

The background of the slide features a repeating pattern of the McKesson logo, which consists of three rounded, teardrop-like shapes joined at their bases. The pattern is rendered in a light beige color on a white background, with the density of the pattern decreasing from left to right.

McKesson Corporation
Third Quarter Fiscal 2024
Earnings Call
February 7, 2024

Cautionary Statements

Cautionary Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by their use of terminology such as “believes,” “expects,” “anticipates,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “projects,” “plans,” “estimates,” “targets,” or the negative of these words or other comparable terminology. The discussion of financial outlook, guidance, trends, strategy, plans, assumptions, expectations, commitments, intentions, and the potential impact of a customer's reorganization in bankruptcy on the Company and its operation or financial results may also include forward-looking statements. Readers should not place undue reliance on forward-looking statements, such as financial performance forecasts, which speak only as of the date they are first made. Except to the extent required by law, we undertake no obligation to update or revise our forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied. Although it is not possible to predict or identify all such risks and uncertainties, we encourage investors to read the risk factors described in our publicly available filings with the Securities and Exchange Commission and news releases.

These risk factors include, but are not limited to: we experience costly and disruptive legal disputes and settlements, including regarding our role in distributing controlled substances such as opioids; we might experience losses not covered by insurance or indemnification; we are subject to frequently changing, extensive, complex, and challenging healthcare and other laws; we from time to time record significant charges from impairment to goodwill, intangibles, and other long-lived assets; we might not realize expected benefits from business process initiatives; we experience cybersecurity incidents that might significantly compromise our technology systems or might result in material data breaches; we may be unsuccessful in achieving our strategic growth objectives; we might be harmed by large customer purchase reductions, payment defaults or contract non-renewal; our contracts with government entities involve future funding and compliance risks; we might be harmed by changes in our relationships or contracts with suppliers; our use of third-party data is subject to limitations that could impede the growth of our data services business; we might be adversely impacted by healthcare reform such as changes in pricing and reimbursement models; we might be adversely impacted by competition and industry consolidation; we might be adversely impacted by changes or disruptions in product supply and have difficulties in sourcing or selling products due to a variety of causes; we might be adversely impacted as a result of our distribution of generic pharmaceuticals; we might be adversely impacted by changes in the economic environments in which we operate; changes affecting capital and credit markets might impede access to credit, increase borrowing costs, and disrupt banking services for us and our customers and suppliers and might impair the financial soundness of our customers and suppliers; we might be adversely impacted by changes in tax legislation or challenges to our tax positions; we might be adversely impacted by fluctuations in foreign currency exchange rates; we might be adversely impacted by events outside of our control, such as widespread public health issues, natural disasters, political events and other catastrophic events; and we may be adversely affected by global climate change or by legal, regulatory, or market responses to such change.

GAAP / Non-GAAP Reconciliation

In an effort to provide additional and useful information regarding the Company's financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials in this presentation include non-GAAP information. The Company believes the presentation of non-GAAP measures provides useful supplemental information to investors with regard to its operating performance as well as comparability of financial results period-over-period. A reconciliation of the non-GAAP information to GAAP, and other related information is available in the appendix to this presentation, tables accompanying each period's earnings press release, materials furnished to the SEC, and posted to www.mckesson.com under the “Investors” tab.

Our Company Priorities

Focus on People and Culture

Commitment to investing in talent

Best place to work

Sustainable Core Growth

Scaled and **durable** distribution assets

Leading pharmaceutical and medical supply distribution network

Advancements in AI technology integration

Expand Oncology and Biopharma Platforms

Differentiated assets and capabilities in community oncology

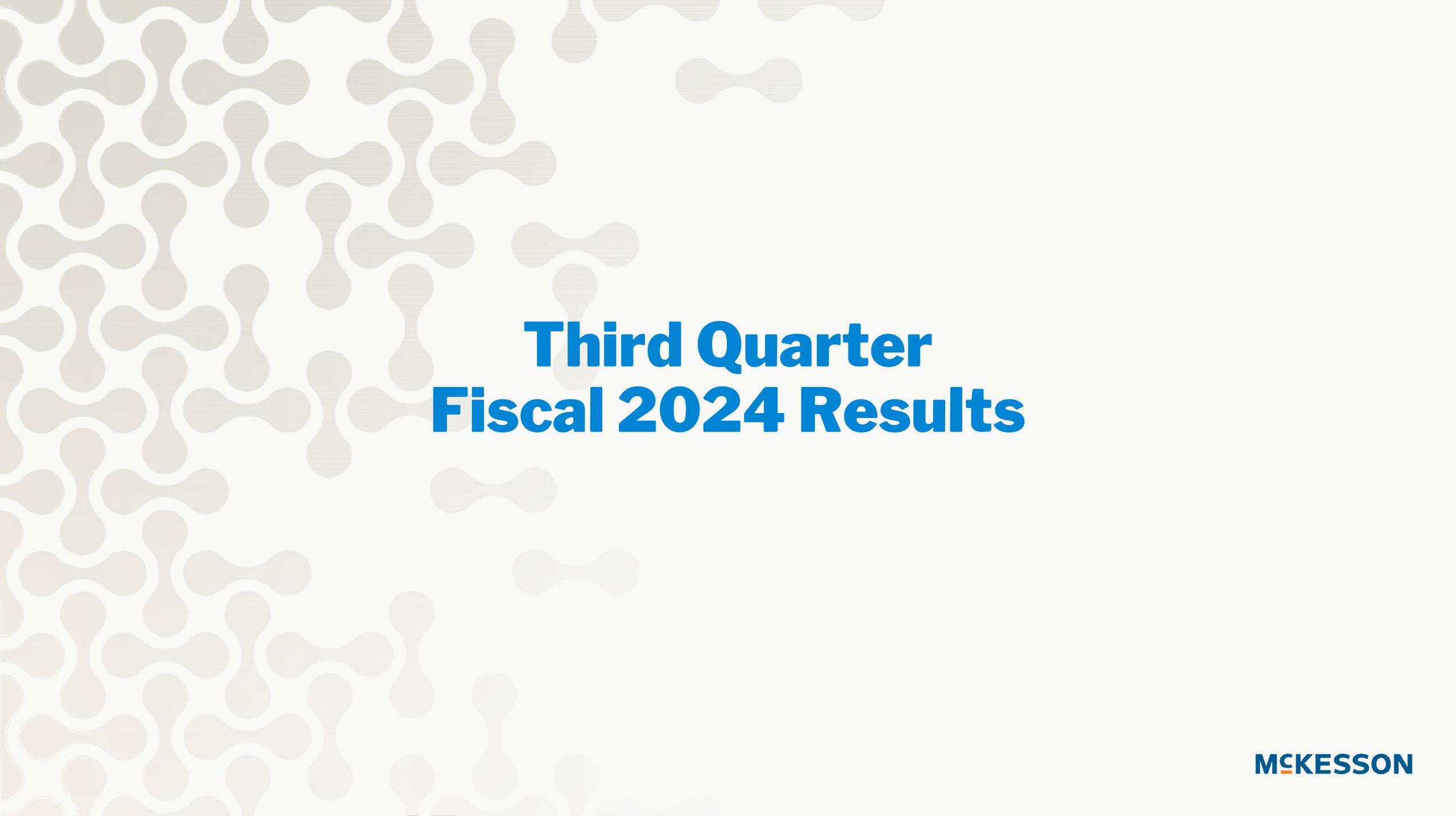
Leadership in access, affordability, and adherence solutions

