

MCKESSON



Advancing Health Outcomes for All[®]

INVESTOR DAY | SEPTEMBER 23, 2025

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. Any discussion of our intent to separate our Medical-Surgical Solutions segment into an independent company and to sell our business in Norway, 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. 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 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 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; 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 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; we might be adversely impacted by conditions and events outside of our control, such as widespread public health issues, natural disasters, and geopolitical factors; we may be adversely affected by global climate change or by regulatory or market responses to such change; and evolving expectations and regulatory requirements related to governance and sustainability matters, including those concerning human capital management, climate change, environmental responsibility, and social impact may have an adverse effect on our business, financial condition, and results of operations and damage our reputation.

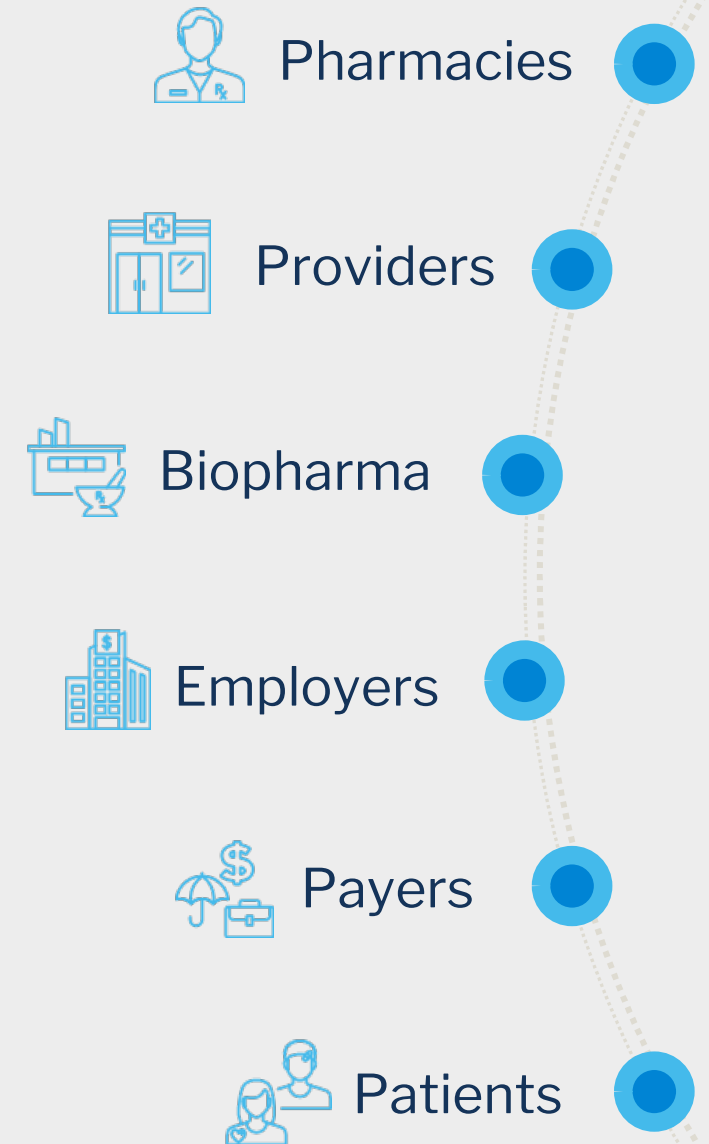
GAAP / Non-GAAP Reconciliation

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.

Basis of Presentation

Unless noted otherwise, all references to data points, estimates, market sizes, market share positions, and market growth rates (e.g. compounded annual growth rate (CAGR)) are McKesson internal estimates. For market data sourced from IQVIA, it expressly reserves all rights, including rights of further copying, distribution and republication. McKesson does not warrant or represent the accuracy of IQVIA data or McKesson’s interpretations of IQVIA data. Any subsequent use or interpretation of this data will be the liability of the receiving party and not of McKesson or IQVIA. Footnotes, glossary, and reconciliation of non-GAAP items can be found in the Supplemental Information section.

McKesson is a **diversified healthcare services leader**, advancing health outcomes for all through scalable platforms, operational excellence, and deep partnerships



Advancing Our Priorities

Brian Tyler
Chief Executive Officer

Portfolio Update

Britt Vitalone
Executive Vice President, Chief Financial Officer

North American Pharmaceutical Oncology & Multispecialty

Kirk Kaminsky
Group President, North American Pharmaceutical Services

Jason Hammonds
President, Oncology & Multispecialty

Joan Eliasek
President, North American Pharmaceutical

Biopharma Services

Kevin Kettler
Executive Vice President
President, Prescription Technology Solutions

Sustainable Shareholder Value Creation

Britt Vitalone
Executive Vice President, Chief Financial Officer

Summary / Q&A

Brian Tyler and Britt Vitalone

Advancing our Priorities

Brian Tyler
Chief Executive Officer



Delivering on Multi-Year Strategic Priorities



- Delivering Growth Against Strategic Priorities
- Disciplined Portfolio Management & Optimization
- Superior Long-Term Track Record
- Focused Capital Allocation Leading to Significant Value Creation

