

McKESSEN REPORTS FISCAL 2027 FIRST QUARTER RESULTS AND RAISES FULL YEAR ADJUSTED EPS GUIDANCE

IRVING, Texas, August 5, 2026 - McKesson Corporation (NYSE:MCK) today announced results for the first quarter ended June 30, 2026.

First Quarter Highlights:

- Consolidated revenues of \$105.4 billion increased 8%.
- Earnings per diluted share of \$5.15 decreased \$1.10.
- Adjusted Earnings per Diluted Share of \$9.93 increased 20%.
- McKesson's Board of Directors approved a 15% increase to the quarterly dividend, to \$0.94 per share. This marks the tenth consecutive year of dividend increases.
- McKesson returned \$2.6 billion to shareholders, including \$2.25 billion through the May 2026 accelerated share repurchase program.

Fiscal 2027 Full Year Outlook:

- Raised Adjusted Earnings per Diluted Share guidance range to \$44.20 to \$45.00, from the previous range of \$43.80 to \$44.60.
- Fiscal 2027 Adjusted Earnings per Diluted Share guidance range indicates 13% to 15% growth compared to the prior year.
- The Company does not forecast GAAP earnings per diluted share¹.

"McKesson delivered a strong start to fiscal 2027, underscored by momentum across the enterprise and disciplined execution against our strategic priorities," said Brian Tyler, chair and chief executive officer. "Our first quarter performance exceeded our expectations, highlighted by 20% growth in Adjusted Earnings per Diluted Share. It demonstrates the strength of our core distribution businesses, continued growth in oncology and multispecialty, and solid execution across our biopharma services platform. These results are a testament to the dedication of Team McKesson, whose commitment to excellence continues to drive our success and impact across healthcare. As we look ahead, we remain confident that our strategy and disciplined execution will continue to position McKesson for sustainable long-term growth and value creation."

Fiscal 2027 First Quarter Result Summary

	First Quarter		
	FY27	FY26	% Change
<i>(\$ in millions, except per share amounts)</i>			
Revenues	\$105,380	\$ 97,827	8
Net income attributable to McKesson Corporation	614	784	(22)
Adjusted Earnings²	1,183	1,037	14
Earnings per diluted common share attributable to McKesson Corporation	5.15	6.25	(18)
Adjusted Earnings per Diluted Share²	9.93	8.26	20

First quarter revenues were \$105.4 billion, an increase of 8% from a year ago, driven by growth in the North American Pharmaceutical and Oncology & Multispecialty segments due to increased prescription volumes and distribution of specialty products, partially offset by lower contributions from branded pharmaceuticals.

¹ See below under "Fiscal 2027 Outlook" for full explanation

² Adjusted results in this earnings release are non-GAAP financial measures; refer to the accompanying definitions and reconciliation schedules

First quarter earnings per diluted share was \$5.15 compared to \$6.25 a year ago, a decrease of \$1.10, primarily due to a redemption value adjustment of \$293 million related to redeemable non-controlling interests for the Medical-Surgical Solutions segment, partially offset by organic growth across the enterprise and the prior year pre-tax increase to the provision for bad debts of \$189 million within the North American Pharmaceutical segment related to the Rite Aid bankruptcy.

First quarter Adjusted Earnings per Diluted Share was \$9.93 compared to \$8.26 a year ago, an increase of 20%, driven by strong operational growth, led by the North American Pharmaceutical and Oncology & Multispecialty segments, and a lower share count.

During the first three months of the fiscal year, McKesson used cash from operations of \$220 million, and invested \$152 million in capital expenditures, resulting in negative Free Cash Flow of \$372 million.

Additionally, McKesson returned \$2.6 billion of cash to shareholders, which included \$2.5 billion of common stock repurchases and \$102 million of dividend payments.