Evolve and Grow the Portfolio

Technology modernization and process simplification

Growth acquisitions and investments, including:

- Joint venture combining US Oncology Research and Sarah Cannon Research Institute
- Acquisition of Rx Savings Solutions



Third Quarter Fiscal 2024 Results

Delivering growth and operational excellence

Business Summary

- Revenues of **\$80.9 billion** increased 15%
- Earnings per diluted share from continuing operations of **\$4.42** decreased \$3.23, due to:
 - Pre-tax increase to the provision for bad debts of \$515 million related to the Rite Aid bankruptcy;
 - Prior year pre-tax benefit of \$126 million associated with the termination of the tax receivable agreement with Change Healthcare
- Adjusted Earnings per Diluted Share of **\$7.74** increased 12%
- Raising and narrowing Fiscal 2024 Adjusted Earnings per Diluted Share outlook to **\$27.25 to \$27.65** from \$26.80 to \$27.40

Company Updates

- The US Oncology Network expanded its community oncology footprint with the addition of Nashville Oncology Associates and SCRI Oncology Partners, growing its total number of providers to over 2,500
- Kevin Ozan joined the company's Board of Directors on January 8, 2024
- Received multiple awards and recognitions exemplifying its commitment to sustainability
 - Recognized by Newsweek as one of **America's Greatest Workplaces for Diversity** in 2024
 - Recognized as an "**Equality 100 Award**" winner by the Human Rights Campaign Foundation
 - Named as a **Military Friendly Employer** for the 11th consecutive year

Consolidated adjusted financial information

Q3 and YTD Fiscal 2024 Results

Adjusted Results (\$ and shares in millions, except per share amounts)	Q3 FY 24	YoY Change	YTD Q3 FY 24	YoY Change
GAAP Revenues	\$ 80,898	15 %	\$ 232,596	12 %
Gross Profit	\$ 3,131	3 %	\$ 9,112	— %
Operating Expenses	\$ (1,904)	4 %	\$ (5,571)	(1) %
Operating Profit	\$ 1,261	(9) %	\$ 3,639	(2) %
Interest Expense	\$ (58)	(16) %	\$ (155)	(8) %
Income Tax Expense	\$ (127)	(59) %	\$ (493)	(33) %
Net Income Attributable to Noncontrolling Interests ¹	\$ (44)	7 %	\$ (125)	2 %
Earnings	\$ 1,032	6 %	\$ 2,866	6 %
Earnings per Diluted Share	\$ 7.74	12 %	\$ 21.24	13 %
GAAP Diluted weighted-average common shares	133.3	(5) %	134.9	(6) %

See endnotes for details

U.S. Pharmaceutical

Q3 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q3 FY 24	YoY Change	YTD Q3 FY 24	YoY Change
U.S. Pharmaceutical				
Revenues	\$ 73,023	18 %	\$ 209,949	17 %
Adjusted Segment Operating Profit	\$ 828	6 %	\$ 2,414	8 %
Adjusted Segment Operating Profit Margin	1.13 %	(13) bp	1.15 %	(10) bp

Q3 revenue growth driven by increased prescription volumes, including higher volumes from specialty products, retail national account customers, and GLP-1 medications

Q3 Adjusted Segment Operating Profit increase driven by growth in the distribution of specialty products to providers and health systems

Prescription Technology Solutions

Q3 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q3 FY 24	YoY Change	YTD Q3 FY 24	YoY Change
Prescription Technology Solutions				
Revenues	\$ 1,205	7 %	\$ 3,589	12 %
Adjusted Segment Operating Profit	\$ 193	25 %	\$ 625	36 %
Adjusted Segment Operating Profit Margin	16.02 %	219 bp	17.41 %	303 bp

Q3 revenue growth driven by increased prescription volumes in our technology services and third-party logistics businesses

Q3 Adjusted Segment Operating Profit increase driven by higher demand for access solutions, principally prior authorization services due to increased prescription volumes

Medical-Surgical Solutions

Q3 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q3 FY 24	YoY Change	YTD Q3 FY 24	YoY Change
Medical-Surgical Solutions				
Revenues	\$ 3,031	2 %	\$ 8,476	1 %
Adjusted Segment Operating Profit	\$ 282	(16) %	\$ 771	(15) %
Adjusted Segment Operating Profit Margin	9.30 %	(195) bp	9.10 %	(172) bp

Q3 revenue increase driven by growth in the primary and extended care businesses, partially offset by lower contribution from kitting, storage, and distribution of ancillary supplies for the U.S. government's COVID-19 vaccine program

Q3 Adjusted Segment Operating Profit decrease driven by lower contribution from kitting, storage, and distribution of ancillary supplies for the U.S. government's COVID-19 vaccine program

International

Q3 and YTD Fiscal 2024 Results

Results

(FX-Adjusted; \$ in millions)

	Q3 FY 24	YoY Change	YTD Q3 FY 24	YoY Change
International				
Revenues	\$ 3,664	(18) %	\$ 10,906	(37) %
Adjusted Segment Operating Profit	\$ 104	(27) %	\$ 292	(30) %
Adjusted Segment Operating Profit Margin	2.84 %	(37) bp	2.68 %	25 bp

Q3 FX-Adjusted revenue decrease driven by divestitures within McKesson's European business, partially offset by higher pharmaceutical distribution volumes in the Canadian business

Q3 FX-Adjusted Segment Operating Profit decrease driven by divestitures within McKesson's European business

Corporate

Q3 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q3 FY 24	YoY Change	YTD Q3 FY 24	YoY Change
Corporate				
Adjusted Corporate Expenses	\$ (147)	674%	\$ (455)	48%

Q3 Adjusted Corporate Expenses increased 674% year-over-year driven by a prior year pre-tax benefit of \$126 million associated with the termination of the tax receivable agreement with Change Healthcare

Cash

(\$ in millions)

YTD Cash Balance Walk

Balance at March 31, 2023¹	\$	4,679
Operating cash flow		167
Capital expenditures		(418)
Free Cash Flow		(251)
Other investing cash flows		(77)
Share repurchases		(2,347)
Dividends paid		(232)
Other financing cash flows and FX		211
Net decrease in cash		(2,696)
Balance at December 31, 2023¹	\$	1,983
Less: Restricted cash		(1)
Cash and cash equivalents at December 31, 2023	\$	1,982

Cash Dynamics

Delivered Free Cash Flow of **\$100 million** in the third quarter and **\$2.9 billion** for the trailing twelve months

Returned **\$2.6 billion** of cash to shareholders year-to-date

- Repurchased **\$2.3 billion** of shares
- Paid **\$232 million** in dividends

Remaining share repurchase authorization of **\$7.3 billion as of December 31, 2023**

See endnotes for details

Fiscal 2024 Outlook

On the following slides, McKesson presents an overview of its fiscal 2024 Outlook assumptions. The Company does not provide forward-looking guidance on a GAAP basis as McKesson is unable to provide a quantitative reconciliation of forward-looking Non-GAAP measures to the most directly comparable forward-looking GAAP measure, without unreasonable effort. McKesson cannot reasonably forecast LIFO inventory-related adjustments, certain litigation loss and gain contingencies, restructuring, impairment and related charges, and other adjustments, which are difficult to predict and estimate. These items are generally uncertain and depend on various factors, many of which are beyond the company's control, and as such, any associated estimate and its impact on GAAP performance could vary materially.

