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**Cencora, Inc.**  
**Fourth Quarter Fiscal 2024**  
**Earnings Call**

November 6, 2024

# Cautionary Note Regarding Forward Looking Statements

Certain of the statements contained in this presentation are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”). Words such as “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “on track,” “opportunity,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “strive,” “sustain,” “synergy,” “target,” “will,” “would” and similar expressions are intended to identify such forward-looking statements, but the absence of these words does not mean the statement is not forward-looking. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances and speak only as of the date hereof. These statements are not guarantees of future performance and are based on assumptions and estimates that could prove incorrect or could cause actual results to vary materially from those indicated. A more detailed discussion of the risks and uncertainties that could cause our actual results to differ materially from those indicated is included (i) in the “Risk Factors” and “Management’s Discussion and Analysis” sections in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2023 and elsewhere in that report and (ii) in other reports filed by the Company pursuant to the Securities Exchange Act. The Company undertakes no obligation to publicly update or revise any forward-looking statements, except as required by the federal securities laws.

## **GAAP / non-GAAP Reconciliation**

In an effort to provide additional and useful information regarding Cencora’s financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials presented during this event include non-GAAP information. A reconciliation of that information to GAAP and other related information is available in the supplemental material attached as an appendix to this presentation and posted on our website, [investor.cencora.com](http://investor.cencora.com).

**Cencora is united in our responsibility to create healthier futures.**

Cencora creates unparalleled access, efficiency, and reliability for human and animal health as a leading provider of pharmaceutical distribution services and differentiated value-added solutions for upstream and downstream partners.



**8% - 12%\*** targeted long-term adjusted diluted EPS growth

\*Growth rates given on a constant currency basis



**46,000+**  
team members

Diverse expertise focused on improving global health



Long-term vision of expanding leadership and growing higher-margin, high-growth businesses



Building on ESG strategy to live our purpose and create a better future for all stakeholders

# Fiscal 2024 highlights & strategic overview

## Business highlights

- Cencora announced that it has entered into a definitive agreement to acquire Retina Consultants of America (“RCA”), a leading management services organization (MSO) of retina specialists.
- Bob Mauch assumed the role of President and Chief Executive Officer and Steve Collis was appointed Executive Chairman of the Board.
- Evolved the Executive Leadership Team with the additions of Francois Mandeville, EVP, Strategy and M&A, and Pawan Verma, EVP and Chief Data and Information Officer.

## Financial highlights

**\$13.76**

Adjusted diluted EPS<sup>(1)</sup>

**\$3.1B**

Adjusted free cash flow<sup>(1)</sup>

**\$1.5B**

Share repurchases

**\$2.20**

Announced fiscal 2025 annualized dividend per share; +8% y/y

## Fiscal 2025 guidance

- Introduced fiscal 2025 guidance, reflecting adjusted operating income growth of 5% to 6.5% and adjusted diluted EPS growth of 8% to 10%.
- Since providing preliminary guidance in an 8-K filed September 5, 2024, Cencora has executed on opportunistic share repurchases and had continued momentum in the business.
- Cencora’s fiscal 2025 guidance does not currently include the impact of the RCA acquisition, which will be incorporated into expectations following the transaction close.

(1) See tables and supplemental information at end of presentation for GAAP to non-GAAP reconciliations.

Note: For more information related to non-GAAP financial measures, refer to the section titled “Supplemental Information Regarding Non-GAAP Financial Measures” in the appendix to this presentation and posted on our website, [investor.cencora.com](http://investor.cencora.com).

# Strategic acquisition of Retina Consultants of America (RCA)



## Acquisition of RCA expected to:

- Broaden our relationships with community providers in a high growth segment
- Continue the natural evolution of our leadership in Specialty into MSO for key community provider customer base
- Provide our customers with additional services including enhanced data and analytics capabilities and back-office support
- Build on value-proposition to pharma partners by adding clinical research capabilities

## Acquisition furthers Cencora's ability to execute on 4 of our strategic imperatives:

- ✓ Expand on leadership in specialty
- ✓ Lead with market leaders
- ✓ Invest in innovation to further drive differentiation
- ✓ Contribute to Rx Outcomes

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# Financial results

# Q4 fiscal 2024 financial summary

**14.7%**

Revenue growth y/y

**6.3%**

Consolidated  
adjusted operating income<sup>(1)</sup> growth y/y

**10.2%**

U.S. Healthcare Solutions segment  
operating income growth y/y

**(8.6)%**

International Healthcare Solutions segment  
operating income decline y/y

**(8.0)%**

International Healthcare Solutions segment  
constant currency operating income<sup>(1)</sup> decline y/y

**\$3.34**

Adjusted diluted EPS<sup>(1)</sup>

(1) See tables at end of presentation for GAAP to non-GAAP reconciliations  
The financial results presented on a constant currency basis are non-GAAP financial  
measures.