Business Highlights

- McKesson remains committed to a disciplined capital allocation framework, prioritizing investments in strategic growth pillars while returning excess capital to shareholders through its robust share repurchase and dividend programs.
 - In the quarter, McKesson completed \$2.5 billion share repurchases, including \$2.25 billion under the accelerated share repurchase program.
 - On July 21, 2026, the Board of Directors declared a 15% increase to its quarterly dividend from \$0.82 per share to \$0.94 per share, marking the tenth consecutive year of increases.
- McKesson continued to advance its planned separation of Medical-Surgical Solutions segment.
 - On June 1, 2026, McKesson sold an approximately 13% minority interest in its Medical-Surgical Solutions business to Apollo Funds for \$1.25 billion.
 - On June 9, 2026, McKesson established a secured Term Loan B facility of \$2.25 billion in support of the planned separation of Medical-Surgical Solutions segment.
 - On August 5, 2026, McKesson unveiled Wellverse as the name of the future standalone Medical-Surgical Solutions business, reflecting continued progress toward the planned separation.
- Effective August 1, 2026, Thomas L. Rodgers retired from his position as Executive Vice President, Chief Strategy and Business Development Officer. Ramesh Srinivasan assumed the role of Executive Vice President and Chief Strategy Officer.

North American Pharmaceutical Segment

- Revenues were \$86.8 billion, an increase of 5%, driven by increased prescription transaction volumes, including higher volumes from specialty products, partially offset by lower contributions from branded pharmaceuticals.
- Segment Operating Profit was \$903 million. Adjusted Segment Operating Profit was \$894 million, an increase of 19%, driven by growth in the distribution of specialty products to health systems and strategic accounts, and the timing of new product launches.

Oncology & Multispecialty Segment

- Revenues were \$14.2 billion, an increase of 33%, driven by growth in provider solutions and specialty distribution, including contributions from acquisitions.
- Segment Operating Profit was \$325 million. Adjusted Segment Operating Profit was \$405 million, an increase of 41%, driven by growth in provider solutions and specialty distribution, including contributions from acquisitions.

Prescription Technology Solutions Segment

- Revenues were \$1.6 billion, an increase of 9%, driven by increased prescription volumes in third-party logistics and access solutions.
- Segment Operating Profit was \$226 million. Adjusted Segment Operating Profit was \$303 million, an increase of 13%, driven by higher demand for access solutions.

Medical-Surgical Solutions Segment

- Revenues were \$2.8 billion, an increase of 4%, driven by growth across alternate sites of care, led by higher volumes of specialty pharmaceuticals.
- Segment Operating Profit was \$122 million. Adjusted Segment Operating Profit was \$195 million, a decrease of 20%, driven by product mix and one-time administrative expenses, partially offset by contributions from the extended care channel.

Fiscal 2027 Outlook

McKesson does not provide forward-looking guidance on a GAAP basis as the company 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, transaction related expenses and adjustments, 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.

McKesson is raising its fiscal 2027 Adjusted Earnings per Diluted Share guidance to \$44.20 to \$45.00 from the previous range of \$43.80 to \$44.60.

“The raise in full year Adjusted Earnings per Diluted Share outlook reflects strong first quarter performance and sustainable operational momentum. Our confidence in the business is supported by durability across the enterprise and our commitment to disciplined capital allocation,” said Kenny Cheung, executive vice president and chief financial officer.

Additional modeling considerations will be provided in the earnings call presentation.

Conference Call Details

McKesson has scheduled a conference call for today, Wednesday, August 5, 2026, at 4:30 PM ET to discuss the company's financial results. The audio webcast of the conference call will be available live and archived on McKesson's Investor Relations website at investor.mckesson.com.

Upcoming Investor Events

McKesson management will be participating in the following investor events:

- Wells Fargo 2026 Healthcare Conference, September 8, 2026
- Morgan Stanley Healthcare Conference, September 14, 2026
- Deutsche Bank Healthcare Summit, September 16, 2026

The audio webcasts, and a complete listing of upcoming events for the investment community, including details and updates, will be available on McKesson's Investor Relations website.

