95. In a similar vein, Defendant Young explained the mechanisms behind the portfolio advantage. On November 29, 2023, Defendant Young stated, in relevant part:

> ***The more you buy from us, the better your rebates and pricing is. We've been at a competitive disadvantage on that by not having a dermatology product.*** And so, because the number one reason pet owners go into the vet is because of the itching dog, ***that always gave Zoetis a leg up and that the vet was always buying more from Zoetis from the start because of that derm portfolio. This is where having a complete portfolio solution with us having a derm product is going to be really helpful because it changes that dynamic.***

96. During the submission process for Zenrelia's FDA application, the Company

[1] All emphasis added unless otherwise noted.

carried out several studies to determine the effectiveness of Zenrelia at treating atopic dermatitis and pruritus related to canine allergic dermatitis. Because Zenrelia is an immunosuppressant, the Company conducted a vaccine response study to ascertain any potential interactions between Zenrelia and the subject's response to vaccination. Defendants did not disclose any information regarding the vaccine response study during the Relevant Period, and, as such, the details of the study were only made public by the FDA in a Freedom of Information ("FOI") Summary after the end of the Relevant Period.

97. The vaccine response study sought to assess Zenrelia's effect on vaccination responses when orally administered once daily in vaccine naïve (i.e., not previously vaccinated) 10-month-old beagle dogs, prior to and following primary vaccination, at three time (3X) the maximum exposure dose of 0.8 mg/kg, or 2.4 mg/kg, for 89 days. 3X dosing is a standard exposure level for studies of this nature. The study used sixteen beagle dogs, administering 3X doses of Zenrelia to a set of eight dogs and administering another eight dogs with a placebo to serve as a control group.

98. On the twenty-eighth day of the study, all beagle dogs received a modified live virus (MLV) vaccine containing canine distemper virus (CDV), canine parvovirus (CPV), canine adenovirus-2 (CAV2), and canine parainfluenza virus (CPiV). Notably, the study originally called for a second round of MLV vaccination and an administration of the killed rabies virus (RV) vaccine on the fifty-sixth day. However, this administration date was delayed to the sixtieth day of the study due to the poor health of the beagle dogs that had received Zenrelia.

99. The afflicted beagle dogs manifested clinical signs of *Cystoisospora canis* (*C. canis*), a parasite which results in canine intestinal tract infections. Although *C. canis* is normally not life-threatening or serious, the parasite can be more dangerous or even fatal in canines that

possess comprised immune systems.

100. Significantly, two beagle dogs suffered major adverse effects from the Zenrelia treatment, with one developing vaccine-induced adenoviral hepatitis and pancreatitis, and the other developing infectious enteritis (inflammation of the small intestine) that may have also contributed to an intussusception (an obstruction in the intestines which occurs when one part of the intestine slides into an adjacent part). As a result of these complications, the two beagle dogs were *euthanized* on days 52 and 54.

101. Further, the beagle dogs that received Zenrelia exhibited a host of other negative symptoms, including: pale mucous membranes, lethargy, diarrhea, weight loss, emesis, poor body condition, depression, and decreased appetite. This was potentially due to the clinical *C. canis* infection noted above, as seven of the eight beagle dogs which received Zenrelia developed *C. canis* while none of the beagle dogs in the control group developed *C. canis*.

102. The beagle dogs that received Zenrelia also failed to demonstrate adequate immune responses to the administered vaccines. Indeed, while only one beagle dog in the control group failed to achieve an adequate response to the rabies vaccine (on days 116 and 172), four of the six remaining beagle dogs that received Zenrelia failed to achieve an adequate response on day 88. Moreover, one and three of the four Zenrelia-group beagle dogs mentioned above failed to achieve an adequate response to the rabies vaccine on days 116 and 172, respectively.

103. Additionally, while all the beagle dogs in the control groups developed an adequate response to the CDV vaccine, one of the remaining six dogs in the Zenrelia-group failed to achieve an adequate response on days 88 and 172.

104. During the Relevant Period, Defendants did not reveal the results of the study or even its existence. Defendants only first acknowledged the vaccine response study's existence

before market hours on the first day after the end of the Relevant Period when noting the expectation that Zenrelia would require a boxed safety warning. However, investors would not learn any further information about the study until the FDA's FOI Summary was published on September 19, 2024.

105. The FDA's FOI Summary finally provided investors with insights to the need for a warning label. The FOI Summary stated "[t]his study demonstrates that it is not safe to administer vaccines in dogs concurrently receiving Zenrelia." The FOI Summary also observed that the failure of four out of six Zenrelia-administered dogs to develop an adequate rabies-vaccine response "**. . . *raises a public health concern***." Finally, the FOI Summary concluded by stating that "[d]ue to the risks in immunocompromised animals of vaccine-induced disease associated with MLV vaccines and inadequate immune response to any vaccine, Zenrelia™ should be discontinued at least 28 days to 3 months prior to vaccination and should not be administered for at least 28 days after any vaccination."

106. The vaccine response study and resulting boxed warning label created a material risk that consumers would not use Zenrelia and instead would continue to rely on competing products. Additionally, the instruction to avoid Zenrelia leading up to and following canine vaccination materially limited the amount of Zenrelia doses used per dog, thereby harming the Company's prospects for future commercial revenue.

Former Employee Testimony

107. A former employee of Elanco interviewed in the Securities Class Action ("FE-1") provided further information pertaining to the adverse vaccine response study. FE-1 worked for the Company until the first quarter of fiscal year 2022 (approximately six years), and occupied several research and development positions, including the role of Senior Director. FE-1's roles

involved early drug development, providing FE-1 with knowledge of the Company's drug development protocol, namely the communication of development issues to upper management.

108. FE-1 explained that the Company's standard protocol was to perform tests to ascertain potential "undesired impacts" of drugs in development. As such, FE-1 explained that it would be standard operating procedure to test an immunosuppressant such as Zenrelia for its effect on vaccine responses in animals.

109. FE-1 further explained that when drug trials exhibit unexpected results, employees assigned to the particular project would meet and discuss the issues present. FE-1 added that, in such cases, employees working on the project would include employees working on other projects or even outside consultants.

110. FE-1 also described the software utilized in overseeing the drug development projects. FE-1 stated that each drug received a set of milestones, and that subsequent developments in a particular project deemed likely to result in an unmet milestone would cause an alert in the system. FE-1 stated, in relevant part: "if for any reason things are not progressing, it gets picked up in the system" and triggers an alert. Notably, FE-1 agreed that an "unexpected study result" that could have a "significant impact" would result in a system alert.

111. Regarding executive officers, FE-1 stated that the CEO and CFO of the Company possessed a "whole platoon around them and their whole business is making sure they are exposed" to information regarding the Company, especially information pertaining to drug development. FE-1 explained that "[w]hen there is an unexpected development that has a material impact, it is reported to that team," who subsequently report the development to the CEO and CFO.

112. The standard practices illustrated by FE-1 demonstrate that Defendants Simmons and Young were informed of Zenrelia's adverse vaccine response study, which observed major

health and safety concerns and thus increased risks associated with Zenrelia's FDA approval and commercial success.

False and Misleading Statements

May 9, 2023: Earnings Call

113. On May 9, 2023, the Relevant Period began when Elanco hosted an earnings call concerning the Company's financial results for the first quarter of the 2023 fiscal year ("Q1 2023 Earnings Call"). During the call, with regard to Zenrelia, Defendant Simmons stated that ". . . [e]ach of our potential blockbusters is ***progressing as planned*** with a path towards approval by the first half of 2024[.]"

114. This statement was false and misleading because it intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding ". . . as planned," while omitting the adverse results of the vaccine response study completed on March 13, 2023. Further, the statement was false and misleading as it was made after Zenrelia's application in the fourth quarter of the 2022 fiscal year, which revealed major health and safety issues that the Company did not anticipate.

115. Later during the Q1 2023 Earnings Call, Defendant Simmons answered an analyst's question concerning product timelines. The analyst asked:

> ***As you think about the three companion animal blockbuster products in 2024 to*** the parasiticide and ***the derm launches, is the timeline still on track? Has there been any changes there?*** Is there any possibility of expediting those launches? ***And how are you thinking about your conversations with the FDA, just given delays across certain competitor products with the FDA specifically?***

116. In response, Defendant Simmons answered:

> Thanks, Erin. ***It's the right question to ask relative to the timing. What I would say is kind of, as we step back and look at the pipeline position, I'd say the following things***. And as I mentioned, we're controlling what we can control. First, I think quality of the team, what Ellen has done with her and her team, the quality

> of our regulatory team. ***Second is the quality of the packages, which we're very confident in. The dialogue with the regulators***. I can point to proof points. Three approvals here recently: parvo, USDA; Adtab, EU; and Varenzin, FDA[;] I think the track record and recent success is an example of this team and what they're capable of.

117. These statements were false and misleading because they intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding normally while omitting the adverse results of the vaccine response study completed on March 13, 2023. Further, the statements were false and misleading as they were made after Zenrelia's application in the fourth quarter of the 2022 fiscal year which discovered major health and safety issues that the Company did not anticipate.