Advancing Strategy Through Tangible Results



**Focus
on People
and Culture**



**Grow
Oncology,
Multispecialty
and
Biopharma
Platforms**



**Strengthen
North
American
Distribution**

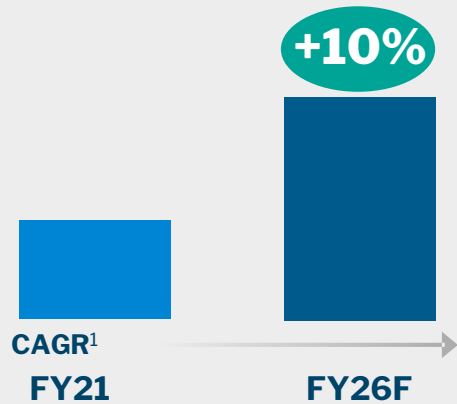


**Modernize
& Accelerate
the Portfolio**

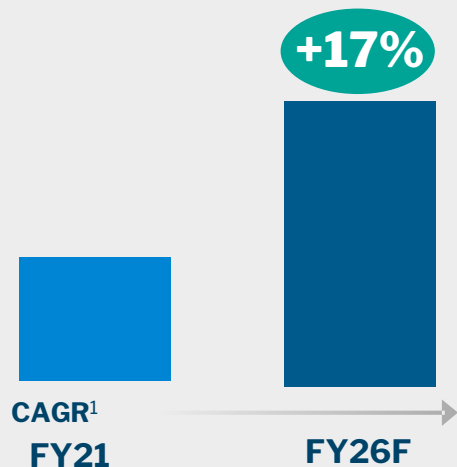
Leading to Superior Financial Returns and Value Creation

Execution Delivering Earnings Growth & Value Creation

Adjusted Operating Profit



Adjusted EPS



- Strong track record and sustained success
- Clear and consistent strategy
- Operational efficiency delivering measurable value
- Increasing Return on Invested Capital
- Raising Long-Term targets

Evolving Industry Trends



**DRUG PIPELINE
DYNAMICS**



**BIOPHARMA
INNOVATION
AND EVOLVING
THERAPIES**



**SHIFTING
DEMOGRAPHICS
AND INCREASED
UTILIZATION**



**EVOLUTION OF
THE DATA AND
AI LANDSCAPE**



**DEVELOPING
POLICY
LANDSCAPE**

People and Culture are the Foundation for Growth

- Best Talent Philosophy
- Grow and Empower Future Leaders
- Inclusion, Care & Belonging
- Grounded in our I²Care and ILEAD Values

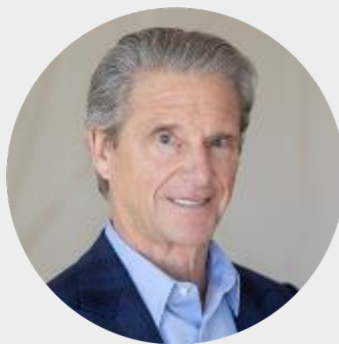


Our Board of Directors Significant Depth and Breadth of Experience

McKESSON



Brian Tyler



Donald Knauss



Dominic Caruso



Lynne Doughtie



W. Roy Dunbar



Deborah Dunsire



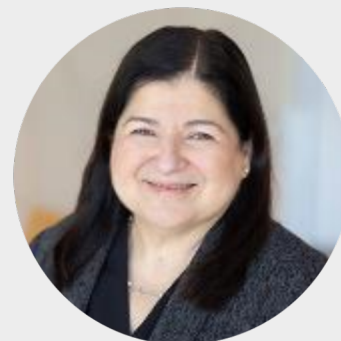
Julie Gerberding



James Hinton



Bradley Lerman



Maria Martinez



Kevin Ozan



**Kathleen
Wilson-Thompson**

McKesson Executive Team

Deep Industry Leadership

McKESSON



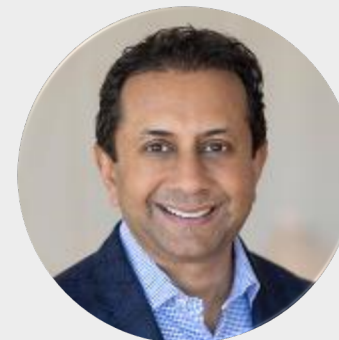
Brian Tyler
Chief Executive Officer



Joan Eliasek
President,
North American
Pharmaceutical



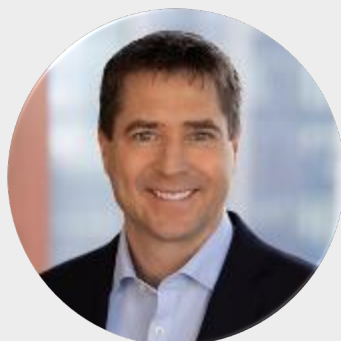
Francisco Fraga
EVP, Chief Information Officer,
& Chief Technology Officer