Non-GAAP Financial Measures

GAAP refers to the U.S. generally accepted accounting principles. This press release includes GAAP financial measures as well as Non-GAAP financial measures, including Adjusted Gross Profit, Adjusted Operating Expenses, Adjusted Other Income, Adjusted Interest Expense, Adjusted Income Tax Expense, Adjusted Earnings, Adjusted Earnings per Diluted Share, Adjusted Segment Operating Profit, Adjusted Segment Operating Profit Margin, Adjusted Corporate Expenses, Adjusted Operating Profit, and Free Cash Flow which are financial measures not calculated in accordance with GAAP. Refer to the “Supplemental Non-GAAP Financial Information” section of the accompanying financial statement tables for the definitions and usefulness of the company’s Non-GAAP financial measures and the attached schedules for reconciliations of the differences between the Non-GAAP financial measures and their most directly comparable GAAP financial measures.

Cautionary Statements

This earnings release 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. Any discussion of our intent to separate our Medical-Surgical Solutions segment into an independent company, other anticipated or completed transactions, including the anticipated closings thereof, or synergies expected therefrom, litigation outcomes, financial outlook, guidance, trends, strategy, plans, assumptions, expectations, commitments, and intentions may also include forward-looking statements. Forward-looking statements are not representations of historical or current facts or circumstances and they involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied. 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 federal securities laws, we undertake no obligation to publicly release the result of any revisions to any forward-looking statements to reflect events or circumstances after the date the statements are made, or to reflect the occurrence of unanticipated events. 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: our planned separation of Medical-Surgical Solutions is contingent upon the satisfaction of certain conditions, may not be completed on the currently contemplated terms or timeline, or at all, and, if completed, may not achieve the intended financial and strategic benefits; we experience costly and disruptive legal disputes and settlements, including regarding our role in distributing controlled substances such as opioids; we experience losses not covered by insurance or indemnification; we are subject to frequently changing, extensive, complex, and challenging healthcare and other laws and policies; we from time to time record significant charges from impairment to goodwill, intangibles, and other long-lived assets; we experience cybersecurity incidents that might significantly compromise our technology systems or might result in material data breaches; we experience significant problems with information systems or networks; the adoption and use of artificial intelligence in our business operations exposes us to risks and uncertainties; we may be unsuccessful in achieving our strategic growth objectives; we may be unsuccessful in our efforts to implement initiatives to reduce or optimize our costs; we might be unable to successfully complete or integrate acquisitions or other strategic transactions, especially in the timeframes noted; we may not receive anticipated benefits from acquisitions or other strategic transactions; we might be adversely impacted by delays or other difficulties with divestitures; we are impacted by customer purchase reductions, contract non-renewals, payment defaults, and bankruptcies; our contracts with government entities involve future funding, payment, 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 risks and limitations that could impede the growth of our data services business; we might be unable to successfully recruit and retain qualified employees; 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 are adversely impacted by changes or disruptions in product supply and have difficulties in sourcing or selling

products due to a variety of causes; we are adversely impacted as a result of our distribution of generic pharmaceuticals; we are 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; and we might be adversely impacted by conditions and events outside of our control, such as widespread public health issues, natural disasters, and geopolitical factors.

About McKesson Corporation

McKesson Corporation is a diversified healthcare services leader dedicated to advancing health outcomes for patients everywhere. Our teams partner with biopharma companies, care providers, pharmacies, manufacturers, governments, and others to deliver insights, products and services to help make quality care more accessible and affordable. Learn more about how McKesson is impacting virtually every aspect of healthcare at [McKesson.com](https://www.mckesson.com) and read [Stories & Insights](#).

We routinely use our website, investor.mckesson.com, to post information that may be material to investors, such as business developments, earnings, and financial performance, as well as presentation materials and details for upcoming and past events.