For more information related to non-GAAP financial measures, refer to the section titled  
"Supplemental Information Regarding Non-GAAP Financial Measures" in the appendix to  
this presentation and posted on our website, investor.cencora.com.

Consolidated results	GAAP	Adjusted (non-GAAP) <sup>(1)</sup>
Revenue y/y%	\$79.1B 14.7%	\$79.1B 14.7%
Gross profit y/y%	\$2.5B 10.6%	\$2.5B 6.6%
Operating expenses y/y%	\$2.4B 33.2%	\$1.6B 6.8%
Operating income y/y%	\$127M (73.4)%	\$851M 6.3%
Interest expense, net y/y%	\$21M (65.6)%	\$21M (65.6)%
Effective tax rate	94.0%	20.3%
Net income attributable to Cencora y/y%	\$3M (99.0)%	\$662M 13.9%
Diluted earnings per share y/y%	\$0.02 (98.8)%	\$3.34 16.8%
Diluted shares outstanding y/y%	198.1M (2.6)%	198.1M (2.6)%

# U.S. Healthcare Solutions segment

## Q4 fiscal 2024 financial results

Financial results	Q4 fiscal 2024	Q4 fiscal 2023	y/y%
Revenue	\$71.7B	\$61.9B	15.7%
Operating income	\$697M	\$633M	10.2%

Percentages of Revenue	Q4 fiscal 2024	Q4 fiscal 2023
Gross profit	2.27%	2.38%
Operating expenses	1.29%	1.36%
Operating income	0.97%	1.02%

- Revenue increased 15.7% to \$71.7B due to overall market growth primarily driven by unit volume growth, including increased sales of products labeled for diabetes and/or weight loss in the GLP-1 class, and increased sales of specialty products to physician practices and health systems.
- Operating income increased 10.2% to \$697M due to strong utilization trends, particularly at specialty physician practices and health systems.



# International Healthcare Solutions segment

## Q4 fiscal 2024 financial results

Financial results (as reported)	Q4 fiscal 2024	Q4 fiscal 2023	y/y%	Constant currency <sup>(1)</sup> y/y%
Revenue	\$7.4B	\$7.0B	5.5%	7.9%
Operating income	\$154M	\$168M	(8.6)%	(8.0)%

Percentages of revenue (as reported)	Q4 fiscal 2024	Q4 fiscal 2023
Gross profit	11.22%	11.84%
Operating expenses	9.14%	9.43%
Operating income	2.08%	2.40%

- Revenue increased 5.5% to \$7.4B on an as-reported basis. On a constant currency basis, revenue increased 7.9%.
- Operating income decreased 8.6% to \$154M on an as-reported basis primarily due to higher information technology expenses in our European distribution business and lower operating income at our Canadian business, partially offset by the higher operating income at our global specialty logistics business.

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# Fiscal 2024 financial summary

**12.1%**

Revenue growth y/y

**10.9%**

Consolidated  
adjusted operating income<sup>(1)</sup> growth y/y

**13.0%**

U.S. Healthcare Solutions segment  
operating income growth y/y

**3.0%**

International Healthcare Solutions segment  
operating income growth y/y

**8.6%**

International Healthcare Solutions segment  
operating income constant currency<sup>(1)</sup> growth y/y

**\$13.76**

Adjusted diluted EPS<sup>(1)</sup>

(1) See tables at end of presentation for GAAP to non-GAAP reconciliations. The financial results presented on a constant currency basis are non-GAAP financial measures. For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" in the appendix to this presentation and posted on our website, investor.cencora.com.