Nimesh Jhaveri
EVP & Chief Impact Officer



Kirk Kaminsky
Group President, North American
Pharmaceutical Services



Kevin Kettler
EVP, President, Prescription
Technology Solutions



Michele Lau
EVP & Chief Legal Officer



Stanton McComb
President, Medical-Surgical



Tom Rodgers
EVP, Chief Strategy &
Business Development Officer



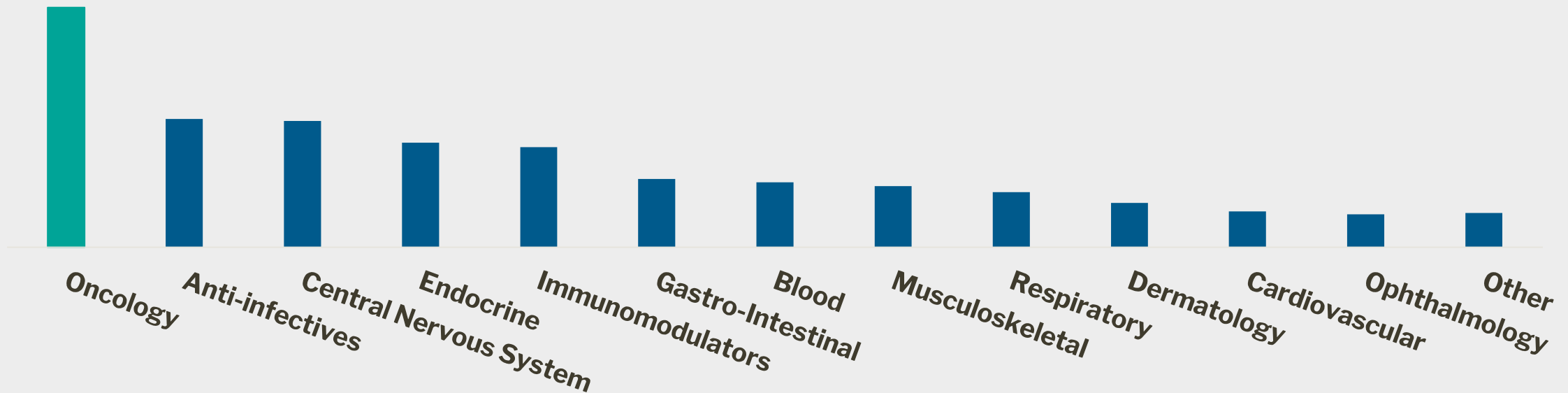
LeAnn Smith
EVP & Chief Human
Resources Officer



Britt Vitalone
EVP & Chief Financial Officer

Oncology Leads Drug Investment and Innovation

Drug Spend by Therapeutic Category: 2025¹



- Strategic focus on **Oncology**, the largest therapeutic category measured by drug spend
- **Differentiated Oncology offerings** including practice management; real-world data, evidence, and technology; and clinical trial management and services