June 1, 2023: Conference

118. On June 1, 2023, Defendant Young represented the Company at the Stifel Jaws and Paws Conference. During the conference, an analyst from Stifel asked Defendant Young the following:

> And so, ***let me push a little bit there***, Todd, because it is perfect segue, that's literally what I had in front of me. So, I think investors are getting excited, right? I mean, you put up a good quarter, you raised, you talked about cash flow getting better in 2024 then 2023. As some of these initiatives get behind you, that frees up your ability to pay down debt, and then you got all these new products. ***But the confidence that these products***, Bovaer, atopic derm, ***JAK***, monoclonal, the triple, ***all get approved in 1H 2024 when just like when you look back at what's recently taken place***, [B]I, it's taken much longer for them to get NexGard Plus. Even Zoetis, it took them longer to get Librela. ***Maybe try to communicate to the investors why you have that level of confidence on those four getting across the goal line in 1H 2024 where, with the agency, some of these things just seem to be taking long.***

119. In response, Defendant Young answered:

> Well, we can't control the agencies. ***What we can control is the quality of our package, the quality of the data. We're having good interactions with the agencies.*** We've seen Bexacat get approved earlier than we expected. We've seen our parvovirus get approved conditionally, but still approved generally in the timeframe we expected. It was probably a month late. So, we've got – Zorbium got approved a little faster . . . got conditional approval a little faster. So, there are

> products that we have that are getting approved inside our timelines, or a little quicker, understanding there's some other ones out in the industry that have had delays. So, we've been clear to say ***we've got a path to first half approval***, doesn't mean it's a guaranteed first half approval. But ***right now, we're still on that path based off Ellen's team and the milestones they're hitting. If that changes, we'll update you and the rest of the Street on timelines.***

120. These statements were false and misleading because they intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding normally on account of the information submitted to the FDA by the Company, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

June 12, 2023: Conference

121. On June 12, 2023, Defendant Simmons represented the Company at the Goldman Sachs Global Healthcare Conference. During the conference, a Goldman Sachs analyst asked:

> On the innovation revenue, so you have a 2025 target for $600 million to $700 million. Based on the guidance for this year, that implies about an incremental $400 million over that period. You highlighted three large pet health products and Bovaer that are yet to get approval on launch. ***I guess when you think about, now that the products are filed, is there feedback or updates that you expect to get from the FDA between now and that your kind of goal for approval in the first half of 2024? And then, are there updates the investors should expect from the company during that period?***

122. Defendant Simmons responded:

> So first of all, just from a high level, is all the products we're talking about are FDA products, with one exception, and that is the parvo product. The monoclonal antibodies that are approved to the USDA. So the Animal Drug User Fee Act, it's based off from PDUFA, it's called ADUFA. It's based on really with the FDA on average from the submission kind of period till approval. There's ranges in here. There's three major submissions: efficacy, safety and CMNC [sic]. It's about a year. So, these are rolling iterative submissions and it's rolling in iterative and constant dialogue. ***I would say that we've had good constructive dialogue, high-quality packages and we've got a predictable regulatory path. And that's what***

said that we've got a path to first half 2024.

123. These statements were false and misleading because they intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding normally, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

August 7, 2023: Earnings Call

124. On August 7, 2023, Elanco hosted an earnings call regarding the Company's financial results for the second quarter of the 2023 fiscal year ("Q2 2023 Earnings Call"). During the call, an analyst asked the following question:

> [M]aybe you can talk a little bit about when you have some of these new product launches in the first half of 2024, what are your expectations maybe around control launch periods? Is that should we be factoring in a little bit of a period where you ramp sales more so than normal? And then, on the other side of that, how does the manufacturing side look? When can they start to be kind of margin-accretive?

125. Defendant Simmons replied, in relevant part:

> With respect to margin, again, we feel very good about the margin prospects [i]n all of these products over time. But clearly, as you ramp sales and get to higher levels, we get better economies of scale on those. With respect to Credelio Quattro, ***as well as the JAK inhibitor, we expect those to be higher margins at the start.*** With respect to Bovaer, given that significant pull-forward of approval versus when we acquired it, it means we're going to have third-party contract manufacturing supply that will be at a higher margin and thus, less accretive to our overall portfolio than the Pet Health products. But, overall, we're looking forward to getting these approved, getting them launched, and they'll be the big drivers over the next few years to increase margins, increase free cash flow and drive EBITDA higher.

126. These statements were false and misleading because they intimated that Zenrelia had ". . . higher margins at the start[,]" while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety

concerns surrounding Zenrelia and the negative consequences such concerns would have on Zenrelia's FDA application, as well as its profit margins ". . . at the start [of commercial sales]."

September 11, 2023: Conference

127. On September 11, 2023, Defendant Simmons represented Elanco at the Morgan Stanley Global Healthcare Conference. During the conference, a Goldman Sachs analyst asked the following question, in relevant part: "And then what about differentiation? How should we think about it? You mentioned effectiveness, for instance, as being one area that could be addressed. It could also be safety, particularly with the JAK in terms of what shows up in Apoquel and then also on the IL-31." Defendant Simmons replied, in relevant part:

> Yeah. So we've talked about the differentiation in our parasiticide. I'll come to that in a minute. ***We've not given the specifics on our differentiation for competitive reasons until we get a little closer. But differentiation in our market either comes back to efficacy, safety, or administration. And again, I think this market opens up to that.***

128. These statements were false and misleading because they noted that Zenrelia's "differentiation" specifics included safety, despite the fact that Defendants omitted the medication's health and safety concerns which were identified in the adverse vaccine response study completed on March 13, 2023. As such, Defendants did not give ". . . the specifics on [their] differentiation for competitive reasons[,]" but rather to avoid panic amongst investors.

November 7, 2023: Press Release and SEC Filing

129. On November 7, 2023, the Company issued a press release concerning its financial results for the third quarter of the 2023 fiscal year ("Q3 2023 Press Release") and filed these results with the SEC as an exhibit to a Form 8-K. The release quoted Defendant Simmons who stated, in relevant part:

> ***Our innovation pipeline remains on track, with potential blockbuster products. . . . and our differentiated JAK inhibitor for canine dermatology, which upon approval will be known as Zenrelia, . . . on a path toward U.S. approval in the***

> ***first half of 2024.*** We are also investing in important commercial capabilities and expanded share of voice to drive our current portfolio and expected launches in 2024.

130. These statements were false and misleading because they intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding normally, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

November 29, 2023: Conference

131. On November 29, 2023, Defendant Young represented the Company at the Evercore ISI HealthCONx Conference. During the conference, an Evercore analyst asked the following question: "I think if you look at Zoetis' Apoquel label, around 68% or 70% response rates with that JAK. I mean, is it so entrenched by this point such that when you – when Elanco's JAK comes to market, it'll be used second line you feel like[.]" Defendant Young replied:

> Again, ***I think we believe we can very much get first line.*** It will obviously vary by vet. The question then becomes, all right, there's a lot of dogs that don't respond, right? 32% is not an insignificant amount. And then you get into, well, if dogs are responding better to our product, well, then maybe the vet decides, well, let me go with that one because the hard to treat dogs have been responding better. I don't know that that'll be the case. That's obviously what we're hoping, is that we're responding to the higher level and that you get that kind of just efficacy benefit, but that will play out in the marketplace. But we're excited to get the product.

132. These statements were false and misleading because they intimated that Zenrelia had the potential to be a "first line" product amongst the relevant consumer base, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the likelihood that such concerns would drive consumers to purchase from competing brands as opposed to

purchasing Zenrelia.

January 9, 2024: Conference

133. On January 9, 2024, Defendants Simmons and Young represented the Company at the J.P. Morgan Healthcare Conference. During the conference, a J.P. Morgan analyst asked:

> New launches, obviously going to be a big, big focus for the company as you go through this year. Maybe just the latest around timing and confidence on some of these approvals. ***So I guess any update on the regulatory front of how the applications are progressing, any requests for additional data?*** I'm just trying to get a sense of like how confident are you on the first half approval timelines?

134. Defendant Simmons replied:

> Yes. So we've said – I back up and say as I mentioned just now, through 20 – ***through 70 years and we've got 10 blockbusters, we are now looking at 6 in the making between the two that we have approved and through 2025.*** So we're sitting here, I think, with a historical significant innovation. Yes, ***the three that are submitted are under the FDA***, two of them are under ADUFA. ***So as we look at them, no new real news here. And that's good news.*** I mean, we have said it's rolling, it's iterative, the submissions are in. We're working on the regulatory side with them. ***It's a proactive and productive dialogue.*** So I think that's all moving forward. Again, we see a path to approval for these products in the first half of 2024.

135. These statements were false and misleading because they intimated that ". . . no . . . news . . ." existed concerning Zenrelia's FDA application, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

136. Also during the January 9, 2024 conference, the same analyst asked the following question:

> On the gross margins. Just where can we think about gross margins going from here? I guess, is there anything from a manufacturing optimization that still needs to be done or just where are the opportunities? Is it mix that drives margins up here? I'm just trying to get a sense of where that…?

137. Defendant Young replied:

> Certainly. As a general matter, we've got the near-term headwinds from slowing down the manufacturing plants. We said that's sort of 140 basis points to 170 basis points of headwind in 2024. That's offset by continuing to take positive price. We've committed to constant currency sales growth with the existing portfolio. As we leverage greater sales, that is also a positive for our margin. ***And then the new products that we've been talking about as they scale, that has real value to margin from the positive mix component. So overall, we expect to continue to drive gross margin and operating profit higher over the next few years as we launch these big blockbuster products.*** We know big products in big profitable spaces like US cattle and US pet add real value to the bottom line.

138. These statements were false and misleading because they intimated that as one of ". . . the new products[,]" Zenrelia ". . . ha[d] real value to the margin[,]" and would ". . . continue to drive gross margin and operating profit[,]" while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on Zenrelia's sales and, similarly, the Company's margins and profit as a whole.

January 18, 2024: Television Appearance

139. On January 18, 2024, Defendant Simmons represented the Company on the CNBC television show *Mad Money*, hosted by Jim Cramer. When discussing the Company's financial performance and future potential, Defendant Simmons stated: "This is our 70th year but I would say ***the most exciting pipeline.*** We're bringing ***six blockbusters*** over the next two years." Simmons characterized a blockbuster by representing that "a blockbuster in animal health can be over $100 million, in major markets."

140. Later, Defendant Simmons stated that "these major blockbusters are ***higher margins***, in big markets, ***faster growth rates***, much higher mix. That's going to create a lot more EBITDA." Defendant Simmons went on to state: "Right now in Elanco, back to the priority, six major blockbusters. . . . First . . . entry into the auto, you know, immune kind of market, excuse me, the derm market. That's going to be critical." Defendant Simmons's example of the "derm

market" was in reference to Zenrelia.

141. These statements were false and misleading because they portrayed Zenrelia as a "blockbuster" within the Company's ". . . most exciting pipeline . . ." that possessed ". . . higher margins . . . [and] faster growth rates," while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on Zenrelia's "growth rates."