Consolidated results	GAAP	Adjusted (non-GAAP) <sup>(1)</sup>
Revenue y/y%	\$294.0B 12.1%	\$294.0B 12.1%
Gross profit y/y%	\$9.9B 10.6%	\$9.7B 8.1%
Operating expenses y/y%	\$7.7B 16.9%	\$6.1B 6.5%
Operating income y/y%	\$2.2B (7.1)%	\$3.6B 10.9%
Interest expense, net y/y%	\$157M (31.4)%	\$157M (31.4)%
Effective tax rate	24.2%	20.8%
Net income attributable to Cencora y/y%	\$1.5B (13.5)%	\$2.8B 12.4%
Diluted earnings per share y/y%	\$7.53 (11.7)%	\$13.76 14.8%
Diluted shares outstanding y/y%	200.3M (2.1)%	200.3M (2.1)%

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# Fiscal 2025 guidance

# Fiscal 2025 guidance

	As reported	Constant currency <sup>(2)</sup>
<b>Consolidated</b>		
Revenue	7% to 9%	
Adjusted operating income <sup>(1)</sup>	5% to 6.5%	
<b>U.S. Healthcare Solutions</b>		
Revenue	7% to 9%	
Operating income	5% to 6.5%	
<b>International Healthcare Solutions</b>		
Revenue	7% to 9%	7% to 9%
Operating income	5% to 6.5%	5% to 6.5%

<sup>1</sup> The Company does not provide forward-looking guidance on a GAAP basis as certain information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. Please refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" in the appendix to this presentation

<sup>2</sup> The financial results presented on a constant currency basis are non-GAAP financial measures. For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" in the appendix to this presentation

# Fiscal 2025 guidance continued

	Fiscal 2025 Guidance	Fiscal 2024 Actual
Adjusted diluted earnings per share <sup>(1)</sup>	\$14.80 to \$15.10	\$13.76
Net interest expense	\$150 to \$170 million	\$157 million
Adjusted effective tax rate <sup>(1)</sup>	~21%	20.8%
Diluted weighted average shares outstanding	~196 million	200.3 million
Adjusted free cash flow <sup>(1)</sup>	\$2.0 to \$3.0 billion	\$3.1 billion
Capital expenditures	~\$600 million	\$487 million

<sup>1</sup>The Company does not provide forward-looking guidance on a GAAP basis as certain information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. Please refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" in the appendix to this presentation

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" in the appendix to this presentation

# Advancing environmental, social, and governance initiatives to create healthier futures around the world

## Environmental

### Adapting to a changing climate

- Near-term Science-Based Target validated by the Science Based Targets initiative
- Established business resiliency planning target by completing business impact and climate risk assessments across locations
- Completed several on-site renewable energy projects across our international operations
- Piloted alternative fuel vehicles, utilized sustainable aviation fuel in air shipments, continued to advance electrification of our fleet and, in our US Animal Health business, we launched a strategic transition to reusable totes

## Social

### Investing in our people and communities

- Recognized as an Equality 100 business on the Human Rights Campaign Foundation's 2023-2024 Corporate Equality Index
- Introduced support for fertility, adoption, surrogacy and maternity care
- Through the Cencora Impact Foundation, we continued our commitment to creating healthier futures by funding initiatives to enhance access to healthcare

## Governance

### Embracing a culture of transparency, ethics, and integrity

- Our 9th ESG report, aligned with GRI, SASB, TCFD, UN SDGs, and WEF set to release early 2025
- Board oversight of ESG strategy, which is embedded in business
- Incorporated ESG metrics in the short-term incentive program

# Creating differentiated value for our stakeholders

Our long-term, sustainable growth is supported by investments in our people and culture and commitment to ESG

## Why we exist

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We are united in our responsibility to create healthier futures