Differentiated Oncology & Multispecialty Platform

#1

Oncology & Multispecialty GPOs

~ 3,300

providers in The U.S. Oncology Network

Supported more than

1.4 million

patients with The U.S. Oncology Network annually

180+

providers with acquisition of PRISM
growing Retina & Ophthalmology platform



Leading Biopharma Services Solutions

Access

>100 million times

enabled patient access to medication annually

Affordability

>\$10 billion

of out-of-pocket savings for patients annually

Adherence

12 million

prescriptions prevented from abandonment



McKesson's
comprehensive suite
of solutions
**enable better
health outcomes**

Scaled Distribution Network Supports Growth

Extended Footprint

Distribute **~1/3**
of pharmaceuticals in
North America

Operational Excellence

99.9%
Order accuracy

Customer-First Mindset

>99%
Inventory service level

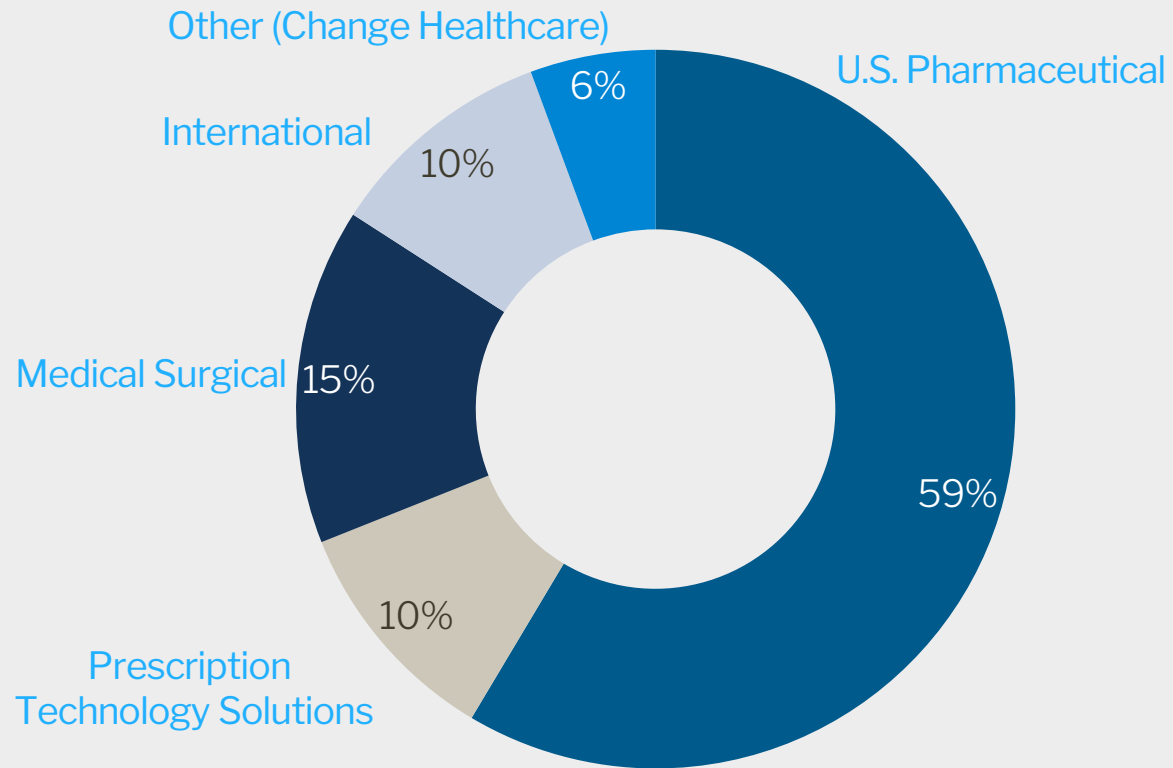
State of the Art Network

90%
Fulfillment automation in new DCs

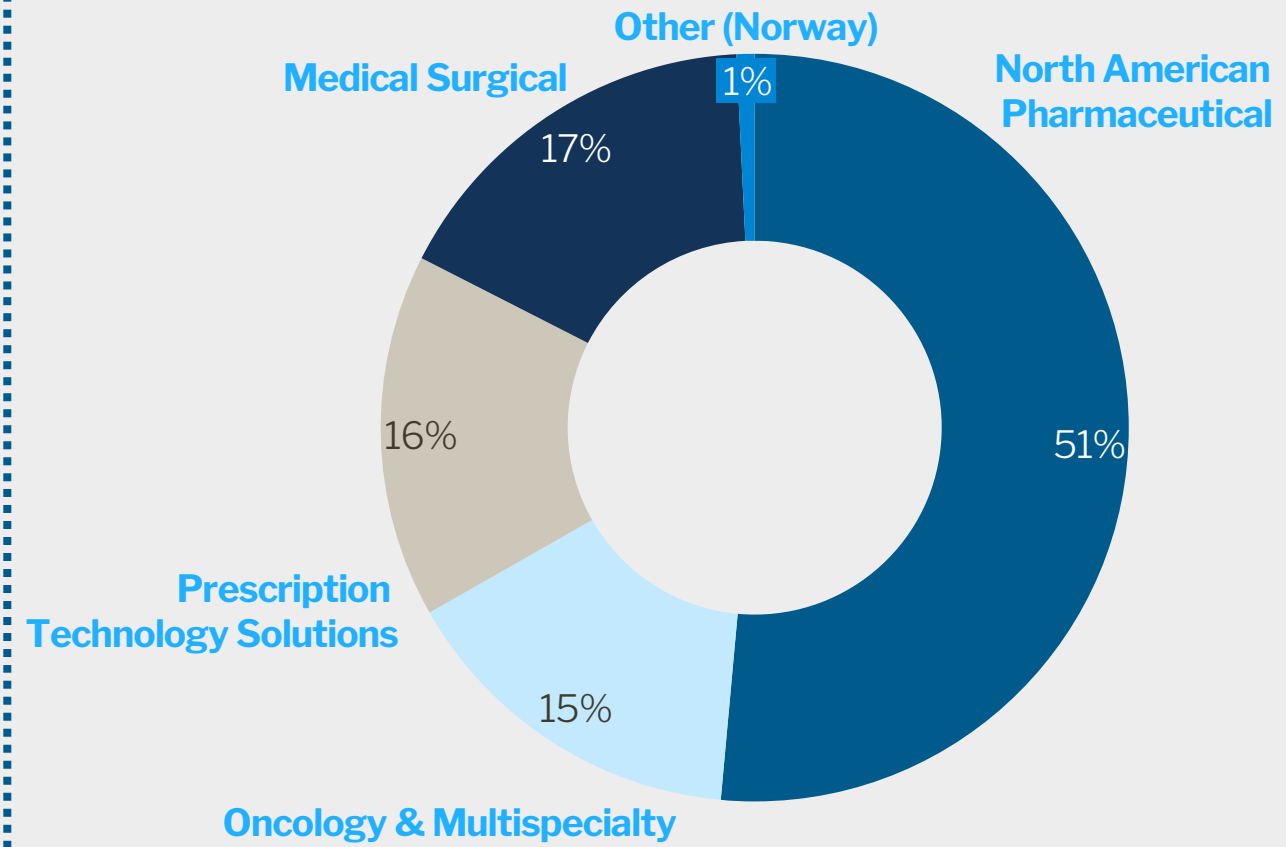


Strategic Portfolio Evolution

FY20 Business Composition Adjusted Operating Profit



FY25 Business Composition Adjusted Operating Profit



Strategic Acquisitions Accelerate Growth Pillars

A history of **value-accretive** acquisitions that **supports our strategy** in Oncology, Multispecialty, and Biopharma Services



Enhancing clinical trial services



Adding prescription price transparency and benefit insights tools



Developing retina and ophthalmology capabilities



Expanding oncology platform



Improving electronic patient enrollment & medical prior authorization solutions

Modernizing and Accelerating the Enterprise



Modernizing Infrastructure

- Advancing technology and automation in distribution centers
- Migrating to the cloud



Enhancing Customer Experience

- Digitizing customer care centers
- Enhancing e-commerce capabilities



Optimizing Operations

- Maximizing working capital efficiency
- Transforming manual processes



Driving Technology

- Unifying & modernizing our technology landscape
- Reinforcing digital mindset culture

Disciplined Investment

Generating Long-Term Value

Delivering Growth

Key Takeaways

McKESSON



- Diversified healthcare services leader
- Executing the strategy and delivering sustainable profit growth and cash flows
- Positioned to win in oncology, multispecialty and biopharma services
- Financial strength & flexibility
- Delivering shareholder value creation

**Compelling Investment Thesis: Durable Growth,
Strategic Focus, Disciplined Capital**

Portfolio Update

Britt Vitalone
Chief Financial Officer



Disciplined Approach to Capital Allocation

STRATEGIC IMPORTANCE

- Enterprise strategy alignment
- Industry profile and positioning
- Enterprise synergies

FINANCIAL PERFORMANCE

- Operating Profit growth
- Cash flow/ROIC
- Shareholder Value Creation



OPTION SET

Capital Allocation decisions aligned to Strategy & Performance

Accelerate

Grow/Invest

Sustain

Evolve/Feed

Optimize

**Streamline/
Enhance**

Harvest

Divest

Portfolio Decisions Anchored in Enterprise Strategy

McKESSON

Leads to Superior Long-Term Shareholder Returns



Transforming our Portfolio to Accelerate Growth

FY20 Segment Structure

Exited/Announced Exit

US Pharmaceutical and Specialty Solutions

US Pharmaceutical

Oncology & Specialty Solutions

Prescription Technology Solutions

European Pharmaceutical Solutions

Medical Surgical Solutions

Other & Corporate

Canada

Change Healthcare¹

FY26 Segment Structure

North American Pharmaceutical

Oncology & Multispecialty

Prescription Technology Solutions

Medical Surgical Solutions

Other²

Corporate

FY20 Results

Adjusted Operating Profit	\$3.8B
Adjusted EPS	\$14.95
Free Cash Flow	\$3.9B
ROIC ⁵	11%
Leverage ⁶	~2.5x