Raising and narrowing Fiscal 2024 Adjusted EPS outlook

\$27.25 — \$27.65

Solid Business Performance

Fiscal 2024 Adjusted Earnings per Diluted Share guidance range indicates **5% to 7% growth** compared to prior year

Fiscal 2024 Adjusted Earnings per Diluted Share Excluding Certain Items¹ guidance indicates **16% to 18% growth** compared to prior year

Capital Deployment

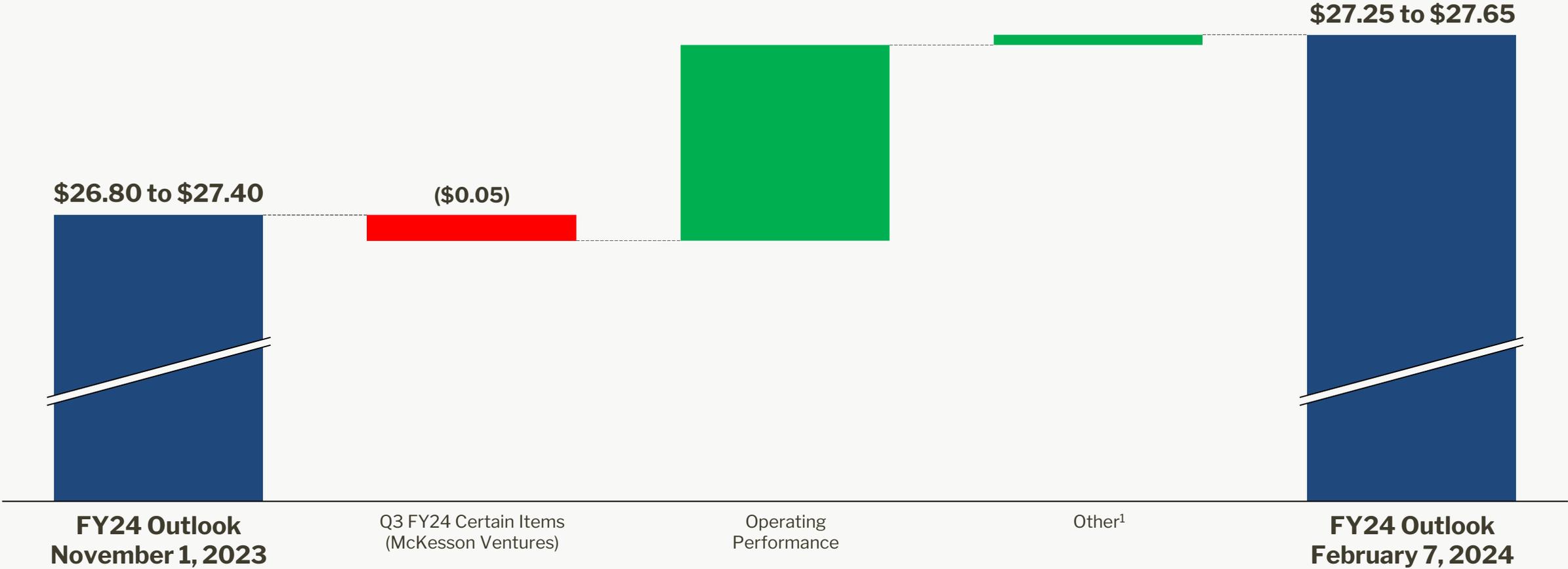
Anticipate \$3.0 to \$3.5 billion in share repurchases in Fiscal 2024

Focused investments to accelerate the growth of our oncology and biopharma services platforms

Stable and secure investment grade credit rating

See endnotes for details

Raising and narrowing Fiscal 2024 Adjusted EPS outlook



See endnotes for details

Fiscal 2024 adjusted outlook

Consolidated metrics

Metric	Fiscal 2024 Outlook	Fiscal 2023 Actual
Earnings per Diluted Share	\$27.25 to \$27.65 <i>Previously \$26.80 to \$27.40</i>	\$25.94
GAAP Revenues	11% to 14% growth <i>Previously 8% to 12% growth</i>	5% growth
Operating Profit	2% decline to 1% growth <i>Previously Flat to 4% decline</i>	3% growth
Operating Profit Excluding Certain Items ¹	8% to 11% growth <i>Previously 6% to 10% growth</i>	8% growth
Corporate Expenses	\$615 to \$655 million <i>Previously \$600 to \$660 million</i>	\$457 million
Interest Expense	\$220 to \$230 million <i>Previously \$205 to \$225 million</i>	\$239 million
Income Attributable to Noncontrolling Interests ²	\$155 to \$165 million <i>Previously \$155 to \$175 million</i>	\$165 million
Effective Tax Rate	18% to 19%	18.8%
Free Cash Flow	\$3.2 to \$3.6 billion <i>Previously \$3.7 to \$4.1 billion</i>	\$4.6 billion
Share repurchases	\$3.0 to \$3.5 billion <i>Previously Approximately \$3.5 billion</i>	\$3.6 billion
GAAP Diluted weighted average common shares	Approximately 134 million	142.2 million