February 7, 2024: Television Appearance

142. On February 7, 2024, Defendant Simmons represented the Company on the television show *Floor Talk with Judy Shaw*, hosted on NYSE TV. During the show, the host Judy Shaw asked the following question: "So tell me, how is Elanco approaching 2024 and what are the key components to your growth strategy?" Defendant Simmons replied by stating, in relevant part: "[w]e're looking at probably ***the most exciting pipeline. Six blockbusters, that's over 100 million in animal health, over the next two years we're bringing to market."*** As noted in his subsequent answers, Defendant Simmons was referring to Zenrelia among other medications.

143. Also during the show, Ms. Shaw asked the following question: "[s]o, you have been talking about innovation and your pipeline. ***Tell me about the blockbusters you've been talking about for the first half of the year."*** Defendant Simmons replied: "Yeah, so pets and farm animal. ***Four on the pet side***, two on the farm animal." Later in the show, when discussing canine parvovirus treatments, Defendant Simmons also stated:

> The other one's one of the fastest growing markets, derm. Why do people take pets to the market [sic]? The top reason is an itching dog. It's a $1.2 billion dollar market, growing double digit, and vets don't have a lot of alternatives. ***We're bringing Zenrelia, a JAK1 inhibitor, it's a differentiated asset entering that market. We've got a path for an FDA approval the first half of this year.***

144. These statements were false and misleading because they intimated that Zenrelia's

FDA application and the Company's related conversations with the FDA were proceeding normally, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

February 26, 2024: Press Release

145. On February 26, 2024, Elanco issued a press release regarding its financial results for the full year and fourth quarter of the 2023 fiscal year ("4Q23 Press Release"). The press release quoted Defendant Simmons, who stated, in relevant part:

> As we look at 2024, we expect our existing portfolio to deliver constant currency revenue growth of 1% to 3%, with both pet health and farm animal expected to contribute to growth. ***We remain encouraged by our three late-stage pipeline products under regulatory review that have a path toward approval in the first half of 2024 and would be additive to our topline expectations in the second half of the year.*** Continuing our efforts to improve efficiency, today we announced a strategic restructuring to continue the shift of our investments into more significant value creation areas. We are investing to enhance our launch efforts, prioritizing cash flow improvements and meaningfully reducing leverage, from both our improving free cash flow and the expected sale of our aqua business. We believe that the investments we are making in 2024 will provide the foundation to enable sustained revenue growth over the medium and long term.

146. These statements were false and misleading because they intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding normally, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

February 26, 2024: Earnings Call

147. Also on February 26, 2024, Elanco hosted an earnings call concerning the

Company's financial results for the fourth quarter of the 2023 fiscal year ("4Q23 Earnings Call"). During the call, Defendant Simmons stated, in relevant part:

> ***On the late-stage pipeline, our three differentiated assets*** - Credelio Quattro, ***Zenrelia***, and Bovaer are all progressing with the FDA. As we've shared previously, the regulatory process is rolling and iterative at this stage, and ***we are in ongoing productive dialog with the FDA's Center for Veterinary Medicine. These three potential blockbusters continue to have a path towards [U.S.] approval in the first half of 2024.***

148. These statements were false and misleading because they intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding normally, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

149. Later on the 4Q23 Earnings Call, an analyst asked the following question:

> But my thought was that the ADUFA date for Zenrelia was in February. And Jeff, can you discuss any high-level thoughts on what still remains to get done after any interaction with the agency? Do you have increased conviction with Zenrelia in 1H 2024 approval timeline?

150. Defendant Simmons replied, in relevant part:

> ***[N]o update today on [the] Zenrelia timeline. We continue really with no change in terms of just a very productive dialog with the FDA. We believe that market adoption, as we know, will be driven on value and execution. But again, the dialogue with the FDA is going well. No change. When there is change, of course, we'll be announcing approval, and if there's any change to that, we'll let you know.*** So, no – ***no change at all.***

151. These statements were false and misleading because they intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding normally, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding

Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

152. Towards the end of the 4Q23 Earnings Call, an analyst asked the following question:

> [O]n the FDA conversations that you guys are having, I guess as you get closer to an approval here in first half 2024 that you're reiterating, I think maybe I would have expected you could give a little bit more confidence or a little narrowing of the timeframe. So, one, am I over-reading that? Is there anything going on in conversations? Do you guys feel more confident as you're going through these discussions?

153. Defendant Simmons replied, stating, in relevant part: ***"I wouldn't read into anything. Our confidence remains. Our confidence in the differentiation remains.*** These are great assets. Our regulatory team is doing a great job, and ***we're in a very proactive productive dialogue with the CVM, and we'll update you if anything does change."***

154. These statements were false and misleading because they intimated that Zenrelia's FDA application and the Company's related conversations with the FDA were proceeding normally, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on Zenrelia's FDA application. More specifically, the statement were false and misleading as they intimated there was "no change" in Zenrelia's FDA application despite the adverse vaccine response study completed on March 13, 2023.

February 29, 2024: Summit

155. On February 29, 2024, Defendant Young represented the Company at the Bank of America Securities Animal Health Summit. During the summit, an analyst asked the following question:

> 2024 is a major year for you, expected to be a major year for you. We've been waiting for a lot of this innovation for a long time. You've got Zenrelia, Credelio Quattro, Bovaer, at this point in the game, sort of how much confidence do you have in that first half approval timing and the launch timing after that? Because we are essentially in March, we're two months through the year, so you're just getting closer and closer. So, what's your thought process on where we stand now?

156. Defendant Young replied, stating, in relevant part:

> As I think we've tried to represent here for a while, ***we feel good about our path to first half approval. We've put in packages that we feel the FDA can very much approve. And we're having really good dialog regarding all of the information in those packages with the FDA.*** It's regular dialog. This isn't, put something in and wait six months. It's regular. ***Good interaction to make sure we're tracking.*** And overall, we understand the focus from the investor side on the timing and the launches. And I assure you we have just as much focus internally to do that, given, how important it is to our total portfolios and the growth we're going to deliver this year.

157. These statements were false and misleading because they portrayed the Company as having had ". . . really good dialog . . ." with the FDA concerning the Zenrelia application, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

March 4, 2024: Conference

158. On March 4, 2024, Defendant Simmons represented the Company at the TD Cowen Health Care Conference. During the conference, an analyst asked the following question:

> So moving to the new launches, could you provide an update on the regulatory status of these products? And then in your experience, what are the most common reasons filings could be delayed? And then just is there any upside to a delayed filing, maybe a strong label, maybe a more differentiated label with more data?

159. Defendant Simmons replied, stating, in relevant part:

> But if I talk specifically about those assets in the US with the FDA, I think we're ***in a productive, proactive dialogue.*** There is an Animal Drug User Fee Act where there's steps. But in these final phases, it's very rolling, it's very iterative. And what

> we say is ***if there's anything significant that changes, we'll share that. So we're still in that stage.***

160. These statements were false and misleading because they characterized the Company's communications with the FDA regarding the Zenrelia application as ". . . productive dialogue . . ." and intimated that no significant changes had occurred while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

March 12, 2024: Conference

161. On March 12, 2024, Defendant Young represented the Company at the Barclays Global Healthcare Conference. During the conference, Defendant Young was asked a question concerning Elanco's "innovation pipeline." Defendant Young replied, stating: "Yeah. All three products we ***continue to have a path to first half approval.*** We've said contribution to revenue growth would be second half. So, ***no change on that communication.***"

162. These statements were false and misleading because they intimated that there had been "no change . . ." on Zenrelia's ". . . path to first half approval[,]" while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

2024 Proxy Statement

163. On April 19, 2024, the Company filed the 2024 Proxy Statement with the SEC. Defendants Simmons, Doyle, Garcia, Scots-Knight, Anand, Bilbrey, Herendeen, Kurzius, Wallace, Harrington, Hoover, Kochevar, McDonald, and Turner solicited the 2024 Proxy Statement, filed pursuant to Section 14(a) of the Exchange Act, which contained a series of

materially false and misleading statements.

164. The 2024 Proxy Statement asked shareholders to vote to, *inter alia*: (1) reelect Defendants Simmons, Doyle, Garcia, and Scots-Knight to the Board; (2) ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2024; and (3) approve, on an advisory basis, the compensation of Elanco's named executive officers.

165. Regarding the Code of Conduct, the 2024 Proxy Statement stated the following:

> The 10 ethical responsibilities set out in the Elanco Code of Conduct guide our decisions and relationships, establish our behavioral expectations and set the high standards against which we measure our performance. The Code of Conduct applies to our directors, executive officers and all other employees. It is available at www.elanco.com/en-us/about-us/governance/e-and-c by clicking on the "read more" button. In addition, we hold our suppliers and other third parties with whom we do business to similar standards which are contained in our recently revised Business Partner Code of Conduct.
>
> We have also adopted a Financial Code of Ethics that contains the ethical principles by which our Chief Executive Officer, Chief Financial Officer and other financial officers are expected to conduct themselves when carrying out their duties and responsibilities. It is available at www.elanco.com/en-us/about-us/governance/corporate, by clicking on the "Financial Code of Ethics" link. Any amendments to or waivers from the Elanco Code of Conduct or our Financial Code of Ethics will be disclosed on our website within the time period required by applicable law following the date of such amendment or waiver.

166. With respect to "Board Oversight," the 2024 Proxy Statement stated the following, in relevant part:

> OUR BOARD'S OVERSIGHT OF RISK MANAGEMENT
>
> We have an enterprise risk management program overseen by our General Counsel, who is supported by our internal General Auditor. Material enterprise risks, which include competitive, strategic, operational, financial, legal, regulatory and ESG risks, are identified and prioritized by management through both top-down and bottom-up processes. Our management is charged with managing these risks through robust internal processes and controls.
>
> Our Board has responsibility for oversight of our management's planning for material risks. Our enterprise risk management program is reviewed annually at a Board meeting and enterprise risks are also addressed in periodic business function

reviews. Reviews of certain risk areas are also conducted by relevant Board committees, as described below.