## Our areas of focus

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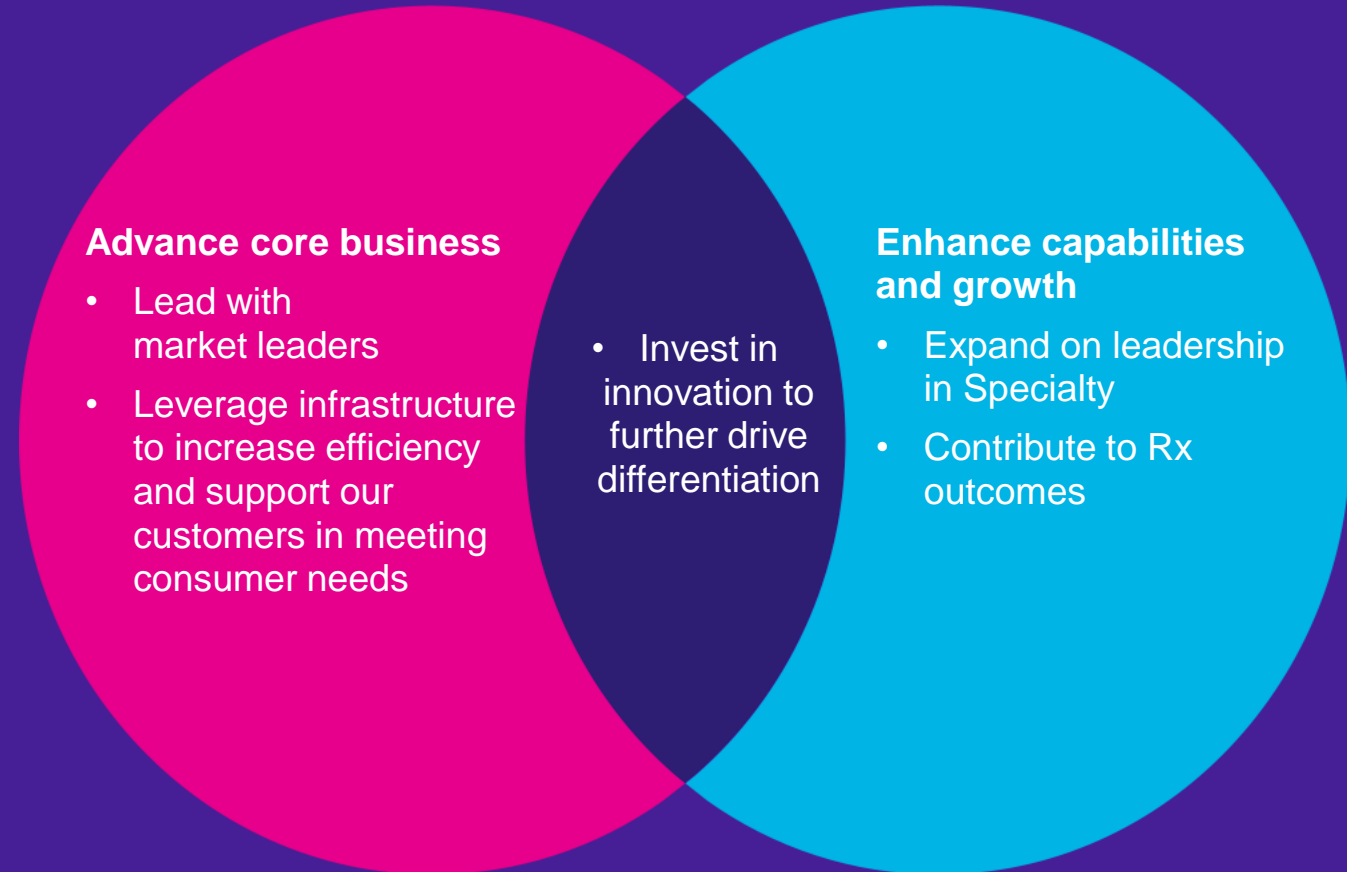
Specialty medicine and services

Community providers

Customer partnerships

Global access and opportunity

## Our 5 Strategic Imperatives



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# Appendix



CENCORA, INC.  
GAAP TO NON-GAAP RECONCILIATIONS  
(in thousands, except per share data)  
(unaudited)