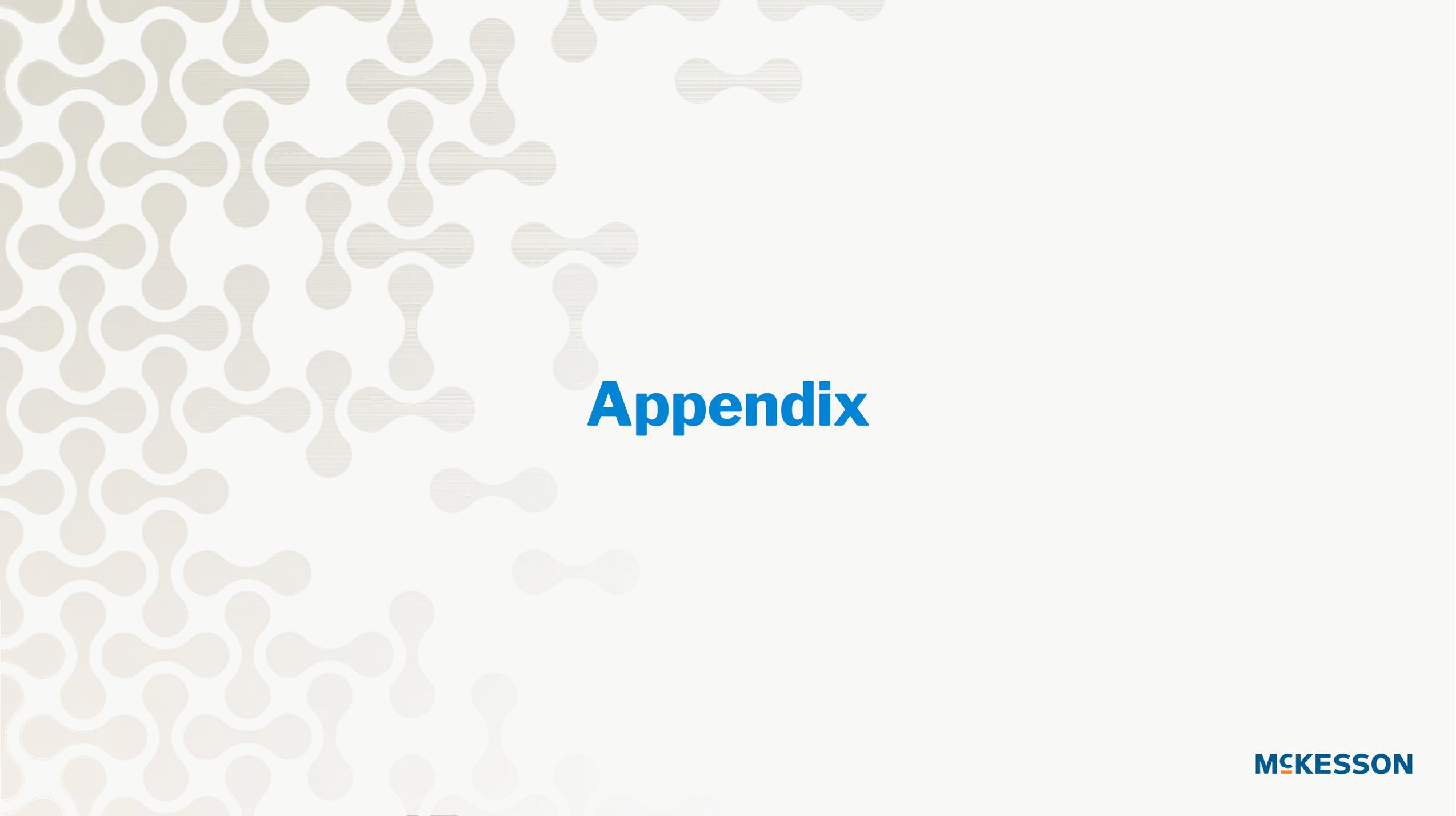
See endnotes for details

Fiscal 2024 adjusted outlook

Segment metrics

	U.S. Pharmaceutical	Prescription Technology Solutions	Medical-Surgical Solutions	International
FY24 Revenue	16% to 18% growth <i>Previously 13% to 15% growth</i>	9% to 13% growth <i>Previously 7% to 13% growth</i>	Flat to 4% growth <i>Previously 2% decline to 2% growth</i>	29% to 33% decline <i>Previously 30% to 34% decline</i>
FY24 Adjusted Segment Operating Profit				
Reported	6% to 8% growth	24% to 28% growth <i>Previously 18% to 22% growth</i>	11% to 15% decline <i>Previously 12% to 16% decline</i>	21% to 26% decline <i>Previously 23% to 29% decline</i>
Excluding Certain Items ¹	11% to 14% growth		6% to 8% growth <i>Previously 5% to 7% growth</i>	

See endnotes for details



Appendix

Endnotes

These notes refer to the financial metrics and/or defined terms presented on:

Slide 6 – Consolidated adjusted financial information

1. Non-GAAP measure representing Net income attributable to noncontrolling interests adjusted for the proportionate share of acquisition-related intangibles amortization and transaction-related expenses of \$3 million in the third quarter fiscal 2024 and \$6 million in the first nine months of fiscal 2024

Slide 12 – Cash

1. Cash comprises cash, cash equivalents, and restricted cash

Slide 14 – Raising and narrowing Fiscal 2024 Adjusted EPS outlook

1. Excluding the impacts from the following in FY23: impacts attributable to the U.S. government's COVID-19 vaccine distribution in U.S. Pharmaceutical; impacts attributable to kitting, storage, and distribution of ancillary supplies and COVID-19 tests in Medical-Surgical Solutions; net losses associated with McKesson Ventures' equity investments; and gain from termination of the tax receivable agreement with Change Healthcare; and losses associated with McKesson Ventures' equity investments in FY24

Slide 15 – Raising and narrowing Fiscal 2024 Adjusted EPS outlook

1. Includes Adjusted Interest Expense and Adjusted Net Income Attributable to Non-Controlling Interests

Slide 16 – Fiscal 2024 adjusted outlook (Consolidated metrics)

1. Excluding the impacts from the following in FY23: impacts attributable to the U.S. government's COVID-19 vaccine distribution in U.S. Pharmaceutical; impacts attributable to kitting, storage, and distribution of ancillary supplies and COVID-19 tests in Medical-Surgical Solutions; net losses associated with McKesson Ventures' equity investments; and gain from termination of the tax receivable agreement with Change Healthcare; and losses associated with McKesson Ventures' equity investments in FY24
2. Non-GAAP measure representing Net income attributable to noncontrolling interests adjusted for the proportionate share of acquisition-related intangibles amortization and transaction-related expenses

Slide 17 – Fiscal 2024 adjusted outlook (Segment metrics)

1. Excluding the impacts from the following in FY23: impacts attributable to the U.S. government's COVID-19 vaccine distribution in U.S. Pharmaceutical and impacts attributable to kitting, storage, and distribution of ancillary supplies and COVID-19 tests in Medical-Surgical Solutions

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2024 and Q3 Fiscal 2023

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions)

Schedule 2

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2023	2022	Change	2023	2022	Change
Income from continuing operations (GAAP)	\$ 630	\$ 1,119	(44)%	\$ 2,330	\$ 2,899	(20)%
Net income attributable to noncontrolling interests (GAAP)	(41)	(41)	—	(119)	(123)	(3)
Income from continuing operations attributable to McKesson Corporation (GAAP)	589	1,078	(45)	2,211	2,776	(20)
Pre-tax adjustments:						
Amortization of acquisition-related intangibles	62	57	9	186	170	9
Transaction-related expenses and adjustments ^{(1) (2) (3)}	21	(9)	333	(7)	(158)	(96)
LIFO inventory-related adjustments	2	5	(60)	89	(31)	387
Gains from antitrust legal settlements	(23)	(129)	(82)	(220)	(129)	71
Restructuring, impairment, and related charges, net ⁽⁴⁾	4	31	(87)	84	84	—
Claims and litigation charges, net	—	(1)	(100)	(2)	(5)	(60)
Other adjustments, net ^{(5) (6)}	525	(78)	773	735	(71)	—
Income tax effect on pre-tax adjustments	(145)	18	(906)	(204)	61	(434)
Net income attributable to noncontrolling interests effect on pre-tax adjustments	(3)	—	—	(6)	—	—
Adjusted Earnings (Non-GAAP)	\$ 1,032	\$ 972	6 %	\$ 2,866	\$ 2,697	6 %