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McKESSON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)
(unaudited)
(in millions, except per share amounts)

	Three Months Ended June 30,		Change
	2026	2025	
Revenues	\$ 105,380	\$ 97,827	8 %
Cost of sales	(101,695)	(94,548)	8
Gross profit	3,685	3,279	12
Selling, distribution, general, and administrative expenses	(2,264)	(2,196)	3
Claims and litigation charges, net	34	—	—
Restructuring, impairment, and related charges, net	(136)	(47)	189
Total operating expenses	(2,366)	(2,243)	5
Operating income	1,319	1,036	27
Other income (expense), net	66	64	3
Interest expense	(77)	(49)	57
Income before income taxes	1,308	1,051	24
Income tax expense	(276)	(220)	25
Net income	1,032	831	24
Net income attributable to noncontrolling interests	(418)	(47)	789
Net income attributable to McKesson Corporation	<u>\$ 614</u>	<u>\$ 784</u>	(22)%
Earnings per common share attributable to McKesson Corporation ^(a)			
Diluted	\$ 5.15	\$ 6.25	(18)%
Basic	\$ 5.17	\$ 6.28	(18)%
Dividends declared per common share	\$ 0.82	\$ 0.71	15 %
Weighted-average common shares outstanding			
Diluted	119.2	125.5	(5)%
Basic	118.7	124.9	(5)

(a) Certain computations may reflect rounding adjustments.

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

Refer to our applicable filings with the SEC for additional disclosures including our Quarterly Reports on Form 10-Q for fiscal 2027 and 2026 as well as our Annual Report on Form 10-K for fiscal 2026.

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

	Three Months Ended June 30,		Change
	2026	2025	
Net income (GAAP)	\$ 1,032	\$ 831	24 %
Net income attributable to noncontrolling interests (GAAP)	(418)	(47)	789
Net income attributable to McKesson Corporation (GAAP)	614	784	(22)
Pre-tax adjustments:			
Amortization of acquisition-related intangibles	74	50	48
Transaction-related expenses and adjustments ⁽¹⁾	108	86	26
LIFO inventory-related adjustments	(2)	(7)	(71)
Gains from antitrust legal settlements	(6)	(8)	(25)
Restructuring, impairment, and related charges, net ⁽⁴⁾	136	47	189
Claims and litigation charges, net	(34)	—	—
Other adjustments, net ⁽⁵⁾	(6)	161	(104)
Income tax effect on pre-tax adjustments	(64)	(75)	(15)
Net income attributable to noncontrolling interests effect on pre-tax adjustments and redeemable noncontrolling interests adjustments ^{(2) (3)}	363	(1)	—
Adjusted Earnings (Non-GAAP)	\$ 1,183	\$ 1,037	14 %
Earnings per diluted common share attributable to McKesson Corporation (GAAP) ^(a)	\$ 5.15	\$ 6.25	(18)%
After-tax adjustments:			
Amortization of acquisition-related intangibles	0.41	0.29	41
Transaction-related expenses and adjustments	3.85	0.58	564
LIFO inventory-related adjustments	(0.02)	(0.04)	(50)
Gains from antitrust legal settlements	(0.03)	(0.04)	(25)
Restructuring, impairment, and related charges, net	0.82	0.28	193
Claims and litigation charges, net	(0.21)	—	—
Other adjustments, net	(0.04)	0.94	(104)
Adjusted Earnings per Diluted Share (Non-GAAP) ^(a)	\$ 9.93	\$ 8.26	20 %
Diluted weighted-average common shares outstanding	119.2	125.5	(5)%

(a) Certain computations may reflect rounding adjustments.

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

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

For more information relating to the Adjusted Earnings (Non-GAAP) and Adjusted Earnings per Diluted Share (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this release.