~9% CAGR³
 ~17% CAGR³
 + \$500M - \$900M
 ~1800 bps
 ↓ ~1.2x

FY26 Outlook⁴

Adjusted Operating Profit	\$6.2B - \$6.4B
Adjusted EPS	\$38.05 - \$38.55
Free Cash Flow	\$4.4B - \$4.8B
ROIC ⁵	~29%
Leverage ⁶	~1.3x

Medical Surgical Separation: Guiding Principles

Value Creation

Deliver Sustainable Shareholder Value Creation

Capital Allocation

Optimize and Streamline Capital Allocation Aligned to Enterprise Strategy

Strategic Alignment

Invest and Grow Differentiating Assets & Capabilities

Transparency

Sharpen Market Responsiveness and Improve Clarity

Discipline & Focus

Simplify Operating Model and Grow

Strategic Portfolio Development Drives Value Creation “Unlock”

Market Leaders with Distinct Value

McKesson Corporation (RemainCo)

**Diversified North American
Healthcare Services Leader**

FY25 Revenues¹ \$347.7B

FY25 Adjusted EBITDA¹ \$4.8B

Drive sustainable growth with differentiated assets in Oncology, Multispecialty & Biopharma services, supported by strong balance sheet

Medical-Surgical (NewCo)

**Alternate Site Medical-Surgical
Supplies & Solutions Leader**

FY25 Revenues¹ \$11.4B

FY25 Adjusted EBITDA¹ \$1.1B

Reinvigorate growth across scaled Ambulatory and Extended Care segments, generating robust, reliable Free Cash Flow

Medical: Separation Overview

STRUCTURE

- ✓ Expect separation to be **tax-free** to McKesson (MCK) and its shareholders
- ✓ Dividend levels to be maintained
- ✓ **Committed to maintaining current MCK credit ratings**
- ✓ Targeting exit of Medical-Surgical by way of a **Public Separation**

EXECUTION

- ✓ **Manageable complexity**
- ✓ NewCo largely separate today
- ✓ Clear path to separate operations, distribution network, & ERP
- ✓ Transition services agreements will be in place to support both organizations

NEXT STEPS

- ✓ Establish **independent organizational structures**
- ✓ Finalize capital structures
- ✓ Completion of required audited carve-out financial statements
- ✓ Finalize operation, separation, and transition services agreements

North American Pharmaceutical Services

Kirk Kaminsky
Group President
North American Pharmaceutical Services



North American Pharmaceutical Services

**Differentiated,
scaled** platforms and
innovative solutions
delivering value to
providers, biopharma
and **patients**

- Scaled Distribution Businesses with Diversified Customer Footprint
- Leading Oncology Platform across Care Continuum
- Positioned for Multispecialty Growth and Next-Generation Therapies
- Deep, Enduring Partnerships
- Accelerating and Modernizing Operations

Our Services and Solutions

North American Pharmaceutical Distribution

US PHARMA DISTRIBUTION

MCKESSON

Full Line Wholesale Distribution
Specialty Distribution

 **Health Mart**



ClarusONE
Sourcing
Services

 **Macro Helix**
By McKesson

 **NORTHSTARx**

 **Supplylogix**
By McKesson


MASTERS
PHARMACEUTICAL

MCK CANADA

Specialty Health[™]

McKesson Canada

Guardian

Proxim

I.D.A.

PDCI | MARKET
ACCESS

Remedy's Rx
The Local Drug Store

in viva

Oncology & Multispecialty

MCKESSON

Provider Solutions
Onmark® and Unity GPOs

 **The US Oncology
Network**

Biologics
By McKesson

SCRI Sarah Cannon
Research Institute

ontada

Intrafusion
By McKesson

 **GENOSPACE**

InspiroGene[™]
By McKesson

MCKESSON Compile[™]

Executing and Delivering Supported by Strong Foundation

Enduring Strategic Partnerships | People & Culture | Accelerating & Modernizing Operations