Three Months Ended September 30, 2024

	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income Attributable to Cencora	Diluted Earnings Per Share
GAAP	\$ 2,492,417	\$ 2,365,778	\$ 126,639	\$ 125,177	\$ 117,711	\$ 3,382	\$ 0.02
Gains from antitrust litigation settlements	(62,337)	—	(62,337)	(62,337)	(11,013)	(51,324)	(0.26)
LIFO expense	12,273	—	12,273	12,273	4,369	7,904	0.04
Turkey highly inflationary impact	10,172	—	10,172	10,645	—	10,645	0.05
Acquisition-related intangibles amortization	—	(165,919)	165,919	165,919	24,045	141,441	0.71
Litigation and opioid-related expenses, net	—	(65,517)	65,517	65,517	2,670	62,847	0.32
Acquisition-related deal and integration expenses	—	(33,570)	33,570	33,570	5,649	27,921	0.14
Restructuring and other expenses	—	(81,304)	81,304	81,304	14,858	66,446	0.34
Goodwill impairment	—	(418,000)	418,000	418,000	3,705	414,295	2.09
Gain on remeasurement of equity investment	—	—	—	(8,551)	—	(8,551)	(0.04)
Other, net	—	—	—	5,804	1,634	4,170	0.02
Tax reform <sup>1</sup>	—	—	—	(11,706)	5,822	(17,528)	(0.09)
Adjusted Non-GAAP	<u>\$ 2,452,525</u>	<u>\$ 1,601,468</u>	<u>\$ 851,057</u>	<u>\$ 835,615</u>	<u>\$ 169,450</u>	<u>\$ 661,648</u>	<u>\$ 3.34</u>
Adjusted Non-GAAP % change vs. prior year quarter	6.6%	6.8%	6.3%	12.8%	5.6%	13.9%	16.8%
<b>Percentages of Revenue:</b>	<b>GAAP</b>	<b>Adjusted Non-GAAP</b>					
Gross profit	3.15%	3.10%					
Operating expenses	2.99%	2.03%					
Operating income	0.16%	1.08%					

<sup>1</sup> Includes tax expense relating to 2020 Swiss tax reform and the currency remeasurement of the related deferred tax assets, the latter of which is recorded within Other Income, Net.

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of this release.

CENCORA, INC.  
GAAP TO NON-GAAP RECONCILIATIONS  
(in thousands, except per share data)  
(unaudited)

Three Months Ended September 30, 2023

	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income Attributable to Cencora	Diluted Earnings Per Share
GAAP	\$ 2,253,452	\$ 1,776,511	\$ 476,941	\$ 446,423	\$ 97,443	\$ 350,565	\$ 1.72
Gains from antitrust litigation settlements	(70,582)	—	(70,582)	(70,582)	(16,719)	(53,863)	(0.26)
LIFO expense	90,323	—	90,323	90,323	21,264	69,059	0.34
Turkey highly inflationary impact	27,948	—	27,948	29,916	—	29,916	0.15
Acquisition-related intangibles amortization	—	(169,900)	169,900	169,900	40,214	128,718	0.63
Litigation and opioid-related expenses	—	(13,890)	13,890	13,890	3,305	10,585	0.05
Acquisition-related deal and integration expenses	—	(40,291)	40,291	40,291	9,548	30,743	0.15
Restructuring and other expenses	—	(52,276)	52,276	52,276	12,452	39,824	0.20
Gain on divestiture of non-core businesses	—	—	—	(40,665)	1,035	(41,700)	(0.21)
Other, net	—	—	—	4,310	781	3,529	0.02
Tax reform <sup>1</sup>	—	—	—	4,824	(8,931)	13,755	0.07
Adjusted Non-GAAP	<u>\$ 2,301,141</u>	<u>\$ 1,500,154</u>	<u>\$ 800,987</u>	<u>\$ 740,906</u>	<u>\$ 160,392</u>	<u>\$ 581,131</u>	<u>\$ 2.86</u>

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	3.27%	3.34%
Operating expenses	2.58%	2.18%
Operating income	0.69%	1.16%

<sup>1</sup> Includes tax expense relating to Swiss tax reform and the currency remeasurement of the related deferred tax assets, the latter of which is recorded within Other Income, Net.

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CENCORA, INC.  
GAAP TO NON-GAAP RECONCILIATIONS  
(in thousands, except per share data)  
(unaudited)

Fiscal Year Ended September 30, 2024

	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income Attributable to Cencora	Diluted Earnings Per Share
GAAP	\$ 9,910,029	\$ 7,734,780	\$ 2,175,249	\$ 2,003,975	\$ 484,702	\$ 1,509,120	\$ 7.53
Gains from antitrust litigation settlements	(170,904)	—	(170,904)	(170,904)	(37,823)	(133,081)	(0.66)
LIFO credit	(52,168)	—	(52,168)	(52,168)	(11,545)	(40,623)	(0.20)
Turkey highly inflationary impact	54,087	—	54,087	55,309	—	55,309	0.28
Acquisition-related intangibles amortization	—	(660,292)	660,292	660,292	146,131	512,426	2.56
Litigation and opioid-related expenses, net	—	(227,070)	227,070	227,070	46,546	180,524	0.90
Acquisition-related deal and integration expenses	—	(103,001)	103,001	103,001	22,795	80,206	0.40
Restructuring and other expenses	—	(233,629)	233,629	233,629	48,480	185,149	0.92
Goodwill impairment	—	(418,000)	418,000	418,000	3,705	414,295	2.07
Loss on remeasurement of equity investment	—	—	—	16,201	—	16,201	0.08
Other, net	—	—	—	16,814	3,261	13,553	0.07
Tax reform and discrete tax items <sup>1</sup>	—	—	—	(15,697)	20,811	(36,508)	(0.18)
Adjusted Non-GAAP	<u>\$ 9,741,044</u>	<u>\$ 6,092,788</u>	<u>\$ 3,648,256</u>	<u>\$ 3,495,522</u>	<u>\$ 727,063</u>	<u>\$ 2,756,571</u>	<u>\$ 13.76</u> <sup>2</sup>
Adjusted Non-GAAP % change vs. prior year	8.1%	6.5%	10.9%	14.0%	17.0%	12.4%	14.8%