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2024 and Q3 Fiscal 2023

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions, except per share amounts)

Schedule 2
(Continued)

	Three Months Ended December 31,			Change	Nine Months Ended December 31,			Change
	2023	2022			2023	2022		
Earnings per diluted common share from continuing operations attributable to McKesson Corporation (GAAP)^(a)	\$ 4.42	\$ 7.65		(42)%	\$ 16.39	\$ 19.32		(15)%
After-tax adjustments:								
Amortization of acquisition-related intangibles	0.35	0.32		9	1.05	0.93		13
Transaction-related expenses and adjustments	0.14	(0.17)		182	0.04	(0.70)		106
LIFO inventory-related adjustments	0.02	0.03		(33)	0.49	(0.16)		406
Gains from antitrust legal settlements	(0.13)	(0.67)		(81)	(1.21)	(0.66)		83
Restructuring, impairment, and related charges, net	0.03	0.17		(82)	0.47	0.45		4
Claims and litigation charges, net	—	(0.01)		(100)	(0.02)	(0.03)		(33)
Other adjustments, net	2.91	(0.42)		793	4.03	(0.37)		—
Adjusted Earnings per Diluted Share (Non-GAAP)^{(a) (b)}	\$ 7.74	\$ 6.90		12	\$ 21.24	\$ 18.78		13
Diluted weighted-average common shares outstanding	133.3	141.0		(5)%	134.9	143.7		(6)%

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2024 and Q3 Fiscal 2023

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions)

Schedule 2
(Continued)

	Three Months Ended December 31,			Change	Nine Months Ended December 31,			Change
	2023	2022			2023	2022		
Gross profit (GAAP)	\$ 3,152	\$ 3,174		(1)%	\$ 9,243	\$ 9,292	(1)%	
Pre-tax adjustments:								
LIFO inventory-related adjustments	2	5		(60)	89	(31)	387	
Gains from antitrust legal settlements	(23)	(129)		(82)	(220)	(129)	71	
Adjusted Gross Profit (Non-GAAP)	\$ 3,131	\$ 3,050		3 %	\$ 9,112	\$ 9,132	— %	
Total operating expenses (GAAP)	\$ (2,510)	\$ (1,933)		30 %	\$ (6,550)	\$ (5,891)	11 %	
Pre-tax adjustments:								
Amortization of acquisition-related intangibles	62	57		9	186	170	9	
Transaction-related expenses and adjustments ^{(1) (2)}	15	(9)		267	(24)	(16)	50	
Restructuring, impairment, and related charges, net ⁽⁴⁾	4	31		(87)	84	84	—	
Claims and litigation charges, net	—	(1)		(100)	(2)	(5)	(60)	
Other adjustments, net ⁽⁵⁾	525	20		—	735	26	—	
Adjusted Operating Expenses (Non-GAAP)	\$ (1,904)	\$ (1,835)		4 %	\$ (5,571)	\$ (5,632)	(1)%	
Other income, net (GAAP)	\$ 34	\$ 276		(88)%	\$ 98	\$ 466	(79)%	
Pre-tax adjustments:								
Transaction-related expenses and adjustments ⁽³⁾	—	—		—	—	(142)	(100)	
Other adjustments, net ⁽⁶⁾	—	(98)		(100)	—	(97)	(100)	
Adjusted Other Income (Non-GAAP)	\$ 34	\$ 178		(81)%	\$ 98	\$ 227	(57)%	

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2024 and Q3 Fiscal 2023

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions)

Schedule 2
(Continued)

	Three Months Ended December 31,			Change	Nine Months Ended December 31,			Change
	2023	2022			2023	2022		
Interest expense (GAAP)	\$ (64)	\$ (69)		(7)%	\$ (172)	\$ (169)		2 %
Pre-tax adjustments:								
Transaction-related expenses and adjustments	6	—		—	17	—		—
Adjusted Interest Expense (Non-GAAP)	<u>\$ (58)</u>	<u>\$ (69)</u>		(16)%	<u>\$ (155)</u>	<u>\$ (169)</u>		(8)%
Income tax benefit (expense) (GAAP)	\$ 18	\$ (329)		105 %	\$ (289)	\$ (799)		(64)%
Tax adjustments:								
Amortization of acquisition-related intangibles	(13)	(13)		—	(40)	(37)		8
Transaction-related expenses and adjustments	—	(15)		(100)	14	57		(75)
LIFO inventory-related adjustments	(1)	(1)		—	(23)	8		(388)
Gains from antitrust legal settlements	6	34		(82)	57	34		68
Restructuring, impairment, and related charges, net	(1)	(7)		(86)	(21)	(19)		11
Claims and litigation charges, net	—	—		—	—	1		(100)
Other adjustments, net	(136)	20		(780)	(191)	17		—
Adjusted Income Tax Expense (Non-GAAP)	<u>\$ (127)</u>	<u>\$ (311)</u>		(59)%	<u>\$ (493)</u>	<u>\$ (738)</u>		(33)%

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2024 and Q3 Fiscal 2023

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions, except per share amounts)

Schedule 2
(Continued)

(a) Certain computations may reflect rounding adjustments.

(b) Adjusted earnings per diluted share on an FX-adjusted basis for the three and nine months ended December 31, 2023 was \$7.72 and \$21.27, respectively, which excludes the foreign currency exchange effect of \$0.02 and \$0.03, respectively.

Any percentage changes displayed which are not meaningful are displayed as zero percent.

Refer to the section entitled "Financial Statement Notes" of this presentation.

For more information relating to the Adjusted Earnings (Non-GAAP), Adjusted Earnings per Diluted Share (Non-GAAP), Adjusted Gross Profit (Non-GAAP), Adjusted Operating Expenses (Non-GAAP), Adjusted Other income (Non-GAAP), Adjusted Interest Expense (Non-GAAP), and Adjusted Income Tax Expense (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2024 and Q3 Fiscal 2023

McKESSON CORPORATION
RECONCILIATION OF GAAP SEGMENT OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions)