Overview: North American Pharmaceutical Services

North American Pharmaceutical Services
Kirk Kaminsky, Group President

**North American
Pharmaceutical Distribution**
Joan Eliasek, President

Oncology & Multispecialty
Jason Hammonds, President

U.S. Pharmaceutical

McKesson Canada

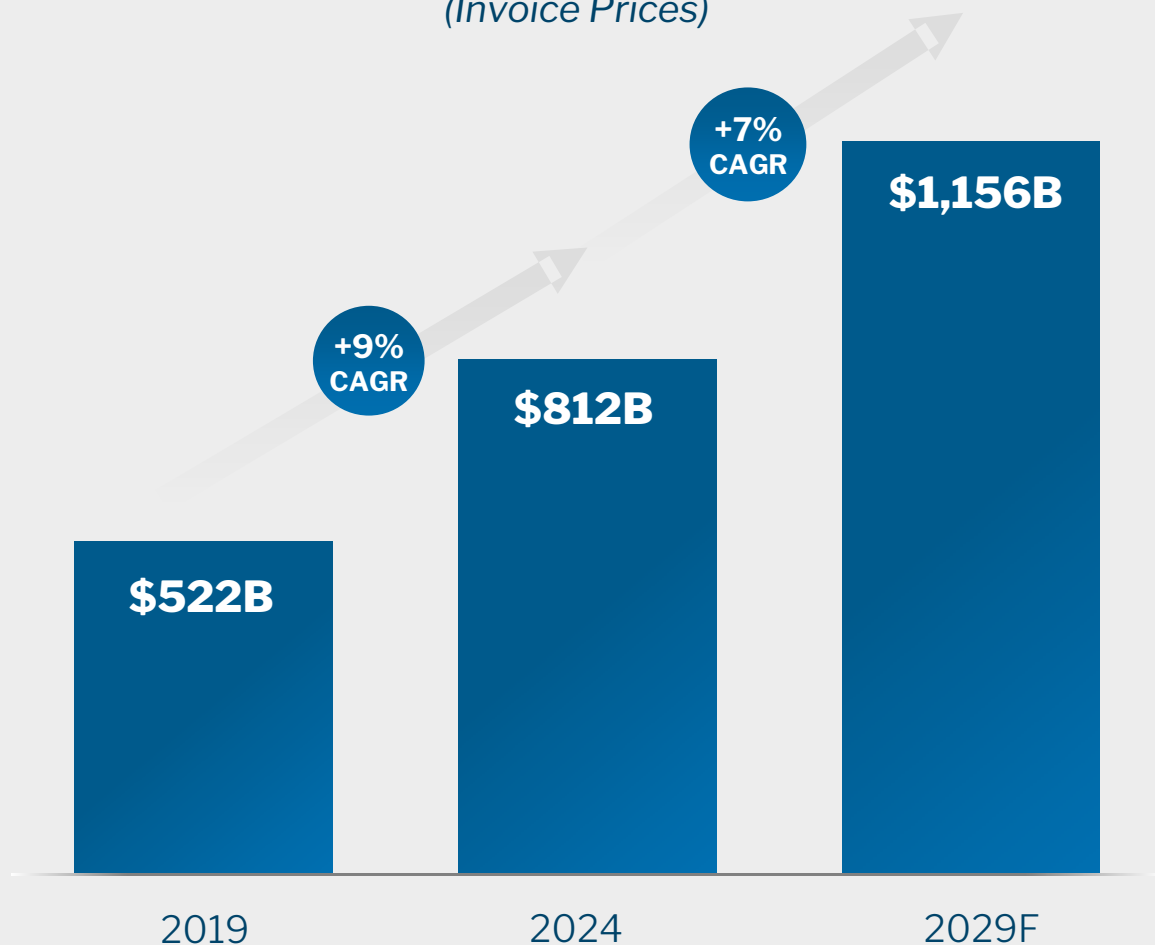
North American Pharmaceutical Distribution

Our **scale** and **differentiated value** proposition delivers best-in-class solutions for **providers** and **biopharma** partners

- Diversified Customer Portfolio
- Distinctive Strategic Partnerships
- Scaled Strategic Sourcing Platform
- Operational Excellence
- Technology and Automation Leadership

Stable and Growing Market

US Pharmaceutical Market¹ (Invoice Prices)