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	3.37%	3.31%
Operating expenses	2.63%	2.07%
Operating income	0.74%	1.24%

<sup>1</sup> Includes a tax benefit attributable to an adjustment of the Swiss valuation allowance (due to an increase in projected Swiss income and DTA utilization), tax expense relating to 2020 Swiss tax reform, and the currency remeasurement of the related deferred tax assets, the latter of which is recorded within Other Loss (Income), Net.

<sup>2</sup> The sum of the components does not equal the total due to rounding.

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of this release.

CENCORA, INC.  
GAAP TO NON-GAAP RECONCILIATIONS  
(in thousands, except per share data)  
(unaudited)

Fiscal Year Ended September 30, 2023

	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income Attributable to Noncontrolling Interests	Net Income Attributable to Cencora	Diluted Earnings Per Share
GAAP	\$ 8,959,493	\$ 6,618,762	\$ 2,340,731	\$ 2,160,836	\$ 428,260	\$ 12,717	\$ 1,745,293	\$ 8.53
Gains from antitrust litigation settlements	(239,092)	—	(239,092)	(239,092)	(55,894)	—	(183,198)	0.90
LIFO expense	204,595	—	204,595	204,595	47,830	—	156,765	0.77
Turkey highly inflationary impact	86,967	—	86,967	95,938	—	—	95,938	0.47
Acquisition-related intangibles amortization	—	(551,046)	551,046	551,046	128,823	(4,079)	418,144	2.04
Litigation and opioid-related credit, net	—	24,693	(24,693)	(24,693)	13,717	—	(38,410)	(0.19)
Acquisition-related deal and integration expenses	—	(139,683)	139,683	139,683	32,655	—	107,028	0.52
Restructuring and other expenses	—	(229,884)	229,884	229,884	53,742	—	176,142	0.86
Gain on divestiture of non-core businesses	—	—	—	(40,665)	1,035	—	(41,700)	(0.20)
Other, net	—	—	—	(5,501)	781	—	(6,282)	(0.03)
Tax reform <sup>1</sup>	—	—	—	(6,638)	(29,287)	—	22,649	0.11
Adjusted Non-GAAP	<u>\$ 9,011,963</u>	<u>\$ 5,722,842</u>	<u>\$ 3,289,121</u>	<u>\$ 3,065,393</u>	<u>\$ 621,662</u>	<u>\$ 8,638</u>	<u>\$ 2,452,369</u>	<u>\$ 11.99</u>

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	3.42%	3.44%
Operating expenses	2.52%	2.18%
Operating income	0.89%	1.25%

<sup>1</sup> Tax expense relating to 2020 Swiss tax reform and the currency remeasurement of the related deferred tax assets, the latter of which is recorded within Other Loss (Income), Net.

<sup>2</sup> The sum of the components does not equal the total due to rounding.

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of this release.

# Supplemental information regarding non-GAAP financial measures

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses the non-GAAP financial measures described below. The non-GAAP financial measures should be viewed in addition to, and not in lieu of, financial measures calculated in accordance with GAAP. These supplemental measures may vary from, and may not be comparable to, similarly titled measures by other companies.