Schedule 3

	Three Months Ended December 31,						As reported		As adjusted		Change			
	2023			2022										
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
REVENUES														
U.S. Pharmaceutical	\$ 73,023	\$ —	\$ 73,023	\$ 61,934	\$ —	\$ 61,934	\$ —	\$ 73,023	\$ —	\$ 73,023	18 %	18 %	18 %	18 %
Prescription Technology Solutions	1,205	—	1,205	1,121	—	1,121	—	1,205	—	1,205	7	7	7	7
Medical-Surgical Solutions	3,031	—	3,031	2,986	—	2,986	—	3,031	—	3,031	2	2	2	2
International	3,639	—	3,639	4,449	—	4,449	25	3,664	25	3,664	(18)	(18)	(18)	(18)
Revenues	<u>\$ 80,898</u>	<u>\$ —</u>	<u>\$ 80,898</u>	<u>\$ 70,490</u>	<u>\$ —</u>	<u>\$ 70,490</u>	<u>\$ 25</u>	<u>\$ 80,923</u>	<u>\$ 25</u>	<u>\$ 80,923</u>	<u>15 %</u>	<u>15 %</u>	<u>15 %</u>	<u>15 %</u>
OPERATING PROFIT ⁽⁴⁾														
U.S. Pharmaceutical ⁽⁵⁾	\$ 307	\$ 521	\$ 828	\$ 850	\$ (72)	\$ 778	\$ —	\$ 307	\$ —	\$ 828	(64) %	6 %	(64) %	6 %
Prescription Technology Solutions ⁽¹⁾	178	15	193	136	19	155	—	178	—	193	31	25	31	25
Medical-Surgical Solutions	268	14	282	328	8	336	—	268	—	282	(18)	(16)	(18)	(16)
International ⁽²⁾	126	(21)	105	136	7	143	(2)	124	(1)	104	(7)	(27)	(9)	(27)
Subtotal	879	529	1,408	1,450	(38)	1,412	(2)	877	(1)	1,407	(39)	—	(40)	—
Corporate expenses, net ^{(2) (6) (7)}	(203)	56	(147)	67	(86)	(19)	1	(202)	—	(147)	(403)	674	(401)	674
Income from continuing operations before interest expense and income taxes	<u>\$ 676</u>	<u>\$ 585</u>	<u>\$ 1,261</u>	<u>\$ 1,517</u>	<u>\$ (124)</u>	<u>\$ 1,393</u>	<u>\$ (1)</u>	<u>\$ 675</u>	<u>\$ (1)</u>	<u>\$ 1,260</u>	<u>(55) %</u>	<u>(9) %</u>	<u>(56) %</u>	<u>(10) %</u>
OPERATING PROFIT AS A % OF REVENUES														
U.S. Pharmaceutical	0.42 %		1.13 %	1.37 %		1.26 %		0.42 %		1.13 %	(95) bp	(13) bp	(95) bp	(13) bp
Prescription Technology Solutions	14.77		16.02	12.13		13.83		14.77		16.02	264	219	264	219
Medical-Surgical Solutions	8.84		9.30	10.98		11.25		8.84		9.30	(214)	(195)	(214)	(195)
International	3.46		2.89	3.06		3.21		3.38		2.84	40	(32)	32	(37)

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

Refer to the section entitled "Financial Statement Notes" of this presentation.

For more information relating to the Adjusted Segment Operating Profit (Non-GAAP), Adjusted Operating Profit (Non-GAAP), Adjusted Corporate Expenses (Non-GAAP), FX-Adjusted (Non-GAAP), and Adjusted Segment Operating Profit Margin (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2024 and Q3 Fiscal 2023

McKESSON CORPORATION
RECONCILIATION OF GAAP SEGMENT OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions)

Schedule 3
(Continued)

	Nine Months Ended December 31,						As reported		As adjusted		Change			
	2023			2022										
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
REVENUES														
U.S. Pharmaceutical	\$ 209,949	\$ —	\$ 209,949	\$ 178,940	\$ —	\$ 178,940	\$ —	\$ 209,949	\$ —	\$ 209,949	17 %	17 %	17 %	17 %
Prescription Technology Solutions	3,589	—	3,589	3,205	—	3,205	—	3,589	—	3,589	12	12	12	12
Medical-Surgical Solutions	8,476	—	8,476	8,421	—	8,421	—	8,476	—	8,476	1	1	1	1
International	10,582	—	10,582	17,235	—	17,235	324	10,906	324	10,906	(39)	(39)	(37)	(37)
Revenues	<u>\$ 232,596</u>	<u>\$ —</u>	<u>\$ 232,596</u>	<u>\$ 207,801</u>	<u>\$ —</u>	<u>\$ 207,801</u>	<u>\$ 324</u>	<u>\$ 232,920</u>	<u>\$ 324</u>	<u>\$ 232,920</u>	<u>12 %</u>	<u>12 %</u>	<u>12 %</u>	<u>12 %</u>
OPERATING PROFIT ⁽⁴⁾														
U.S. Pharmaceutical ⁽³⁾⁽⁵⁾	\$ 1,727	\$ 687	\$ 2,414	\$ 2,442	\$ (197)	\$ 2,245	\$ —	\$ 1,727	\$ —	\$ 2,414	(29) %	8 %	(29) %	8 %
Prescription Technology Solutions ⁽¹⁾	647	(22)	625	400	61	461	—	647	—	625	62	36	62	36
Medical-Surgical Solutions	739	32	771	883	28	911	—	739	—	771	(16)	(15)	(16)	(15)
International ⁽²⁾	249	35	284	93	325	418	6	255	8	292	168	(32)	174	(30)
Subtotal	3,362	732	4,094	3,818	217	4,035	6	3,368	8	4,102	(12)	1	(12)	2
Corporate expenses, net ⁽²⁾⁽⁶⁾⁽⁷⁾	(571)	116	(455)	49	(357)	(308)	(1)	(572)	(1)	(456)	—	48	—	48
Income from continuing operations before interest expense and income taxes	<u>\$ 2,791</u>	<u>\$ 848</u>	<u>\$ 3,639</u>	<u>\$ 3,867</u>	<u>\$ (140)</u>	<u>\$ 3,727</u>	<u>\$ 5</u>	<u>\$ 2,796</u>	<u>\$ 7</u>	<u>\$ 3,646</u>	<u>(28) %</u>	<u>(2) %</u>	<u>(28) %</u>	<u>(2) %</u>
OPERATING PROFIT AS A % OF REVENUES														
U.S. Pharmaceutical	0.82 %		1.15 %	1.36 %		1.25 %		0.82 %		1.15 %	(54) bp	(10) bp	(54) bp	(10) bp
Prescription Technology Solutions	18.03		17.41	12.48		14.38		18.03		17.41	555	303	555	303
Medical-Surgical Solutions	8.72		9.10	10.49		10.82		8.72		9.10	(177)	(172)	(177)	(172)
International	2.35		2.68	0.54		2.43		2.34		2.68	181	25	180	25

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

Refer to the section entitled "Financial Statement Notes" of this presentation.

For more information relating to the Adjusted Segment Operating Profit (Non-GAAP), Adjusted Operating Profit (Non-GAAP), Adjusted Corporate Expenses (Non-GAAP), FX-Adjusted (Non-GAAP), and Adjusted Segment Operating Profit Margin (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2024 and Q3 Fiscal 2023

Schedule 6

McKESSON CORPORATION
RECONCILIATION OF GAAP CASH FLOW TO FREE CASH FLOW (NON-GAAP)
(unaudited)
(in millions)

	Nine Months Ended December 31,		Change
	2023	2022	
GAAP CASH FLOW CATEGORIES			
Net cash provided by operating activities	\$ 167	\$ 1,834	(91)%
Net cash used in investing activities	(495)	(298)	66
Net cash used in financing activities	(2,374)	(3,178)	(25)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	6	15	(60)
Change in cash, cash equivalents, and restricted cash classified as Assets held for sale	—	470	(100)
Net decrease in cash, cash equivalents, and restricted cash	<u>\$ (2,696)</u>	<u>\$ (1,157)</u>	133 %
FREE CASH FLOW (NON-GAAP)			
Net cash provided by operating activities	\$ 167	\$ 1,834	(91)%
Payments for property, plant, and equipment	(243)	(265)	(8)
Capitalized software expenditures	(175)	(111)	58
Free Cash Flow (Non-GAAP)	<u>\$ (251)</u>	<u>\$ 1,458</u>	(117)%