Key Market Trends



Aging population



Rising chronic disease incidence



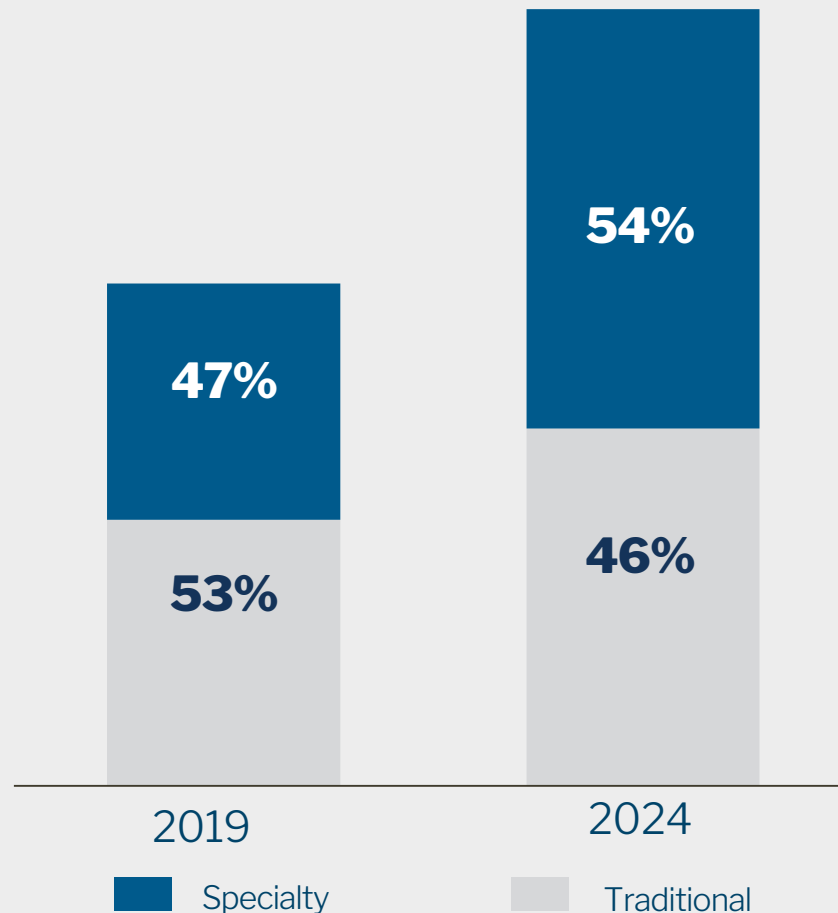
New innovative therapies



Growing supply chain complexity

Specialty Growth Acceleration

US Pharmaceutical Sector¹

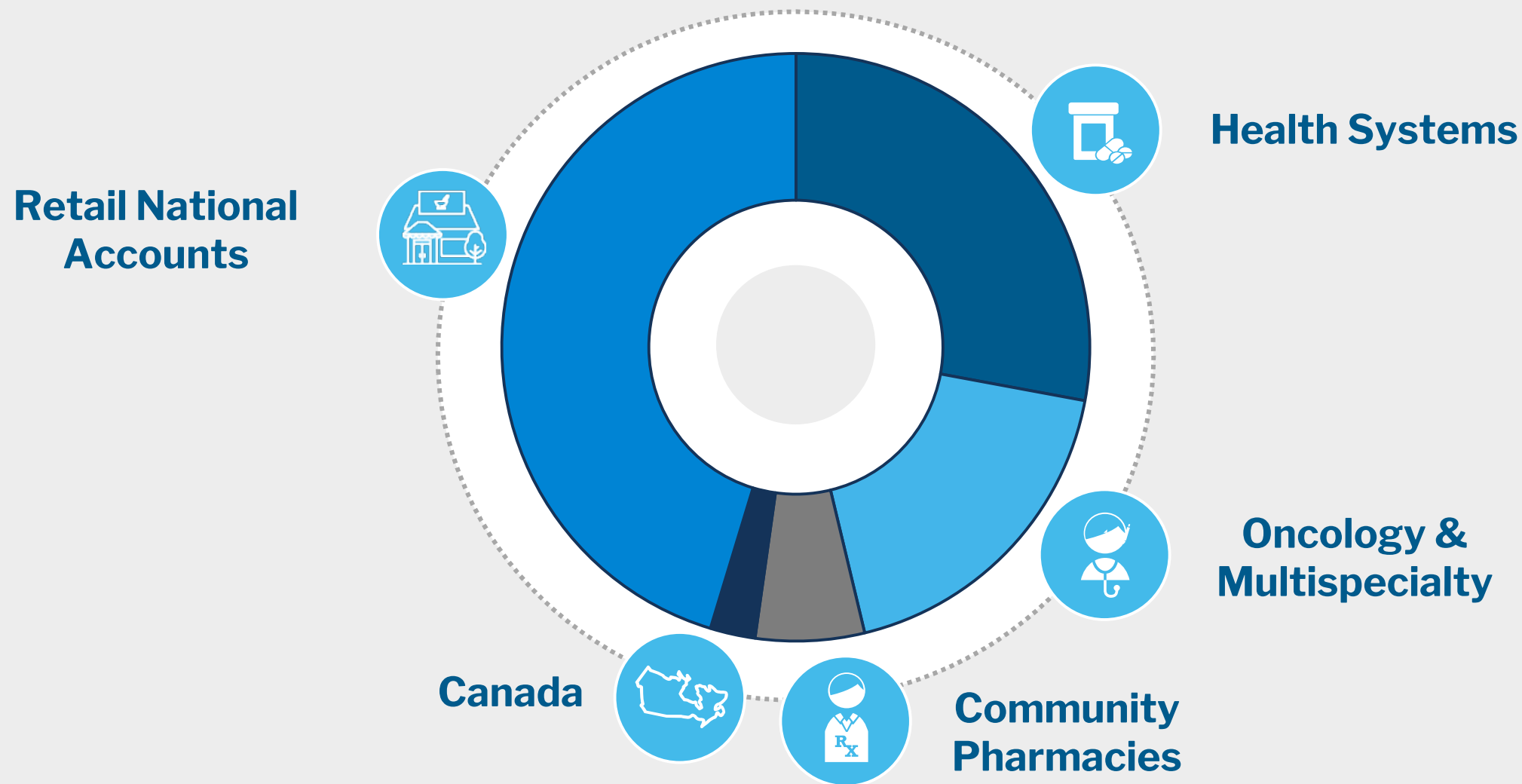


**Continued specialty spend
growth through 2029¹**

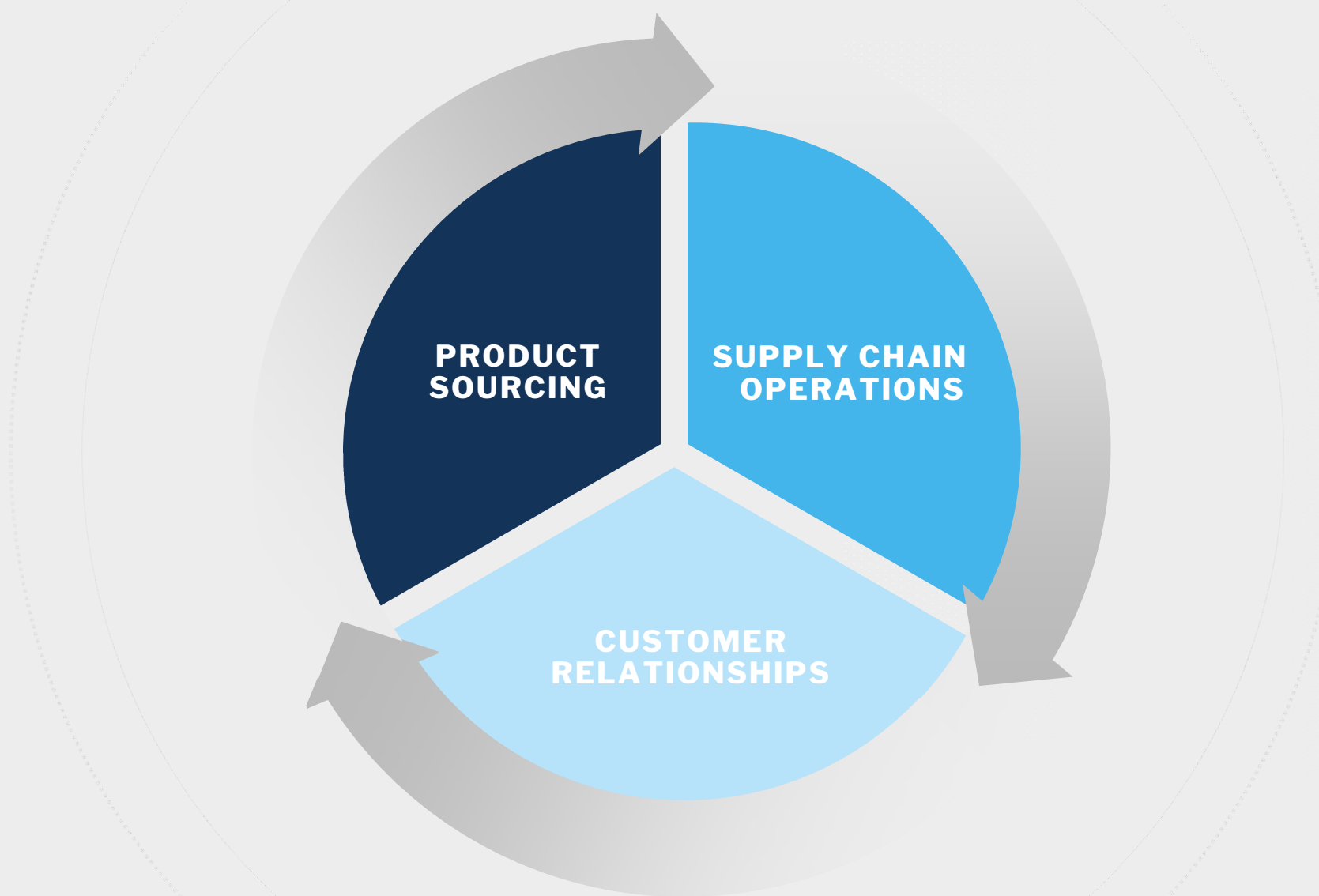
+60%
Oncology

+39%
Immunology

McKesson's Diverse Specialty Footprint



Distribution Playbook Delivers Customer Success



Vibrant and Diversified Customer Base

HEALTH SYSTEMS



- Leading market position
- Strong partnerships with all major GPOs

U.S. GOVERNMENT



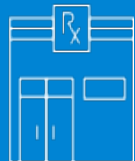
- Department of Veterans Affairs
- CDC Vaccines for Children

SPECIALTY PHARMACY / MAIL



- Serve 2 of top 3 pharmacies in the US

LARGE RETAIL CHAINS



- Leading market position
- Distinctive value prop

INDEPENDENT PHARMACY



- ~4,400 Health Mart independent pharmacies
- Leading PSAO
- #1 Customer Satisfaction¹

SPECIALTY PHARMACY



- Diversified portfolio of digital pharmacies, long-term care, infusion sites

Scaled and Automated Network Drives Growth



STATE OF THE ART DISTRIBUTION

- Delivers **>1/3** of America's medicines
- **99.98%** order accuracy
- **90%** of fulfillment processes in new DCs enhanced by automation



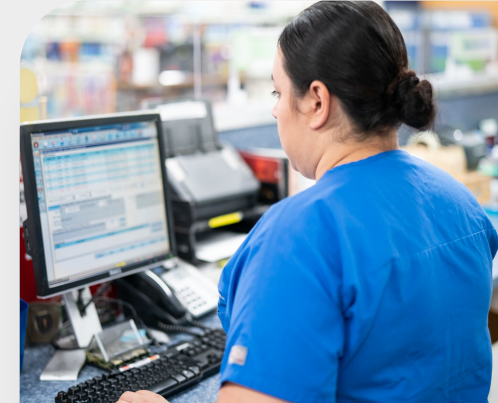
NEXT GENERATION COLD CHAIN

- **Full suite** of capabilities including refrigerated, frozen, ultra-frozen, and cryogenic
- New specialty site **doubles cold chain capacity**



NETWORK REDUNDANCY

- **27** distribution centers servicing all 50 states
- **>99%** inventory service level