167. Under the direction and watch of Defendants Simmons, Doyle, Garcia, Scots-Knight, Anand, Bilbrey, Herendeen, Kurzius, Wallace, Harrington, Hoover, Kochevar, McDonald, and Turner, the 2024 Proxy Statement failed to disclose that the Company's Code of Conduct was not followed, as evidenced by the Individual Defendants: (1) making and/or causing the Company to make numerous false and misleading statements and omissions alleged herein; and (2) failing to report violations of the Code of Conduct. Further, the 2024 Proxy Statement was materially false and misleading because, despite assertions to the contrary, the Board was not adequately performing its risk oversight functions.

168. The 2024 Proxy Statement also failed to disclose that: (1) Zenrelia was riskier than previously advertised to investors, as evidenced by a previously unreleased study; (2) FDA approval of Zenrelia was likely to be later than Defendants predicted; (3) as a result, the Company overstated the financial prospects of Zenrelia; and (4) as a result, Individual Defendants' boastful statements touting Elanco's business, operations, and prospects were materially misleading. As a result of the foregoing, the Company's public statements were materially false and misleading and/or lacked a reasonable basis at all relevant times.

169. As a result of Defendants Simmons, Doyle, Garcia, Scots-Knight, Anand, Bilbrey, Herendeen, Kurzius, Wallace, Harrington, Hoover, Kochevar, McDonald, and Turner causing the 2024 Proxy Statement to be materially false and misleading, shareholders voted, *inter alia*, to: (1) reelect Defendants Simmons, Doyle, Garcia, and Scots-Knight to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company; (2) ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2024; and (3) approve, on an advisory basis, the compensation of Elanco's named executive officers.

May 8, 2024: Press Release and SEC Filing

170. On May 8, 2024, prior to the market opening, the Company published a press release regarding its financial results for the first quarter of the 2024 fiscal year ("1Q24 Press Release") and also filed these results with the SEC as an attachment to a Form 8-K. Defendant Simmons is quoted in the press release as having stated the following, in relevant part:

> ***We are encouraged by the strong progress of our late-stage pipeline***, which has advanced significantly over the last several months. Based on our dialogue with the FDA and the status of packages submitted, ***we have increased certainty in the expected approval timing for [. . .] Zenrelia™*** and Credelio Quattro™. We continue to expect to bring differentiated products to the market, with revenue contribution expected from all three new products in the second half of 2024.

171. These statements were false and misleading because they intimated that Zenrelia's FDA application showed signs of ". . . strong progress . . ." which purportedly ". . . increased certainty in [its] expected approval timing[,]" while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

172. The press release further stated:

> ***For Zenrelia***, a JAK Inhibitor targeting control of pruritus and atopic dermatitis in dogs, the company believes the FDA has all data necessary to complete its review. ***All technical sections, including the label, are expected to be approved before the end of June.*** Full approval is expected in the third quarter after an expected 60-day administrative review period. Additionally, Zenrelia has been submitted in nine additional markets, including the EU, UK, Australia, Canada and Japan, with international approvals expected to begin in late 2024.

173. These statements were false and misleading because they intimated that Zenrelia's FDA approval, particularly the label section, was proceeding as anticipated while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative

consequences such concerns would have on the timing and outcome of Zenrelia's FDA application, especially the label section.

May 8, 2024: Earnings Call

174. Also on May 8, 2024, the Company held an earnings call concerning the Company's financial results for the first quarter of the 2024 fiscal year ("1Q24 Earnings Call"). During the call, Defendant Simmons stated:

> [B]oth ***Zenrelia*** and Credelio Quattro ***have progressed since February, and we believe the FDA has all the data necessary to complete its review of these products. For both products, we expect that all technical sections, including labels, will be approved by the FDA before the end of June.*** After the approval of all technical sections, each new animal drug application, or NADA, undergoes an expected 60-day final administrator review, putting our full approval expectations in Q3.

175. These statements were false and misleading because they intimated that Zenrelia's FDA application had ". . . progressed since February . . . [with the expectation] that all technical sections, including labels, will be approved . . . before the end of June[,]" while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application, notably on the label section.

176. Later during the 1Q24 Earnings Call, Defendant Simmons stated:

> Now, a little more on each product specifically. ***Zenrelia*** is our JAK inhibitor targeting the control of pruritis and atopic dermatitis in dogs at least 12 months of age. ***We remain confident this product will be differentiated from the current market option.*** Our market research shows clear interest and desire for additional options as ***we will continue to prioritize the optimization of the label to provide the most meaningful differentiation.*** We expect to have a very efficient approval to launch window targeting product in the market before the end of the third quarter. Additionally, we expect approval for Zenrelia in several international markets starting late in 2024, our fastest globalization effort ever.

177. These statements were false and misleading because they intimated that Zenrelia

would be differentiated from similar products in large part through its label, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on: (1) the ". . . optimization of the label[;]" and (2) distinguishing Zenrelia from " . . . the current market option," (i.e. Apoquel).

178. Further, during the 1Q24 Earnings Call, an analyst asked a question concerning Zenrelia's FDA approval submission and the Company's discussions with the FDA. In response, Defendant Simmons stated:

> First, ***we are very pleased with the progress we've made in these key assets since February. Actually, a lot of progress has happened***, and that's driven our increased certainty as we move closer to the end of this approval process. Yes, the dialogue with the FDA has been rolling and iterative. ***We've been in a productive engagement with them . . . .*** It's been fair, constructive, frequent. And really, over the last several months, we've been responding to the questions from the agency, which is very common. I believe the Animal Drug User Fee Act, or ADUFA is working specific[ally] on these assets, it's been constructive. ***So what's changed and what has not changed since February? What has changed is many sections and subsections of these submissions have been approved, both products have progressed. Simply, though, the back-and-forth interactions have taken slightly more time than we estimated this path to first-half approval. Thus, we're now moving the final 60 day administrative review into the third quarter.*** And I think, importantly, we have increased certainty in the timing from all of this interaction that you mentioned. ***I think it's also important to say what hasn't changed. What hasn't changed is we continue to expect the products to be differentiated versus the current offering. We still expect all technical inspections, including the label, to be approved in the first half or by the end of June. And we expect that the revenue contribution is still expected in this second half for these two products, as well as Bovaer.*** Again, importantly, we believe the FDA has what they need for the approvals and the launch planning, to your question on that, and the marketing is well underway.

179. These statements were false and misleading because they intimated that Zenrelia's FDA application had experienced ". . . a lot of progress . . ." and that the only changes to the application had been the approval of ". . . many sections and subsections[,]" while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the

statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

May 8, 2024: Investor Presentation

180. Also on May 8, 2024, Elanco published an investor presentation related to the 1Q24 Earnings Call. Slide 6 of the presentation represented that "peak sale expectations" for Zenrelia were "intact," stating:

181. This statement was false and misleading because it intimated that there was no change in the expected approval timeline for Zenrelia or its expected sales, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on Zenrelia's FDA application, and thus also omitted the likely negative consequences for Zenrelia's projected sales.

May 29, 2024: Conference

182. On May 29, 2024, Defendant Young represented the Company at the Stifel Jaws and Paws Conference. During the conference, an analyst asked the following question:

> So, in my numbers, if the $400 million is a good metric this year and it grows mid-teens again, my number, you got $460 million next year from that bucket, you've got to be around $150 million from the new class, the 2025. It's just sort of the math and in the construct, maybe we can deconstruct that 2025 class and just start with Zenrelia. $150 million is a big number. ***So, you got to have some confidence that Zenrelia will ramp and ramp effectively. How do we think about the uptake for***

> ***new dogs versus switchers?*** And we were fortunate to have you at the dinner last night. ***Maybe we should grow in non-responders as well, if you want to talk to that.***

183. Defendant Young replied, stating, in relevant part:

> Overall, we're very excited to bring Zenrelia into the market. It's a JAK inhibitor product as we know, dermatology was not a big market until Zoetis created it with Apoquel and Cytopoint and it's grown to be a $1.5 billion market globally that's continuing to grow. It's the number one reason a pet owner goes into the vet is to address the itching dog. We're going to be the second company to bring a JAK to the market and ***we're excited about positive differentiation that we think will allow us to penetrate the market in a reasonable way. Overall, is that going to be new dogs, is it going to be switchers, is it going to be non-responders? I think we think all of those will be in play with the product we're going to bring, and that's going to be the opportunity to really penetrate the market.***

184. These statements were false and misleading because they intimated that Zenrelia possessed "positive differentiation" from other products in the market and that consumers would "switch" their dogs from other medications to Zenrelia, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application, especially the likelihood that consumers would switch their dogs off competing products and on to Zenrelia.

June 11, 2024: Conference

185. On June 11, 2024, Defendant Simmons represented the Company at the Goldman Sachs Global Healthcare Conference. At the conference, an analyst asked the following question:

> And when it comes to, I guess, innovation and that differentiation piece, we talked on the last call about sort of prioritizing kind of optimization of the label, could you maybe just kind of like talk about what that means and maybe as you kind of gotten some of the different technical sections approved, kind of level of confidence in the differentiation that you're bringing to market.

186. Defendant Simmons replied, stating:

> Yes. ***So I think we've probably gone to another level of disclosure of the regulatory process in animal health, given where we are as a company.*** And we

> felt it was necessary, but what I would say is what we're going through is very common. The Animal Drug User Fee Act has been based off from PDUFA. It's the – it's – we're in ADUFA V. So, we've done this for almost 30 years. So, it's very common in the final stages to be in a rolling iterative, back and forth discussion and it's very common to say, hey, we will be always looking at how we can optimize the label relative to the value and the differentiation and that will be a process that we will go through and are going through as we go through these final steps in our approval process. So – and that will be key to overall. And we'll look at those tradeoffs back and forth. We're confident in our [sic] as well as with Zenrelia, Credelio Quattro and Zenrelia. And ***we're confident in the package that's based on the science and the data that's in the package.*** And we'll look forward to communicating the outcomes as they come forward.