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

	Three Months Ended June 30,		Change
	2026	2025	
Gross profit (GAAP)	\$ 3,685	\$ 3,279	12 %
Pre-tax adjustments:			
LIFO inventory-related adjustments	(2)	(7)	(71)
Gains from antitrust legal settlements	(6)	(8)	(25)
Adjusted Gross Profit (Non-GAAP)	<u>\$ 3,677</u>	<u>\$ 3,264</u>	13 %
Total operating expenses (GAAP)	\$ (2,366)	\$ (2,243)	5 %
Pre-tax adjustments:			
Amortization of acquisition-related intangibles	74	50	48
Transaction-related expenses and adjustments ⁽¹⁾	106	81	31
Restructuring, impairment, and related charges, net ⁽⁴⁾	136	47	189
Claims and litigation charges, net	(34)	—	—
Other adjustments, net ⁽⁵⁾	(6)	161	(104)
Adjusted Operating Expenses (Non-GAAP)	<u>\$ (2,090)</u>	<u>\$ (1,904)</u>	10 %
Interest expense (GAAP)	\$ (77)	\$ (49)	57 %
Pre-tax adjustments:			
Transaction-related expenses and adjustments	2	5	(60)
Adjusted Interest Expense (Non-GAAP)	<u>\$ (75)</u>	<u>\$ (44)</u>	70 %
Income tax expense (GAAP)	\$ (276)	\$ (220)	25 %
Tax adjustments:			
Amortization of acquisition-related intangibles	(18)	(13)	38
Transaction-related expenses and adjustments ⁽¹⁾	(22)	(13)	69
LIFO inventory-related adjustments	—	2	(100)
Gains from antitrust legal settlements	2	2	—
Restructuring, impairment, and related charges, net ⁽⁴⁾	(36)	(12)	200
Claims and litigation charges, net	9	—	—
Other adjustments, net ⁽⁵⁾	1	(41)	102
Adjusted Income Tax Expense (Non-GAAP)	<u>\$ (340)</u>	<u>\$ (295)</u>	15 %

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

For more information relating to the 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 release.

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

	Three Months Ended June 30,						Change	
	2026			2025				
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)
REVENUES								
North American Pharmaceutical	\$ 86,773	\$ —	\$ 86,773	\$ 82,729	\$ —	\$ 82,729	5 %	5 %
Oncology & Multispecialty	14,222	—	14,222	10,658	—	10,658	33	33
Prescription Technology Solutions	1,566	—	1,566	1,434	—	1,434	9	9
Medical-Surgical Solutions	2,819	—	2,819	2,701	—	2,701	4	4
Other	—	—	—	305	—	305	(100)	(100)
Revenues	<u>\$ 105,380</u>	<u>\$ —</u>	<u>\$ 105,380</u>	<u>\$ 97,827</u>	<u>\$ —</u>	<u>\$ 97,827</u>	8 %	8 %
OPERATING PROFIT								
North American Pharmaceutical ^{(4) (5)}	\$ 903	\$ (9)	\$ 894	\$ 594	\$ 155	\$ 749	52 %	19 %
Oncology & Multispecialty	325	80	405	212	75	287	53	41
Prescription Technology Solutions ⁽⁴⁾	226	77	303	253	16	269	(11)	13
Medical-Surgical Solutions ⁽¹⁾	122	73	195	221	23	244	(45)	(20)
Other	—	—	—	13	—	13	(100)	(100)
Subtotal	1,576	221	1,797	1,293	269	1,562	22	15
Corporate expenses, net ^{(1) (4)}	(191)	47	(144)	(193)	55	(138)	(1)	4
Income before interest expense and income taxes	<u>\$ 1,385</u>	<u>\$ 268</u>	<u>\$ 1,653</u>	<u>\$ 1,100</u>	<u>\$ 324</u>	<u>\$ 1,424</u>	26 %	16 %
OPERATING PROFIT AS A % OF REVENUES								
North American Pharmaceutical	1.04 %		1.03 %	0.72 %		0.91 %	32 bp	12 bp
Oncology & Multispecialty	2.29		2.85	1.99		2.69	30	16
Prescription Technology Solutions	14.43		19.35	17.64		18.76	(321)	59
Medical-Surgical Solutions	4.33		6.92	8.18		9.03	(385)	(211)
Other	—		—	4.26		4.26	(426)	(426)