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

For more information relating to the Free Cash Flow (Non-GAAP) definition, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

GAAP to Non-GAAP Reconciliation

Three Months and Trailing Twelve Months Ended Q3 Fiscal 2024

McKESSON CORPORATION
RECONCILIATION OF GAAP CASH FLOW TO FREE CASH FLOW (NON-GAAP)
(unaudited)
(in millions)

Schedule 6
(Continued)

	Three Months Ended December 31, 2023 ⁽¹⁾	Trailing Twelve Months Ended December 31, 2023 ⁽²⁾
FREE CASH FLOW (NON-GAAP)		
Net cash provided by operating activities	\$ 254	\$ 3,492
Payments for property, plant, and equipment	(90)	(368)
Capitalized software expenditures	(64)	(232)
Free Cash Flow (Non-GAAP)	\$ 100	\$ 2,892

For more information relating to the Free Cash Flow (Non-GAAP) definition, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

(1) Amounts for the three months ended December 31, 2023 were derived using fiscal 2024 year-to-date Net cash provided by (used in) operating activities, Payments for property, plant, and equipment, and Capitalized software expenditures, less the comparative amounts for the six months ended September 30, 2023 of fiscal 2024.

(2) Amounts for the trailing twelve months ended December 31, 2023 were derived using full year fiscal 2023 Net cash provided by operating activities, Payments for property, plant, and equipment, and Capitalized software expenditures, deducting the comparative amounts for each item for the nine months ended December 31, 2022 of fiscal 2023, and adding the comparative amounts for each item for the nine months ended December 31, 2023 of fiscal 2024.

Financial Statement Notes

McKESSON CORPORATION FINANCIAL STATEMENT NOTES

1 of 2

1. Transaction-related expenses and adjustments for the three and nine months ended December 31, 2023 includes pre-tax gains of \$2 million (pre-tax and after-tax) and \$78 million (\$58 million after-tax), respectively, related to fair value remeasurements of the contingent consideration liability recognized as part of our acquisition of Rx Savings Solutions, LLC. The gains, within Prescription Technology Solutions, resulted from remeasurement of the liability to fair value at the end of each reporting period based on the estimated amount and timing of projected operational and financial information and the probability of achievement of performance milestones. These pre-tax gains are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
2. Transaction-related expenses and adjustments for the three and nine months ended December 31, 2022 includes pre-tax net gains of \$31 million (\$36 million after-tax) and \$66 million (\$35 million after-tax), respectively, related to an agreement to sell certain of our European businesses to the PHOENIX Group which closed on October 31, 2022. Pre-tax gains for the three and nine months ended December 31, 2022 of \$34 million (\$39 million after-tax) and \$306 million (\$275 million after-tax), respectively, are included within Corporate expenses, net, and charges (pre-tax and after-tax) of \$3 million and \$240 million, respectively, are included within International. These pre-tax gains and charges are primarily to remeasure assets and liabilities held for sale to fair value less costs to sell, including the effect of accumulated other comprehensive income balances associated with the disposal group, and are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
3. Transaction-related expenses and adjustments for the nine months ended December 31, 2022 includes a pre-tax gain of \$142 million (\$105 million after-tax) related to the exit of an investment in equity securities within U.S. Pharmaceutical. This gain is included under "other income, net" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
4. Restructuring, impairment, and related charges, net for the three and nine months ended December 31, 2023 includes pre-tax charges of \$4 million (\$3 million after-tax) and \$84 million (\$63 million after-tax), respectively, primarily for Corporate expenses, net. The three and nine months ended December 31, 2022 includes pre-tax charges of \$31 million (\$24 million after-tax) and \$84 million (\$65 million after-tax), respectively, primarily within International and Corporate expenses, net. These charges are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

Financial Statement Notes

FINANCIAL STATEMENT NOTES (continued)

2 of 2

5. Other adjustments, net for the three and nine months ended December 31, 2023 includes pre-tax provisions for bad debts of \$515 million (\$381 million after-tax) and \$725 million (\$536 million after-tax), respectively, within U.S. Pharmaceutical related to the bankruptcy of our customer, Rite Aid Corporation (including certain of its subsidiaries, "Rite Aid"). Management believes this charge is not reflective of allowances recorded in the normal course of operations and is related to Rite Aid's bankruptcy reorganization, and therefore is excluded from the determination of our adjusted results (Non-GAAP). These charges represent the remaining trade accounts receivable balances due from Rite Aid prior to its bankruptcy petition filing and are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
6. Other adjustments, net for the three and nine months ended December 31, 2022 includes a pre-tax gain of \$97 million (\$72 million after-tax) within Corporate expenses, net from termination of fixed interest rate swaps accounted for as cash flow hedges. Management believes that this gain is not part of normal business operations and is therefore excluded from our determination of adjusted results. This gain is included under "other income, net" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
7. Termination of Tax Receivable Agreement ("TRA") with Change Healthcare for the three and nine months ended December 31, 2022 consists of a pre-tax gain of \$126 million (\$93 million after-tax) within Corporate expenses, net, related to a cash payment received as a result of an exercise of the option by Change Healthcare Inc. ("Change") pursuant to the TRA for early termination of the agreement. We entered into this agreement as part of the formation of a joint venture with Change, from which McKesson has since exited. This amount was recorded in "Other income, net" in the Condensed Consolidated Statements of Operations (GAAP) provided in Schedule 1 of the accompanying financial statement tables.

Supplemental Non-GAAP Financial Information

McKESSON CORPORATION SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

1 of 3

In an effort to provide investors with additional information regarding the Company's financial results as determined by generally accepted accounting principles ("GAAP"), McKesson Corporation (the "Company" or "we") also presents the following Non-GAAP measures in this presentation.

- **Adjusted Gross Profit (Non-GAAP):** We define Adjusted Gross Profit as GAAP gross profit, excluding transaction-related expenses and adjustments, last-in, first-out ("LIFO") inventory-related adjustments, gains from antitrust legal settlements, and other adjustments.
- **Adjusted Operating Expenses (Non-GAAP):** We define Adjusted Operating Expenses as GAAP total operating expenses, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, restructuring, impairment, and related charges, claims and litigation charges, and other adjustments.
- **Adjusted Other Income (Non-GAAP):** We define Adjusted Other Income as GAAP other income (expense), net, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, and other adjustments.
- **Adjusted Interest Expense (Non-GAAP):** We define Adjusted Interest Expense as GAAP interest expense, excluding transaction-related expenses and adjustments related to net interest expense incurred from cross-currency swaps used to hedge the changes in the fair value of the Company's foreign currency-denominated notes resulting from changes in benchmark interest rates and foreign currency exchange rates. The foreign currency-denominated notes were previously designated as non-derivative net investment hedges of portions of the Company's net investments in its now-divested European businesses against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar.
- **Adjusted Income Tax Expense (Non-GAAP):** We define Adjusted Income Tax Expense as GAAP income tax benefit (expense), excluding the income tax effects of amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, and other adjustments. Income tax effects are calculated in accordance with Accounting Standards Codification ("ASC") 740, "Income Taxes," which is the same accounting principle used by the Company when presenting its GAAP financial results.
- **Adjusted Earnings (Non-GAAP):** We define Adjusted Earnings as GAAP income from continuing operations attributable to McKesson, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, other adjustments, as well as the related income tax effects for each of these items, as applicable.
- **Adjusted Earnings per Diluted Share (Non-GAAP):** We define Adjusted Earnings per Diluted Share as GAAP earnings per diluted common share from continuing operations attributable to McKesson, excluding per share impacts of amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, other adjustments, as well as the related income tax effects for each of these items, as applicable, divided by diluted weighted-average shares outstanding.