187. These statements were false and misleading because they intimated that Defendants' conveyed an extensive ". . . level of disclosure of the regulatory process in animal health," while omitting the adverse results of the vaccine response study completed on March 13, 2023. The statements were also false and misleading because they intimated that Defendants had confidence in ". . . the science and the data that's in the [Zenrelia application]." Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application.

188. After Defendant Simmons's response, the analyst followed up by asking:

> And I guess as you kind of think about bringing these products to market, ***do you kind of feel like they'll follow the traditional like launch curve that you see where you kind of reach maybe more of a run rate or kind of steady-state growth three or four years into the future? Or is there any reason to believe that like these drugs could be different?*** These are obviously like established markets that you're going into, could it be a faster uptake?

189. Defendant Simmons replied once again, stating, in relevant part:

> But these are major markets and we've got differentiated – we believe, in some cases, best-in-class type products. And we – we're – so we've said, we're going to resource and invest behind these launches like probably never before in Elanco's history. We've brought in know-how, so there'll be no regrets. We'll make the right decisions with the best experience we have. And we've been really practicing a lot of these capabilities over the last two years with some of the launches we've had. ***So, I do see a typical kind of archetype and adoption from historical standards.***

190. These statements were false and misleading because they intimated that Zenrelia would experience a "typical kind" of market launch curve, while omitting the adverse results of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application, and thus omitted the negative effects of the study on Zenrelia's market launch curve.

191. The analyst followed up yet again, asking:

> And I guess with Zenrelia, you talked about kind of doing the market research, potentially a $2 billion market kind of over time. I guess, what drives it there, because still obviously like would imply significant growth from where we are today? ***And then how do you think about kind of the factor that would influence the veterinarian adoption of a product like the Zenrelia and what would influence kind of the consumers' decision to use that product or switch from the product they're currently using?***

192. Defendant Simmons replied, stating:

> Yes. So, I think the biggest thing, derm is an exciting, very different market. If you think about derm, it is one – it's probably the only way a dog can self-diagnose, right. An itching dog is the number one reason that they go into the vet clinic. We believe just as you look at the US and our market research, there's another 6 million dogs that are untreated that are out there. So, I think more awareness, more treatments and a growing market is kind of the fundamentals. It's about 60% in the US, 40% in international. And we see growth rates at or above the US internationally. So, we see globalization will be another factor that will drive us to $2 billion. I think the other is it's a market that it's a chronic problem. As an owner of two labs that have itching problems and some products work, some don't work, there's different kind of stages of this problem. And all of these things lead to vets wanting more options. We've never seen a greater than $1 billion market with only two products really in it. So, I think vets want options. They – on most every other category, they want two or three options on their shelves. And most labels don't have – only 65% respond. So, it's set up very nicely for the next generation of innovation and alternative options. So, Elanco is looking at derm as global, as a portfolio approach and we've got multiple things in our pipeline, not just Zenrelia, but any products to follow, starting with an IL-31 in 2025.

193. These statements were false and misleading because they characterized the supposed factors which would drive consumers to adopt Zenrelia while omitting the adverse results

of the vaccine response study completed on March 13, 2023. Namely, the statements omitted the major health and safety concerns surrounding Zenrelia and the negative consequences such concerns would have on the timing and outcome of Zenrelia's FDA application, and thus omitted the likely negative effect of the study on Zenrelia's adoption by consumers.

THE TRUTH EMERGES

June 27, 2024: Press Release

194. On June 27, 2024, the Company issued a press release regarding an "innovation update." In relevant part, the press release noted:

> Elanco [. . .] today announced updates to the expected U.S. Food and Drug Administration (FDA) approval timeline[] for Zenrelia . . . . ***For Zenrelia***, the company has received confirmation from FDA that all major technical sections (Effectiveness, Safety and Chemistry, Manufacturing, and Controls (CMC)) are complete as of late June. ***For the Labeling minor technical section, earlier this week the Company aligned with FDA on the language and expects to receive the completion letter by mid-July.*** The 60-day final administrative review will follow, placing expected approval late in the third quarter of 2024. ***The company now anticipates a U.S. launch for Zenrelia in the fourth quarter of 2024.*** "Elanco continues to view Zenrelia as positively differentiated for effectiveness and convenience, which we believe can address unmet needs in the market. ***However, we expect the U.S. label will include a boxed warning on safety based on the outcome of a trial with unvaccinated dogs dosed at 3x the label dose,"*** said Bobby Modi, Elanco Executive Vice President U.S. Pet Health and Global Digital Transformation. ***"While we remain confident in Zenrelia's blockbuster potential, we believe this warning will slow the product adoption curve in the U.S. and initially limit the number of expected treatment days by approximately 25%.*** We plan to conduct additional research to support an improved label over time."

195. This news revealed that Defendants' prior statements during the Relevant Period were false and misleading because, *inter alia*, it showed: (1) the Company's FDA application for Zenrelia and subsequent conversations with the FDA had not transpired as the Company had intimated (notably the disclosure of the adverse vaccine response study); (2) the ensuing risk to the anticipated launch and approval timeline for Zenrelia obfuscated by Defendants; and (3) the ensuing risk to Zenrelia's product differentiation, market adoption, margins, expected sales, and

ultimate profitability obfuscated by Defendants.

196. On this news, the price of the Company's stock fell $3.70 per share, or 20.53%, from a closing price of $17.97 per share on June 26, 2024 to close at $14.27 per share on June 27, 2024, on unusually heavy trading volume.

INDIVIDUAL DEFENDANTS' KNOWLEDGE

197. Throughout the Relevant Period, the Individual Defendants demonstrated they closely followed Zenrelia's FDA application process through speaking repeatedly and in detail about it. As such, the Individual Defendants demonstrated that they possessed access to the Zenrelia application's internal information.

198. For instance, on the first day of the Relevant Period, Defendant Simmons stated he was "confident" in the "quality of the [Zenrelia FDA application] package . . ." in addition to the Company's ". . . dialogue with the regulators." Defendant Simmons continued to describe the Company's communications with FDA regarding the Zenrelia application as "productive" throughout the rest of the Relevant Period.

199. Defendant Simmons further showed his personal involvement in the Company's communications with regulatory authorities when, on June 12, 2023, he stated that "we've [i.e. the Company] been in close dialogue, ***I have myself,***" in reference to conversations between the Company and the Environmental Protection Agency ("EPA") pertaining to the Company's canine Seresto flea and tick collar.

200. Additionally, Defendant Young demonstrated that he possessed knowledge of Zenrelia's approval process as it unfolded. For instance, on February 29, 2024, Defendant Young described the Company's dialogue with the FDA concerning the Zenrelia application as "regular."

201. The Individual Defendants also demonstrated knowledge of Zenrelia's FDA approval process through their knowledge of the Company's launch strategies for Zenrelia. More specifically, the Individual Defendants' knowledge of Zenrelia's launch strategies provided knowledge of the timing and outcome (including labeling) of the FDA approval process. On June 1, 2023, Defendant Young stated "***[w]e're very focused on the launches***."

202. Likewise, on August 8, 2024 (after the Relevant Period), Defendant Simmons stated "Bobby Modi in the US pet health commercial organization have an extensive launch plan." Bobby Modi, the Company's Executive Vice President for US Pet Health and Global Digital Transformation, supported this by stating "[w]e've been preparing for [the Zenrelia] launch for a really long time."

203. The Individual Defendants also made frequent mention of the process by which the Company was differentiating Zenrelia from similar products. Notably, Defendants represented that the required labeling of treatments provides a significant source of differentiation. Defendant Simmons stated that "differentiation in our market either comes back to efficacy, safety, or administration," with all three factors influencing the labeling of the product. Defendant Simmons reinforced this statement on May 8, 2024, when he stated the Company was "continu[ing] to prioritize the optimization of the [Zenrelia] label to provide the most meaningful differentiation." These statements demonstrate that the Individual Defendants possessed knowledge of the FDA's labeling section as it pertained to the Zenrelia FDA application.

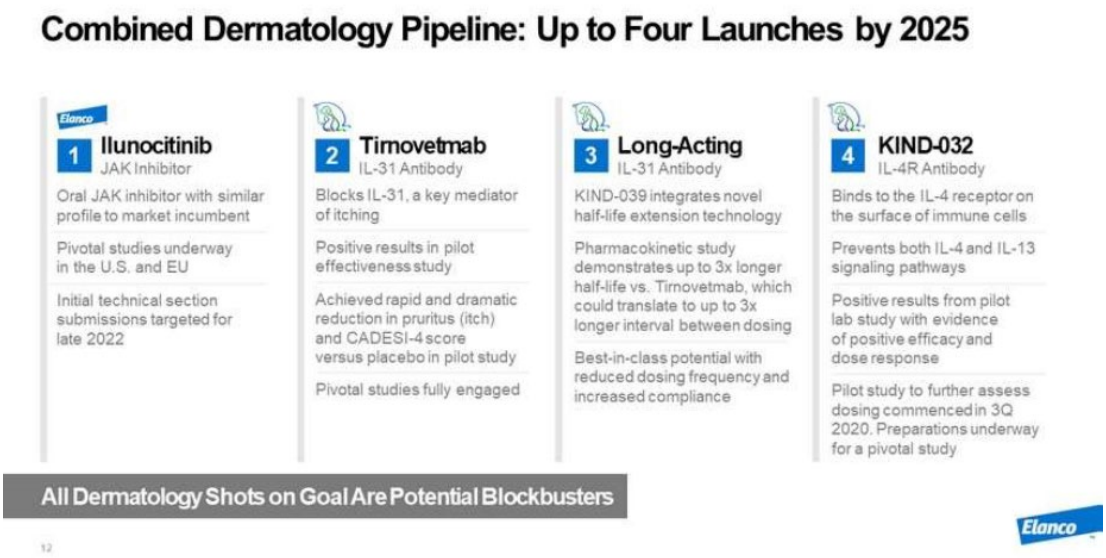
204. In addition, the Individual Defendants demonstrated that the Company performed significant market research prior to investors learning the truth about Zenrelia's FDA application. For instance, on February 29, 2024, Defendant Young stated, in relevant part:

> I think ***we've done focused groups*** with small groups of the – under NDA. We've gotten good feedback on that. And again, ***that gives us confidence that the***

> ***differentiation we're talking about has value.*** Clearly, we haven't gotten approval yet. We've not launched yet to see how it does respond practically in the marketplace. But overall, with Zenrelia, ***we feel like the market research we've done has certainly helped on that front.***

205. Defendants also suggested that the Company's market research did take the requirement of a black box warning for Zenrelia into account. On August 8, 2024, Defendant Simmons stated that "***even with the expected label*****,** there is strong interest in Zenrelia as a treatment option for canine dermatology."