The non-GAAP financial measures are presented because management uses non-GAAP financial measures to evaluate the Company's operating performance, to perform financial planning, and to determine incentive compensation. Therefore, the Company believes that the presentation of non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. The presented non-GAAP financial measures exclude items that management does not believe reflect the Company's core operating performance because such items are outside the control of the Company or are inherently unusual, non-operating, unpredictable, non-recurring, or non-cash. We have included the following non-GAAP earnings-related financial measures in this release:

- **Adjusted gross profit and adjusted gross profit margin:** Adjusted gross profit is a non-GAAP financial measure that excludes gains from antitrust litigation settlements, Turkey highly inflationary impact and LIFO expense (credit). Adjusted gross profit margin is the ratio of adjusted gross profit to total revenue. Management believes that these non-GAAP financial measures are useful to investors as a supplemental measure of the Company's ongoing operating performance. Gains from antitrust litigation settlements, Turkey highly inflationary impact, and LIFO expense (credit) are excluded because the Company cannot control the amounts recognized or timing of these items. Gains from antitrust litigation settlements relate to the settlement of lawsuits that have been filed against brand pharmaceutical manufacturers alleging that the manufacturer, by itself or in concert with others, took improper actions to delay or prevent generic drugs from entering the market. LIFO expense (credit) is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences.
- **Adjusted operating expenses and adjusted operating expense margin:** Adjusted operating expenses is a non-GAAP financial measure that excludes acquisition-related intangibles amortization; litigation and opioid-related expenses (credit); acquisition-related deal and integration expenses; restructuring and other expenses; and goodwill impairment. Adjusted operating expense margin is the ratio of adjusted operating expenses to total revenue. Acquisition-related intangibles amortization is excluded because it is a non-cash item and does not reflect the operating performance of the acquired companies. We exclude acquisition-related deal and integration expenses and restructuring and other expenses that relate to unpredictable and/or non-recurring business activities. We exclude the amount of litigation and opioid-related expenses (credit), and the impairment of goodwill, that are unusual, non-operating, unpredictable, non-recurring or non-cash in nature because we believe these exclusions facilitate the analysis of our ongoing operational performance.
- **Adjusted operating income and adjusted operating income margin:** Adjusted operating income is a non-GAAP financial measure that excludes the same items that are described above and excluded from adjusted gross profit and adjusted operating expenses. Adjusted operating income margin is the ratio of adjusted operating income to total revenue. Management believes that these non-GAAP financial measures are useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.
- **Adjusted income before income taxes:** Adjusted income before income taxes is a non-GAAP financial measure that excludes the same items that are described above and excluded from adjusted operating income. In addition, the gain (loss) on the currency remeasurement of the deferred tax asset relating to 2020 Swiss tax reform, the gain on the divestiture of non-core businesses, and the gain (loss) on the remeasurement of an equity investment are excluded from adjusted income before income taxes because these amounts are unusual, non-operating, and/or non-recurring. Management believes that this non-GAAP financial measure is useful to investors because it facilitates the calculation of the Company's adjusted effective tax rate.
- **Adjusted effective tax rate:** Adjusted effective tax rate is a non-GAAP financial measure that is determined by dividing adjusted income tax expense by adjusted income before income taxes. Management believes that this non-GAAP financial measure is useful to investors because it presents an effective tax rate that does not reflect unusual, non-operating, unpredictable, non-recurring, or non-cash amounts or items that are outside the control of the Company.
- **Adjusted income tax expense:** Adjusted income tax expense is a non-GAAP financial measure that excludes the income tax expense associated with the same items that are described above and excluded from adjusted income before income taxes. Certain discrete tax items primarily attributable to foreign valuation allowance adjustments are also excluded from adjusted income tax expense. Further, certain expenses relating to 2020 Swiss tax reform are excluded from adjusted income tax expense. Management believes that this non-GAAP financial measure is useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.

