How to Partner with A Multinational Animal Health Company to Serve Unmet Medical Needs
### Why Animal Health Continues to Grow...

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Farm Animal**     | ▪ **Livestock Growth**  
  - Human *population growth* + increasing standards of living ➔ demand for improved nutrition  
  - Increasing natural *resource constraints* driving a need for *enhanced productivity*, and increased focus on food safety  
  - Increased *scrutiny on antibiotics* globally  
  - Innovation being driven in areas *adjacent to traditional therapeutics* – digital farm, sexing technology, nutrition  
  - A focus on *sustainability* and *welfare*  
|                     | **Companion Animal Growth**  
  - Driven by economic development + increases in disposable income  
  - *Increasing pet ownership*  
  - *Pets living longer* thanks to advances in improved pet care  
  - *Increasing medical treatment* of companion animals and advances in animal health  
  - *Increased willingness to pay* for pet health care and well being  
  - Increased *medical care needed for aging pets*  
  - *Digitally savvy millennials & Gen Z* entering pet ownership  
  - Break-through *innovation creating new market* segments |
Elanco is a Leading Animal Health Company with a Global, Diverse, Balanced Portfolio

**Geography**
- **U.S.**
  - Pet Health: 30%
  - Farm Animal: 15%
- **International**
  - Pet Health: 20%
  - Farm Animal: 35%

- **Balanced global revenue base**

**Revenue Category**
- **U.S.**
  - Pet Health: 30%
  - Farm Animal: 15%
- **International**
  - Pet Health: 20%
  - Farm Animal: 35%

- **Pet Health ~50%; More than doubled international Pet Health**

**Species**
- **Enhanced cattle portfolio; Poultry remains significant**
  - Cattle: 20%
  - Poultry: 15%
  - Swine: 11%
  - Aqua: 3%
  - Dogs & Cats: 50%

Note: Percentages represent Elanco 2020 pro forma revenue estimates, exclude Contract Manufacturing of $110M and may not add due to rounding.
## Some Relevant Themes for Animal Health Start-Ups

<table>
<thead>
<tr>
<th>Theme</th>
<th>What Does This Mean for a Start-Up?</th>
</tr>
</thead>
</table>
| **1 Appetite for Commercial & R&D Assets Remains** | - Both Early Stage and Late-Stage / Commercial Assets Can Be Appealing  
- However, Late-Stage / Commercial Assets will Command a Premium  
- Early Assets Need Good PoC Data & Typically Need to Be Superior to Our Own Ideas |
| **2 Continued Focus on Novel Technologies, Platforms & New MOAs in Areas of Unmet Need** | - We Love New Areas of Innovation  
- But They Must Also Fulfil an Unmet Need  
- You Should Know Your Market Opportunity and Know Your Competitors |
| **3 Connected Care and Digital Technology Continue to be Interesting** | - We will Always Evaluate Potentially Disruptive Business Models That Lead to Better Outcomes for All Stakeholders |
### Some Relevant Themes for Animal Health Start-Ups (Cont’d)

<table>
<thead>
<tr>
<th>Theme</th>
<th>What Does This Mean for a Start-Up?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4. The Start-Up Space is Continuing to Attract the Attention from Investors Although Has the Risk / Reward Equation Been Calibrated?</strong></td>
<td>- You Need Capital to Survive&lt;br&gt;- But Make Sure that Investors Know This Isn’t Human Health – The Risk / Reward Equation is Not the Same</td>
</tr>
<tr>
<td><strong>Animal Health is Also Relevant to Human Health</strong></td>
<td>- A Lot of Companies Have Focused on Using Human Health Technology in Animal Health&lt;br&gt;- Or Funding Human Health Activities Through the Sale of Animal Health Rights&lt;br&gt;- Some Companies Challenge the Status-Quo</td>
</tr>
<tr>
<td><strong>6. AH Executives are Supporting Innovation by Joining Boards of Start-Ups &amp; Corporates</strong></td>
<td>- Seasoned Executives Can Help Your Business&lt;br&gt;- They Know (Or They Should Know!) What Good Looks Like</td>
</tr>
</tbody>
</table>
Some Insights Into How we Review Deals

1. Target or Project Identification
2. Non-Confidential Opportunity Review
3. Confidential Review, Including Initial Financial Analysis (Pre-NBO)
4. Issue Non-Binding Offer with Due Diligence Request
5. Due Diligence
6. Binding Offer
   - Negotiation
   - Pre-Close Integration
   - Closing
7. Business Integration
8. Deal Reviews (Board & Exec Co)

Parties Involved
- External Innovation
- Business Development
- R&D
- Finance, Tax, Accounting
- Marketing & Commercial (Champion / Deal Owner)
- Legal
- Manufacturing

Process:
- Governance Review
- Governance Review
- Deal Review
Some Key Takeaways

**KNOW YOUR MARKET**
Know the customer, understand the competitors, define the revenue opportunity

**KNOW YOUR PRODUCT; DATA MATTERS & SO DOES MANUFACTURING**
Know the technology, IP, mechanism of action, intended label, cost, manufacturing & development strategy

**UNDERSTAND THE PARTNER**
How does this fit into their portfolio? What is their current situation?

**BE REALISTIC & PERSISTENT**
Animal health assets typically command modest upfronts with more willingness to pay on the back-end
Partnering With Elanco Helps You Begin With the End in Mind

We are a Leading, Independent Animal Health Company

We are Uniquely Positioned Due to Our Expansive Global Footprint, Direct to Consumer Marketing, Omni-Channel Business Which Allows Us to Deliver Additional Value to Your Brand

An Innovation Leader with Global Presence & Expertise in Multiple Areas, Technologies, & Species & a Desire to Continue to Grow in Areas of Unmet Need With Novel Approaches

We have the Ability & Willingness to Partner with Human Health Companies (which we believe can be Mutually Beneficial for Both Parties)

We Have Demonstrated Success With Partners & Think Creatively About Partnership

We Bring a Passionate, Dedicated Team Who Are Committed to a Successful Partnership
• Contact: elanco_partnering@elancoah.com
We are the Partner of Choice in Animal Health

Global R&D collaboration agreement expands nutritional health capabilities into cattle and brings producers innovative alternatives to antibiotics

Global R&D collaboration to develop nutritional products for swine aimed at improving health and reducing antibiotic use

Exclusive global rights to KIND-030, a monoclonal antibody targeting canine parvovirus (CPV)

Basel based Animal Health specific incubator founded by animal health experts with global connections

Acquired certain rights to Galliprant, a canine pain treatment for osteoarthritis

Collaboration with Aniv8 in wearables to diagnose and monitor osteoarthritis pain in dogs and cats

Access to commercial rights to Tanovea-CA1, the first FDA conditionally-approved canine lymphoma drug

Commercial agreement to partner together to deliver a telemedicine business with a specialist referral platform connecting board-certified veterinary specialists to vet clinics

Drug discovery platform which can identify and validate microbiome-based biotherapeutics for the prevention and treatment of respiratory infections in animals