206. The Individual Defendants also demonstrated knowledge of the adverse vaccine response study conducted before the start of the Relevant Period. On June 16, 2021, shortly after the start of the vaccine response study, the Company hosted a conference call to discuss new acquisitions and projects. During the call, Aaron L. Schacht, the Company's Executive Vice President for Innovation, Regulatory & Business Development at the time, stated that "[p]ivotal studies are underway in both the U.S. and the EU," and that "we are targeting 2022 for initial technical section submissions likely in the latter part of the year [i.e., Q4 2022]." When making these remarks, Mr. Schacht referenced the slide below which discusses the ilunocitinib [i.e., Zenrelia] studies.



207. As such, Defendant Simmons possessed knowledge of the studies that were enacted to secure Zenrelia's commercial launch. After the Relevant Period, Defendant Simmons noted that "***as part of any data package***, even a 10-year incumbent, 10 years ago, we completed what is called a vaccine response study." Defendant Simmons further explained the exposure of 3X dose of medication is the standard for such types of studies, stating "as it sounds, it studies and assesses the dogs' response to the vaccine while receiving three extra label dose of Zenrelia."

208. The vaccine response study revealed various red flags with regard to Zenrelia's process for obtaining FDA approval, which the Individual Defendants either knew about or were at least reckless in not knowing about given their awareness that the study was underway. Notably, the second round of vaccinations were delayed due to the poor health of the dogs which received Zenrelia (as compared to the normal health of dogs in the control group). Further, two dogs in the Zenrelia group had to be euthanized on account of immunosuppression and related diseases caused by the drug. As such, the vaccine response study demonstrated that Zenrelia was unsafe for dogs.

209. Due to the Individual Defendants' access to pertinent information about Zenrelia's FDA application, their multiple public statements concerning the application's data, and their

understanding of the vaccine response study component of the application, there is a strong inference that the Defendants were aware of the concerns highlighted in Zenrelia's vaccine response study and the negative impacts that would result with regard to Zenrelia's odds of achieving FDA approval and commercial success. Additionally, it is implausible that the adverse results of the vaccine response study and their impact were not discussed at length in the Company's conversations with the FDA in light of what Defendants themselves had characterized as "constant dialogue."

DAMAGES TO ELANCO

210. As a direct and proximate result of the Individual Defendants' conduct, Elanco has lost and will continue to lose and expend many millions of dollars.

211. Such expenditures include, but are not limited to, legal fees, costs, and any payments for resolution of or to satisfy a judgment associated with the Securities Class Action, and amounts paid to outside lawyers, accountants, and investigators in connection thereto.

212. Such expenditures also include, but are not limited to, fees, costs, and any payments for resolution of or to satisfy judgments associated with any other lawsuits filed against the Company or the Individual Defendants based on any misconduct alleged herein and amounts paid to outside lawyers, accountants, and investigators in connection thereto.

213. Such expenditures will also include costs incurred in any internal investigations pertaining to violations of law, costs incurred in defending any investigations or legal actions taken against the Company due to its violations of law, and payments of any fines or settlement amounts associated with the Company's violations.

214. Additionally, these expenditures include, but are not limited to, unjust compensation, benefits, and other payments provided to the Individual Defendants who breached

their fiduciary duties to the Company.

215. As a direct and proximate result of the Individual Defendants' conduct, Elanco has also suffered and will continue to suffer a loss of reputation and goodwill, and a "liar's discount" that will plague the Company's stock in the future due to the Company's and their misrepresentations and the Individual Defendants' breaches of fiduciary duties and unjust enrichment.

DERIVATIVE ALLEGATIONS

216. Plaintiff brings this action derivatively and for the benefit of Elanco to redress injuries suffered, and to be suffered, as a result of the Individual Defendants' breaches of their fiduciary duties as directors and/or officers of Elanco, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of the Exchange Act, and also brings claims for contribution under Sections 10(b) and 21D of the Exchange Act.

217. Elanco is named solely as a nominal party in this action. This is not a collusive action to confer jurisdiction on this Court that it would not otherwise have.

218. Plaintiff is, and has been at all relevant times, a shareholder of Elanco. Plaintiff will adequately and fairly represent the interests of Elanco in enforcing and prosecuting its rights, and, to that end, has retained competent counsel, experienced in derivative litigation, to enforce and prosecute this action.

DEMAND FUTILITY

219. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

220. A pre-suit demand on the Board is futile and, therefore, excused. When this action was filed, Elanco's Board consisted of the following fourteen individuals: Defendants Simmons,

Anand, Bilbrey, Garcia, Harrington, Herendeen, Hoover, Kochevar, Kurzius, McDonald, Scots-Knight, Turner, and Wallace (the "Director-Defendants"), and non-party Stacey Ma (together with the Director-Defendants, the "Directors"). Plaintiff needs only to allege demand futility as to seven of the fourteen Directors that were on the Board at the time this action was filed.

221. Demand is excused as to all of the Director-Defendants because each of them faces, individually and collectively, a substantial likelihood of liability as a result of the scheme they engaged in knowingly or recklessly to make and/or cause the Company to make false and misleading statements and omissions of material facts. This renders the Director-Defendants unable to impartially investigate the charges and decide whether to pursue action against themselves and the other perpetrators of the scheme.

222. Moreover, Director-Defendants solicited the 2024 Proxy Statement to call for a shareholder vote to, *inter alia*, re-elect Defendants Simmons, Doyle, Garcia, and Scots-Knight to the Board, thus allowing them to continue breaching their fiduciary duties to Elanco.

223. In complete abdication of their fiduciary duties, the Director-Defendants either knowingly or recklessly caused or permitted Elanco to issue materially false and misleading statements. Specifically, the Director-Defendants caused Elanco to issue false and misleading statements which were intended to make Elanco appear more profitable and attractive to investors. Moreover, the Director-Defendants caused the Company to fail to maintain internal controls. As a result of the foregoing, the Director-Defendants breached their fiduciary duties, face a substantial likelihood of liability, are not disinterested, and demand upon them is futile, and thus excused.

224. Additional reasons that demand on Defendant Simmons is futile follow. Defendant Simmons serves as CEO of the Company and has served as a Company director since September 2018. He also serves as a member of the Finance, Strategy, and Oversight Committee. As such,

the Company provides Defendant Simmons with his principal occupation for which he receives lucrative compensation. Thus, as the Company admits, he is a non-independent director. As CEO and a director throughout the Relevant Period, Defendant Simmons was ultimately responsible for all of the false and misleading statements and omissions that were made by or on behalf of the Company. In addition, Defendant Simmons the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting him to the Board. As the Company's highest officer and a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. Moreover, Defendant Simmons is a defendant in the Securities Class Action. For these reasons, Defendant Simmons breached his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon him is futile and, therefore, excused.

225. Additional reasons that demand on Defendant Anand is futile follow. Defendant Anand has served as a Company director since September 2018. She also serves as the Chair of the Audit Committee and as a member of the Corporate Governance Committee. Defendant Anand has received and continues to receive compensation for her role as a director. In addition, Defendant Anand solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, she conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded her duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded her

duties to protect corporate assets. For these reasons, Defendant Anand breached her fiduciary duties, faces a substantial likelihood of liability, is not disinterested, and thus demand upon her is futile and, therefore, excused.

226. Additional reasons that demand on Defendant Bilbrey is futile follow. Defendant Bilbrey has served as a Company director since March 2019. He also serves as the Chair of the Finance, Strategy, and Oversight Committee and as a member of the Audit Committee. Defendant Bilbrey has received and continues to receive handsome compensation for his role as a director. In addition, Defendant Bilbrey solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. For these reasons, Defendant Bilbrey breached his fiduciary duties, faces a substantial likelihood of liability, is not disinterested, and thus demand upon him is futile and, therefore, excused.

227. Additional reasons that demand on Defendant Garcia is futile follow. Defendant Garcia has served as a Company director since May 2019. He also serves as a member of the Audit Committee and as a member of the Finance, Strategy, and Oversight Committee. Defendant Garcia received and continues to receive handsome compensation for his role as a director. In addition, Defendant Garcia solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting him to the Board. As a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to

make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. For these reasons, Defendant Garcia breached his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon him is futile and, therefore, excused.

228. Additional reasons that demand on Defendant Harrington is futile follow. Defendant Harrington has served as a Company director since September 2018. He also serves as the Chair of the Corporate Governance Committee, as a member of the Audit Committee, and as a member of the Innovation, Science, and Technology Committee. Defendant Harrington has received and continues to receive handsome compensation for his role as a director. In addition, Defendant Harrington solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. For these reasons, Defendant Harrington breached his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon him is futile and, therefore, excused.

229. Additional reasons that demand on Defendant Herendeen is futile follow. Defendant Herendeen has served as a Company director since December 2020 and also serves as a member of the Audit Committee and as a member of the Finance, Strategy, and Oversight Committee. Defendant Herendeen has received and continues to receive handsome compensation

for his role as a director. In addition, Defendant Herendeen solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. For these reasons, Defendant Herendeen breached his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon him is futile and, therefore, excused.

230. Additional reasons that demand on Defendant Hoover is futile follow. Defendant Hoover has served as a Company director since September 2018. He also serves as a member of the Compensation and Human Capital Committee and as a member of the Corporate Governance Committee. Defendant Hoover has received and continues to receive handsome compensation for his role as a director. In addition, Defendant Hoover solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. For these reasons, Defendant Hoover breached his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon him is futile and, therefore, excused.