## Supplemental information regarding non-GAAP financial measures (cont.)

- Adjusted net income/loss attributable to noncontrolling interest: Adjusted net income/loss attributable to noncontrolling interest excludes the non-controlling interest portion of the same items described above. Management believes that this non-GAAP financial measure is useful to investors because it facilitates the calculation of adjusted net income attributable to the Company.
- Adjusted net income attributable to the Company: Adjusted net income attributable to the Company is a non-GAAP financial measure that excludes the same items that are described above. Management believes that this non-GAAP financial measure is useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.
- Adjusted diluted earnings per share: Adjusted diluted earnings per share excludes the per share impact of adjustments including gains from antitrust litigation settlements; Turkey highly inflationary impact; LIFO expense (credit); acquisition-related intangibles amortization; litigation and opioid expenses (credit); acquisition-related deal and integration expenses; restructuring and other expenses; impairment of goodwill; the gain on the divestiture of non-core businesses; the gain (loss) on the currency remeasurement related to 2020 Swiss tax reform; and the gain (loss) on the remeasurement of an equity investment, in each case net of the tax effect calculated using the applicable effective tax rate for those items. In addition, the per share impact of certain discrete tax items primarily attributable to an adjustment of a foreign valuation allowance, and the per share impact of certain expenses related to 2020 Swiss tax reform are also excluded from adjusted diluted earnings per share. Management believes that this non-GAAP financial measure is useful to investors because it eliminates the per share impact of the items that are outside the control of the Company or that we consider to not be indicative of our ongoing operating performance due to their inherent unusual, non-operating, unpredictable, non-recurring, or non-cash nature.
- Adjusted Free Cash Flow: Adjusted free cash flow is a non-GAAP financial measure defined as net cash provided by operating activities, excluding significant unpredictable or non-recurring cash payments or receipts relating to legal settlements, minus capital expenditures. Adjusted free cash flow is used internally by management for measuring operating cash flow generation and setting performance targets and has historically been used as one of the means of providing guidance on possible future cash flows. For the fiscal year ended September 30, 2024, adjusted free cash flow of \$3,064.3 million consisted of net cash provided by operating activities of \$3,484.7 million plus \$237.7 million for the prepayment of a future obligation as permitted under our opioid settlement agreements, minus capital expenditures of \$487.2 million and the gains from antitrust litigation settlements of \$170.9 million. The Company does not provide forward looking guidance on a GAAP basis for free cash flow because the timing and amount of favorable and unfavorable settlements excluded from this metric, the probable significance of which cannot be determined, are unavailable and cannot be reasonably estimated.

In our slide presentation for investors, the Company also presents revenue and operating income on a "constant currency" basis, which are non-GAAP financial measures. These amounts are calculated by translating current period GAAP results at the foreign currency exchange rates used in the comparable period in the prior year. The Company presents such constant currency financial information because it has significant operations outside of the United States reporting in currencies other than the U.S. dollar and management believes that this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations. For the fourth quarter of fiscal 2024, (i) revenue of \$79.1 billion was negatively impacted by foreign currency translation of \$164.5 million, resulting in revenue on a constant currency basis of \$79.2 billion, and (ii) operating income of \$851.1 million was negatively impacted by foreign currency translation of \$1.1 million, resulting in operating income on a constant currency basis of \$852.2 million. For the fourth quarter of fiscal 2024 in the International Healthcare Solutions segment, (i) revenue of \$7.4 billion was negatively impacted by foreign currency translation of \$164.5 million, resulting in revenue on a constant currency basis of \$7.5 billion, and (ii) operating income of \$153.7 million was negatively impacted by foreign currency translation of \$1.1 million, resulting in operating income on a constant currency basis of \$154.8 million. For fiscal 2024, (i) revenue of \$294.0 billion was negatively impacted by foreign currency translation of \$995.9 million, resulting in revenue on a constant currency basis of \$295.0 billion, and (ii) operating income of \$3.6 billion was negatively impacted by foreign currency translation of \$38.8 million, resulting in operating income on a constant currency basis of \$3.7 billion. For fiscal 2024 in the International Healthcare Solutions segment, (i) revenue of \$28.6 billion was negatively impacted by foreign currency translation of \$995.9 million, resulting in revenue on a constant currency basis of \$29.6 billion, and (ii) operating income of \$713.4 million was negatively impacted by foreign currency translation of \$38.8 million, resulting in operating income on a constant currency basis of \$752.2 million.

In addition, the Company has provided non-GAAP fiscal year 2025 guidance for diluted earnings per share, operating income, effective income tax rate and free cash flow that excludes the same or similar items as those that are excluded from the historical non-GAAP financial measures, as well as significant items that are outside the control of the Company or inherently unusual, non-operating, unpredictable, non-recurring or non-cash in nature. The Company does not provide forward looking guidance on a GAAP basis for such metrics because certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. For example, LIFO expense/credit is largely dependent upon the future inflation or deflation of brand and generic pharmaceuticals, which is out of the Company's control, and acquisition-related intangibles amortization depends on the timing and amount of future acquisitions, which cannot be reasonably estimated. Similarly, the timing and amount of favorable and unfavorable settlements, the probable significance of which cannot be determined, are unavailable and cannot be reasonably estimated.

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