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

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

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

McKESSON CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in millions, except per share amounts)

	June 30, 2026	March 31, 2026
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,164	\$ 3,975
Receivables, net	30,316	27,985
Inventories, net	26,259	24,207
Prepaid expenses and other	1,098	1,043
Total current assets	62,837	57,210
Property, plant, and equipment, net	2,684	2,668
Operating lease right-of-use assets	1,941	2,058
Goodwill	11,278	11,316
Intangible assets, net	4,013	4,079
Other non-current assets	5,577	4,992
Total assets	<u>\$ 88,330</u>	<u>\$ 82,323</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS, AND DEFICIT		
Current liabilities		
Drafts and accounts payable	\$ 63,731	\$ 59,973
Current portion of long-term debt	1,297	1,267
Current portion of operating lease liabilities	292	287
Other accrued liabilities	5,036	5,490
Total current liabilities	70,356	67,017
Long-term debt	8,432	5,259
Long-term deferred tax liabilities	1,363	1,330
Long-term operating lease liabilities	1,680	1,801
Long-term litigation liabilities	5,058	5,091
Other non-current liabilities	2,742	2,659
Redeemable noncontrolling interests	2,563	943
McKesson Corporation stockholders' deficit		
Preferred stock, \$0.01 par value, 100 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.01 par value, 800 shares authorized, 280 shares issued at June 30, 2026 and March 31, 2026	3	3
Additional paid-in capital	8,588	8,284
Retained earnings	22,808	22,291
Accumulated other comprehensive loss	(749)	(745)
Treasury shares, at cost, 164 and 160 shares at June 30, 2026 and March 31, 2026, respectively	(34,890)	(32,005)
Total McKesson Corporation stockholders' deficit	(4,240)	(2,172)
Noncontrolling interests	376	395
Total deficit	(3,864)	(1,777)
Total liabilities, redeemable noncontrolling interests, and deficit	<u>\$ 88,330</u>	<u>\$ 82,323</u>

McKESSON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in millions)

	Three Months Ended June 30,	
	2026	2025
OPERATING ACTIVITIES		
Net income	\$ 1,032	\$ 831
Adjustments to reconcile to net cash used in operating activities:		
Depreciation	69	62
Amortization	126	95
Asset impairment charges	47	2
Deferred taxes	19	(8)
Credits associated with last-in, first-out inventory method	(2)	(7)
Non-cash operating lease expense	66	70
Loss (gain) from sales of businesses and investments	(6)	17
Provision for bad debts	45	196
Other non-cash items	76	57
Changes in assets and liabilities:		
Receivables	(2,374)	(2,089)
Inventories	(2,074)	(1,971)
Drafts and accounts payable	3,773	1,947
Operating lease liabilities	(65)	(89)
Taxes	(538)	134
Litigation liabilities	(34)	—
Other	(380)	(165)
Net cash used in operating activities	<u>(220)</u>	<u>(918)</u>
INVESTING ACTIVITIES		
Payments for property, plant, and equipment	(112)	(111)
Capitalized software expenditures	(40)	(78)
Acquisitions, net of cash, cash equivalents, and restricted cash acquired	(23)	(3,359)
Proceeds from sales of businesses and investments, net	9	4
Other	(48)	(20)
Net cash used in investing activities	<u>(214)</u>	<u>(3,564)</u>
FINANCING ACTIVITIES		
Proceeds from issuances of long-term debt	3,215	1,990
Repayments of long-term debt	(1)	—
Common stock transactions:		
Issuances	23	22
Share repurchases	(2,530)	(581)
Dividends paid	(102)	(90)
Sale of noncontrolling interest in Medical-Surgical Solutions, net	1,238	—
Other	(211)	(165)
Net cash provided by financing activities	<u>1,632</u>	<u>1,176</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(10)</u>	<u>33</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,188	(3,273)
Cash, cash equivalents, and restricted cash at beginning of period	<u>4,068</u>	<u>5,956</u>
Cash, cash equivalents, and restricted cash at end of period	5,256	2,683
Less: Restricted cash at end of period included in Prepaid expenses and other	<u>(92)</u>	<u>(265)</u>
Cash and cash equivalents at end of period	<u>\$ 5,164</u>	<u>\$ 2,418</u>