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

2 of 3

- **Adjusted Segment Operating Profit (Non-GAAP) and Adjusted Segment Operating Profit Margin (Non-GAAP):** We define Adjusted Segment Operating Profit as GAAP segment operating profit, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, and other adjustments. We define Adjusted Segment Operating Profit Margin as Adjusted Segment Operating Profit (Non-GAAP) divided by GAAP segment revenues.
- **Adjusted Corporate Expenses (Non-GAAP):** We define Adjusted Corporate Expenses as GAAP corporate expenses, net, excluding transaction-related expenses and adjustments, restructuring, impairment, and related charges, claims and litigation charges, and other adjustments.
- **Adjusted Operating Profit (Non-GAAP):** We define Adjusted Operating Profit as GAAP income from continuing operations before interest expense and income taxes, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, and other adjustments.

The following provides further details regarding the adjustments made to our GAAP financial results to arrive at our Non-GAAP measures as defined above:

Amortization of acquisition-related intangibles - Amortization charges for intangible assets directly related to business combinations and the formation of joint ventures.

Transaction-related expenses and adjustments - Transaction, integration, and other expenses that are directly related to business combinations, the formation of joint ventures, divestitures, and other transaction-related costs including initial public offering costs. Examples include transaction closing costs, professional service fees, legal fees, severance charges, retention payments and employee relocation expenses, facility or other exit-related expenses, certain fair value adjustments including deferred revenues, contingent consideration and inventory, recoveries of acquisition-related expenses or post-closing expenses, net interest expense impact of hedging foreign currency-denominated notes, bridge loan fees and gains or losses on business combinations, and divestitures of businesses that do not qualify as discontinued operations.

LIFO inventory-related adjustments - LIFO inventory-related non-cash charges or credit adjustments.

Gains from antitrust legal settlements - Net cash proceeds representing the Company's share of antitrust legal settlements.

Restructuring, impairment, and related charges - Restructuring charges that are incurred for programs in which we change our operations, the scope of a business undertaken by our business units, or the manner in which that business is conducted as well as long-lived asset impairments. Such charges may include employee severance, retention bonuses, facility closure or consolidation costs, lease or contract termination costs, asset impairments, accelerated depreciation and amortization, and other related expenses. The restructuring programs may be implemented due to the sale or discontinuation of a product line, reorganization or management structure changes, headcount rationalization, realignment of operations or products, integration of acquired businesses, and/or company-wide cost saving initiatives. The amount and/or frequency of these restructuring charges are not part of our underlying business, which include normal levels of reinvestment in the business. Any credit adjustments due to subsequent changes in estimates are also excluded from adjusted results.

Claims and litigation charges - Adjustments to certain of the Company's reserves, including those related to estimated probable settlements for its controlled substance monitoring and reporting, and opioid-related claims, as well as any applicable income items or credit adjustments due to subsequent changes in estimates. This does not include our legal fees to defend claims, which are expensed as incurred. This also may include charges or credits for general non-operational claims not directly related to our ongoing business.

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

3 of 3

Other adjustments - The Company evaluates the nature and significance of transactions qualitatively and quantitatively on an individual basis and may include them in the determination of our adjusted results from time to time. While not all-inclusive, other adjustments may include: other asset impairments; gains or losses from debt extinguishment; and other similar substantive and/or infrequent items as deemed appropriate.

The Company evaluates the aforementioned Non-GAAP measures on a periodic basis and updates the definitions from time to time. The evaluation considers both the quantitative and qualitative aspects of the Company's presentation of Non-GAAP adjusted results. A reconciliation of McKesson's GAAP financial results to Non-GAAP financial results is provided in Schedules 2 and 3 of the financial statement tables included with this presentation.

- **FX-Adjusted (Non-GAAP):** McKesson also presents its GAAP financial results and adjusted results (Non-GAAP) on an FX-Adjusted basis. To present our financial results on an FX-Adjusted basis, we convert current year period results of our operations in foreign countries, which are recorded in local currencies, into U.S. dollars by applying the average foreign currency exchange rates of the comparable prior year period. To present Adjusted Earnings per Diluted Share on an FX-Adjusted basis, we estimate the impact of foreign currency rate fluctuations on the Company's noncontrolling interests and adjusted income tax expense, which may vary from quarter to quarter. The supplemental FX-Adjusted information of the Company's GAAP financial results and adjusted results (Non-GAAP) is provided in Schedule 3 of the financial statement tables included with this presentation.
- **Free Cash Flow (Non-GAAP):** We define free cash flow as net cash provided by (used in) operating activities less payments for property, plant, and equipment and capitalized software expenditures, as disclosed in our condensed consolidated statements of cash flows. A reconciliation of McKesson's GAAP financial results to Free Cash Flow (Non-GAAP) is provided in Schedule 6 of the financial statement tables included with this presentation.

The Company believes the presentation of Non-GAAP measures provides useful supplemental information to investors with regard to its operating performance, as well as assists with the comparison of its past financial performance to the Company's future financial results. Moreover, the Company believes that the presentation of Non-GAAP measures assists investors' ability to compare its financial results to those of other companies in the same industry. However, the Company's Non-GAAP measures used in this presentation may be defined and calculated differently by other companies in the same industry.

The Company internally uses both GAAP and Non-GAAP financial measures in connection with its own financial planning and reporting processes. Management utilizes Non-GAAP financial measures when allocating resources, deploying capital, as well as assessing business performance, and determining employee incentive compensation. The Company conducts its businesses internationally in local currencies, including Canadian dollars, Euro, and British pound sterling. As a result, the comparability of our results reported in U.S. dollars can be affected by changes in foreign currency exchange rates. We present FX-Adjusted information to provide a framework for assessing how our business performed excluding the estimated effect of foreign currency exchange rate fluctuations. We believe free cash flow is important to management and useful to investors as a supplemental measure as it indicates the cash flow available for working capital needs, re-investment opportunities, strategic acquisitions, share repurchases, dividend payments, or other strategic uses of cash. Nonetheless, Non-GAAP adjusted results and related Non-GAAP measures disclosed by the Company should not be considered a substitute for, nor superior to, financial results and measures as determined or calculated in accordance with GAAP.