231. Additional reasons that demand on Defendant Kochevar is futile follow. Defendant

Kochevar has served as a Company director since March 2019. She also serves as the Chair of the Innovation, Science, and Technology Committee and as a member of the Corporate Governance Committee. Defendant Kochevar has received and continues to receive handsome compensation for her role as a director. In addition, Defendant Kochevar solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, she conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded her duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded her duties to protect corporate assets. For these reasons, Defendant Kochevar breached her fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon her is futile and, therefore, excused.

232. Additional reasons that demand on Defendant Kurzius is futile follow. Defendant Kurzius has served as a Company director since September 2018. He is also Chairman of the Board. Defendant Kurzius has received and continues to receive handsome compensation for his role as a director. In addition, Defendant Kurzius solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. For these reasons, Defendant Kurzius breached his fiduciary duties, faces a substantial likelihood of liability, is not independent

or disinterested, and thus demand upon him is futile and, therefore, excused.

233. Additional reasons that demand on Defendant McDonald is futile follow. Defendant McDonald has served as a Company director since March 2019. He also serves as the Chair of the Compensation and Human Capital Committee and as a member of the Innovation, Science, and Technology Committee. Defendant McDonald has received and continues to receive handsome compensation for his role as a director. In addition, Defendant McDonald solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. For these reasons, Defendant McDonald breached his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon him is futile and, therefore, excused.

234. Additional reasons that demand on Defendant Scots-Knight is futile follow. Defendant Scots-Knight has served as a Company director since March 2019. She also serves as a member of the Compensation and Human Capital Committee and as a member of the Innovation, Science, and Technology Committee. Defendant Scots-Knight has received and continues to receive handsome compensation for her role as a director. In addition, Defendant Scots-Knight solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting her to the Board. As a trusted Company director, she conducted little, if any, oversight of the scheme to cause the Company to make false and

misleading statements, consciously disregarded her duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded her duties to protect corporate assets. For these reasons, Defendant Scots-Knight breached her fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon her is futile and, therefore, excused.

235. Additional reasons that demand on Defendant Turner is futile follow. Defendant Turner has served as a Company director since March 2024. She also serves as a member of the Finance, Strategy, and Oversight Committee. Defendant Turner has received and continues to receive handsome compensation for her role as a director. In addition, Defendant Turner solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter alia*, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, she conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded her duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded her duties to protect corporate assets. For these reasons, Defendant Turner breached her fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon her is futile and, therefore, excused.

236. Additional reasons that demand on Defendant Wallace is futile follow. Defendant Wallace has served as a Company director since March 2024. He also serves as a member of the Finance, Strategy, and Oversight Committee. Defendant Wallace has received and continues to receive handsome compensation for his role as a director. In addition, Defendant Wallace solicited the 2024 Proxy Statement which contained false and misleading elements that contributed, *inter*

alia, to shareholders reelecting four Director-Defendants to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company. As a trusted Company director, he conducted little, if any, oversight of the scheme to cause the Company to make false and misleading statements, consciously disregarded his duties to monitor internal controls over reporting and engagement in the scheme, and consciously disregarded his duties to protect corporate assets. For these reasons, Defendant Wallace breached his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested, and thus demand upon him is futile and, therefore, excused.

237. Additional reasons that demand on the Board is futile follow.

238. Defendants Anand, Bilbrey, Garcia, Harrington, and Herendeen (collectively, the "Audit Committee Defendants") served as members of the Audit Committee at all relevant times. As such, they were responsible for the effectiveness of the Company's internal controls, the truth and accuracy of the Company's financial statements, and the Company's compliance with applicable laws and regulations. During the Relevant Period, they violated the Audit Charter by engaging in or permitting the Company to engage in the dissemination of materially false and misleading statements to the public and to facilitate the Individual Defendants' violations of law, including breaches of fiduciary duty and violations of the Exchange Act; failed to adequately exercise their risk management and risk assessment functions; and failed to ensure adequate Board oversight of the Company's internal control over financial reporting, disclosure controls and procedures, and Code of Conduct. Thus, the Audit Committee Defendants breached their fiduciary duties, are not independent or disinterested, and thus demand is excused as to them.

239. Defendants Kochevar, Harrington, McDonald, and Scots-Knight (collectively, the "Science Committee Defendants") served as members of the Innovation, Science, and Technology

Committee at all relevant times. As such, they were responsible for the review of the Company's scientific, research, and development efforts in addition to providing oversight for the Company's risk management regarding innovation efforts. During the Relevant Period, they violated the Science Charter by failing to provide adequate oversight regarding the adverse results of the vaccine response study for Zenrelia, and the potential impacts of the FDA mandated warning label. Thus, the Science Committee Defendants breached their fiduciary duties, are not independent or disinterested, and thus demand is excused as to them.

240. In violation of the Code of Conduct, the Director-Defendants engaged in or permitted the scheme to cause the Company to issue materially false and misleading statements to the investing public, and to facilitate and disguise the Individual Defendants' violations of law, including breaches of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of the Exchange Act. In addition, the Individual Defendants violated the Code of Conduct by failing to act with integrity, failing to avoid conflicts of interest, failing to ensure the Company's disclosures were accurate, failing to ensure the Company complied with applicable laws, rules, and regulations, and failing to promptly report known violations of the Code of Conduct and the law. Thus, the Director-Defendants breached the Company's own Code of Conduct, are not disinterested, and demand is excused as to them.

241. In violation of the Ethics Code, the Director-Defendants failed to timely disclose the negative results of the Zenrelia vaccine response study which thus obstructed an accurate understanding of the Company's financial prospects. In addition, the Director-Defendants failed to provide accurate information regarding the Company by continuing to praise the development of Zenrelia in spite of the adverse vaccine response study results. Thus, the Director-Defendants breached the Company's Ethics Code, are not disinterested, and demand is excused as to them.

242. Elanco has been and will continue to be exposed to significant losses due to the wrongdoing complained of herein, yet the Director-Defendants have not filed any lawsuits against themselves or any others who were responsible for the wrongful conduct to attempt to recover for Elanco any part of the damages Elanco suffered and will continue to suffer thereby. Thus, any demand upon the Director-Defendants would be futile.

243. The Individual Defendants' conduct described herein and summarized above could not have been the product of legitimate business judgment as it was based on bad faith and intentional, reckless, or disloyal misconduct. Thus, none of the Director-Defendants can claim exculpation from their violations of duty pursuant to the Company's charter (to the extent such a provision exists). As a majority of the Director-Defendants face a substantial likelihood of liability, they are self-interested in the transactions challenged herein and cannot be presumed to be capable of exercising independent and disinterested judgment about whether to pursue this action on behalf of the shareholders of the Company. Accordingly, demand is excused as being futile.

244. The acts complained of herein constitute violations of fiduciary duties owed by Elanco's officers and directors, and these acts are incapable of ratification.

245. The Director-Defendants may also be protected against personal liability for their acts of mismanagement and breaches of fiduciary duty alleged herein by directors' and officers' liability insurance if they caused the Company to purchase it for their protection with corporate funds, i.e., monies belonging to the stockholders of Elanco. If there is a directors' and officers' liability insurance policy covering the Director-Defendants, it may contain provisions that eliminate coverage for any action brought directly by the Company against the Director-Defendants, known as, *inter alia*, the "insured-versus-insured exclusion." As a result, if the Director-Defendants were to sue themselves or certain of the officers of Elanco, there would be no

directors' and officers' insurance protection. Accordingly, the Director-Defendants cannot be expected to bring such a suit. On the other hand, if the suit is brought derivatively, as this action is brought, such insurance coverage, if such an insurance policy exists, will provide a basis for the Company to effectuate a recovery. Thus, demand on the Director-Defendants is futile and, therefore, excused.

246. If there is no directors' and officers' liability insurance, then the Director-Defendants will not cause Elanco to sue the Individual Defendants named herein, since, if they did, they would face a large uninsured individual liability. Accordingly, demand is futile in that event, as well.

247. Thus, for all of the reasons set forth above, all of the Director-Defendants, and, if not all of them, at least seven of the Directors, cannot consider a demand with disinterestedness and independence. Consequently, a demand upon the Board is excused as futile.

FIRST CLAIM

Against the Individual Defendants for Violations of Section 14(a) of the Exchange Act

248. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

249. Section 14(a) of the Exchange Act, 15 U.S.C. § 78n(a)(1), provides that "[i]t shall be unlawful for any person, by use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, in contravention of such rules and regulations as the [SEC] may prescribe as necessary or appropriate in the public interest or for the protection of investors, to solicit or to permit the use of his name to solicit any proxy or consent or authorization in respect of any security (other than an exempted security) registered pursuant to section 12 of this title [15 U.S.C. § 78l]."

250. Rule 14a-9, promulgated pursuant to § 14(a) of the Exchange Act, provides that no

proxy statement shall contain "any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading." 17 C.F.R. § 240.14a-9.

251. Under the direction and watch of Defendants Simmons, Doyle, Garcia, Scots-Knight, Anand, Bilbrey, Herendeen, Kurzius, Wallace, Harrington, Hoover, Kochevar, McDonald, and Turner, the 2024 Proxy Statement failed to disclose that the Company's Code of Conduct was not followed, as evidenced by the Individual Defendants: (1) making and/or causing the Company to make numerous false and misleading statements and omissions alleged herein; and (2) failing to report violations of the Code of Conduct. Further, the 2024 Proxy Statement was materially false and misleading because, despite assertions to the contrary, the Board was not adequately performing its risk oversight functions.

252. The 2024 Proxy Statement also failed to disclose that: (1) Zenrelia was riskier than previously advertised to investors, as evidenced by a previously unreleased study; (2) FDA approval of Zenrelia was likely to be later than Defendants predicted; (3) as a result, the Company overstated the financial prospects of Zenrelia; and (4) as a result, Individual Defendants' boastful statements touting Elanco's business, operations, and prospects were materially misleading. As a result of the foregoing, the Company's public statements were materially false and misleading and/or lacked a reasonable basis at all relevant times.