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

	Three Months Ended June 30,		
	2026	2025	Change
GAAP CASH FLOW CATEGORIES			
Net cash used in operating activities	\$ (220)	\$ (918)	(76)%
Net cash used in investing activities	(214)	(3,564)	(94)
Net cash provided by financing activities	1,632	1,176	39
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(10)	33	(130)
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>\$ 1,188</u>	<u>\$ (3,273)</u>	136 %
FREE CASH FLOW (NON-GAAP)			
Net cash used in operating activities	\$ (220)	\$ (918)	(76)%
Payments for property, plant, and equipment	(112)	(111)	1
Capitalized software expenditures	(40)	(78)	(49)
Free Cash Flow (Non-GAAP)	<u>\$ (372)</u>	<u>\$ (1,107)</u>	(66)%

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 release.

McKESSON CORPORATION
FINANCIAL STATEMENT NOTES

1. Transaction-related expenses and adjustments for the three months ended June 30, 2026 include pre-tax charges of \$68 million (\$50 million after-tax) within Medical-Surgical Solutions and Corporate Expenses, net, related to our planned separation of the Medical-Surgical Solutions business. 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.
2. Transaction-related expenses and adjustments for the three months ended June 30, 2026 include a charge of \$293 million (pre-tax and after-tax), within Medical-Surgical Solutions, related to the remeasurement to redemption value of redeemable noncontrolling interests arising from the acquisition by Apollo Funds of an approximately 13% minority ownership interest in the Company's Medical-Surgical Solutions segment. This charge was recorded in "net income attributable to noncontrolling interests" in the Condensed Consolidated Statements of Operations (GAAP) provided in Schedule 1 of the accompanying financial statement tables.
3. Transaction-related expenses and adjustments for the three months ended June 30, 2026 includes a charge of \$81 million (pre-tax and after-tax), within Oncology & Multispecialty, related to the remeasurement of redeemable noncontrolling interests to redemption value. This charge was recorded in "net income attributable to noncontrolling interests" in the Condensed Consolidated Statements of Operations (GAAP) provided in Schedule 1 of the accompanying financial statement tables.
4. Restructuring, impairment, and related charges, net for the three months ended June 30, 2026 includes pre-tax charges of \$136 million (\$100 million after-tax), primarily within Prescription Technology Solutions, Corporate Expenses, net, and Medical-Surgical Solutions. The three months ended June 30, 2025 includes pre-tax charges of \$47 million (\$35 million after-tax), primarily within Corporate expenses, net and Medical-Surgical Solutions. 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.
5. Other adjustments, net for the three months ended June 30, 2025 includes a pre-tax provision for bad debts of \$189 million (\$140 million after-tax), within North American 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 business operations and are related to Rite Aid's recently concluded bankruptcy proceedings, and is therefore excluded from the determination of our adjusted results (Non-GAAP). This charge represents the remaining trade accounts receivable balances due from Rite Aid prior to its bankruptcy petition filing and is 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.

McKESSON CORPORATION
SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

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 press release.

- **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 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 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.
- **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.

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

- **Adjusted Operating Profit (Non-GAAP):** We define Adjusted Operating Profit as GAAP income 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, redeemable noncontrolling interests adjustments, 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.

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 press release.

- **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 press release.

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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 the press tables 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 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.