253. In the exercise of reasonable care, Defendants Simmons, Doyle, Garcia, Scots-Knight, Anand, Bilbrey, Herendeen, Kurzius, Wallace, Harrington, Hoover, Kochevar, McDonald, and Turner should have known that by misrepresenting or failing to disclose the foregoing material facts, the statements contained in the 2024 Proxy Statement were materially false and misleading.

The misrepresentations and omissions were material to Plaintiff in voting on the matters set forth for shareholder determination in the 2024 Proxy Statement, including, but not limited to, the reelection of Defendants Simmons, Doyle, Garcia, and Scots-Knight to the Board.

254. The false and misleading elements of the 2024 Proxy Statement led shareholders to, *inter alia*: (1) reelect Defendants Simmons, Doyle, Garcia, and Scots-Knight to the Board, thereby allowing them to continue breaching their fiduciary duties to the Company; (2) ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2024; and (3) approve, on an advisory basis, the compensation of Elanco's named executive officers.

255. The Company was damaged as a result of the Individual Defendants' material misrepresentations and omissions in the 2024 Proxy Statement.

256. Plaintiff, on behalf of Elanco, has no adequate remedy at law.

SECOND CLAIM
Against the Individual Defendants for Breach of Fiduciary Duties

257. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

258. Each Individual Defendant owed to the Company the duty to exercise candor, good faith, and loyalty in the management and administration of Elanco's business and affairs.

259. Each of the Individual Defendants violated and breached his or her fiduciary duties of candor, good faith, loyalty, reasonable inquiry, oversight, and supervision.

260. The Individual Defendants' conduct set forth herein was due to their intentional or reckless breach of the fiduciary duties they owed to the Company, as alleged herein. The Individual Defendants intentionally or recklessly breached or disregarded their fiduciary duties to protect the rights and interests of Elanco.

261. Moreover, the Individual Defendants breached their fiduciary duties by personally making and/or causing the Company to make to the investing public a series of materially false and misleading statements about Elanco 's business, operations, and prospects. Specifically, the Individual Defendants willfully or recklessly made and/or caused the Company to make false and misleading statements to the investing public that failed to disclose, *inter alia*, that: (1) Zenrelia was riskier than previously advertised to investors, as evidenced by a previously unreleased study; (2) FDA approval of Zenrelia was likely to be later than Defendants predicted; (3) as a result, the Company overstated the financial prospects of Zenrelia; and (4) as a result, Individual Defendants' boastful statements touting Elanco's business, operations, and prospects were materially misleading. As a result of the foregoing, the Company's public statements were materially false and misleading and/or lacked a reasonable basis at all relevant times.

262. The Individual Defendants failed to correct and/or caused the Company to fail to correct the false and misleading statements and omissions of material fact, thus rendering them personally liable to the Company for breaching their fiduciary duties.

263. Also, in breach of their fiduciary duties, the Individual Defendants caused the Company to fail to maintain internal controls.

264. The Individual Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth, in that they failed to ascertain and to disclose such facts, even though such facts were available to them.

265. The Individual Defendants had actual or constructive knowledge that they had caused the Company to improperly engage in the fraudulent scheme set forth herein and to fail to maintain adequate internal controls. The Individual Defendants had actual knowledge that the Company was engaging in the fraudulent scheme set forth herein and that internal controls were

not adequately maintained, or acted with reckless disregard for the truth, in that they caused the Company to improperly engage in the fraudulent scheme and to fail to maintain adequate internal controls, even though such facts were available to them. Such improper conduct was committed knowingly or recklessly and for the purpose and effect of artificially inflating the price of the Company's securities. The Individual Defendants, in good faith, should have taken appropriate action to correct the scheme alleged herein and to prevent it from continuing to occur.

266. These actions were not a good-faith exercise of prudent business judgment to protect and promote the Company's corporate interests.

267. As a direct and proximate result of the Individual Defendants' breaches of their fiduciary obligations, Elanco has sustained and continues to sustain significant damages. As a result of the misconduct alleged herein, the Individual Defendants are liable to the Company.

268. Plaintiff, on behalf of Elanco, has no adequate remedy at law.

THIRD CLAIM
Against the Individual Defendants for Unjust Enrichment

269. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

270. By their wrongful acts, violations of law, and false and misleading statements and omissions of material fact that they made and/or caused to be made, the Individual Defendants were unjustly enriched at the expense of, and to the detriment of, Elanco.

271. The Individual Defendants either benefitted financially from the improper conduct, or received bonuses, stock options, or similar compensation from Elanco that was tied to the performance or artificially inflated valuation of Elanco, or received compensation or other payments that were unjust in light of the Individual Defendants' bad faith conduct.

272. Plaintiff, as a shareholder and representative of Elanco, seeks restitution from the

Individual Defendants and seeks an order from this Court disgorging all profits, benefits, and other compensation, including any performance-based or valuation-based compensation, obtained by the Individual Defendants due to their wrongful conduct and breaches of their fiduciary duties.

273. Plaintiff, on behalf of Elanco, has no adequate remedy at law.

FOURTH CLAIM
Against the Individual Defendants for Abuse of Control

274. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

275. The Individual Defendants' misconduct alleged herein constituted an abuse of their ability to control and influence Elanco, for which they are legally responsible.

276. As a direct and proximate result of the Individual Defendants' abuse of control, Elanco has sustained significant damages. As a result of the misconduct alleged herein, the Individual Defendants are liable to the Company.

277. Plaintiff, on behalf of Elanco, has no adequate remedy at law.

FIFTH CLAIM
Against the Individual Defendants for Gross Mismanagement

278. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

146. By their actions alleged herein, the Individual Defendants, either directly or through aiding and abetting, abandoned and abdicated their responsibilities and fiduciary duties with regard to prudently managing the assets and business of Elanco in a manner consistent with the operations of a publicly-held corporation.

147. As a direct and proximate result of the Individual Defendants' gross mismanagement and breaches of duty alleged herein, Elanco has sustained and will continue to

sustain significant damages.

148. As a result of the misconduct and breaches of duty alleged herein, the Individual Defendants are liable to the Company.

149. Plaintiff, on behalf of Elanco, has no adequate remedy at law.

SIXTH CLAIM
Against the Individual Defendants for Waste of Corporate Assets

150. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

151. As a further result of the foregoing, the Company will incur many millions of dollars of legal liability and/or costs to defend unlawful actions (as evidenced, for example, by the Securities Class Action), to engage in internal investigations, and to lose financing from investors and business from future customers who no longer trust the Company and its products.

152. As a result of the waste of corporate assets, the Individual Defendants are each liable to the Company.

153. Plaintiff, on behalf of Elanco, has no adequate remedy at law.

SEVENTH CLAIM
Against Defendants Simmons and Young for Contribution
Under Sections 10(b) and 21D of the Exchange Act

154. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

155. Elanco, Defendant Simmons, and Defendant Young are named as defendants in the Securities Class Action, which asserts claims under the federal securities laws for violations of Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5 promulgated thereunder. If and when the Company is found liable in the Securities Class Action for these violations of the federal securities laws, the Company's liability will be in whole or in part due to Defendants

Simmons's and Young's willful and/or reckless violations of their obligations as officers and/or directors of Elanco.

156. Defendants Simmons and Young, because of their positions of control and authority as officers and/or directors of Elanco, were able to and did, directly and/or indirectly, exercise control over the business and corporate affairs of Elanco, including the wrongful acts complained of herein and in the Securities Class Action.

157. Accordingly, Defendants Simmons and Young are liable under 15 U.S.C. § 78j(b), which creates a private right of action for contribution, and Section 21D of the Exchange Act, 15 U.S.C. § 78u-4(f), which governs the application of a private right of action for contribution arising out of violations of the Exchange Act.

158. As such, Elanco is entitled to receive all appropriate contribution or indemnification from Defendants Simmons and Young.

PRAYER FOR RELIEF

FOR THESE REASONS, Plaintiff demands judgment in the Company's favor against all Individual Defendants as follows:

(a) Declaring that Plaintiff may maintain this action on behalf of Elanco, and that Plaintiff is an adequate representative of the Company;

(b) Declaring that the Individual Defendants have breached and/or aided and abetted the breach of their fiduciary duties to Elanco;

(c) Determining and awarding to Elanco the damages sustained by it as a result of the violations set forth above from each of the Individual Defendants, jointly and severally, together with pre-judgment and post-judgment interest thereon;

(d) Directing Elanco and the Individual Defendants to take all necessary actions

to reform and improve its corporate governance and internal procedures to comply with applicable laws and to protect Elanco and its shareholders from a repeat of the damaging events described herein, including, but not limited to, putting forward for shareholder vote the following resolutions for amendments to the Company's Bylaws or Articles of Incorporation and the following actions as may be necessary to ensure proper corporate governance policies:

1. a proposal to strengthen the Board's supervision of operations and develop and implement procedures for greater shareholder input into the policies and guidelines of the Board;

2. a provision to permit the shareholders of Elanco to nominate at least seven candidates for election to the Board;

3. a proposal to ensure the establishment of effective oversight of compliance with applicable laws, rules, and regulations;

(e) Awarding Elanco restitution from the Individual Defendants, and each of them;

(f) Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees, costs, and expenses; and

(g) Granting such other and further relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

Dated: April 28, 2025

THE BROWN LAW FIRM, P.C.

/s/ Timothy Brown

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Counsel for Plaintiff

VERIFICATION

I, Christopher Dougherty, am a plaintiff in the within action. I have reviewed the allegations made in this Shareholder Derivative Complaint, know the contents thereof, and authorize its filing. To those allegations of which I have personal knowledge, I believe those allegations to be true. As to those allegations of which I do not have personal knowledge, I rely upon my counsel and their investigation and believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 21__ day of April, 2025.

Signed by:
Christopher Dougherty
99B5407771064D1...

Christopher Dougherty