MODERN TECHNOLOGY

- AI Powered logistics and customer solutions
- **Digitally connected, automated** supply chain inventory planning

Mission-Driven Operations



It's Not Just a Package
It's a Patient

Sourcing Leadership with ClarusONE

Access to
Affordable
Medicines
with **Supply**
Stability

10+ year
Partnership
With scale and
Channel access

MCKESSON

Walmart 



Growing Markets

2%-3% projected generic market growth between 2026-2029¹



Cost Leadership

Scale, growth and supplier relationships



Scale Expansion

2024: Successfully onboarded a new strategic customer



Comprehensive Product Portfolio and Stable Supply

Oral solid generics, proprietary generics, specialty generics, injectables



Operational Efficiency

Digitally enabled end-to-end visibility of complex supply chains and risk management

Building Distinctive Partnerships

Leveraging **joint expertise** and **capabilities** to address healthcare challenges and advance strategic vision



- Providing pharmaceutical distribution services for 30+ years
- Founded ClarusONE Joint Venture
- Partnered with US Antibiotics, taking a leadership role to support domestic manufacturing of certain antibiotics

Building Distinctive Partnerships

The **breadth of our assets** and **customer-first mindset** resonates with the largest leaders in healthcare



- Launched Sarah Canon Research Institute (“SCRI”) Joint Venture
- Developed GPO relationship with HealthTrust Purchasing Group
- Contracted for distribution with entire HCA network of hospitals

North American Pharmaceutical Distribution

Joan Eliasek
President
North American Pharmaceutical



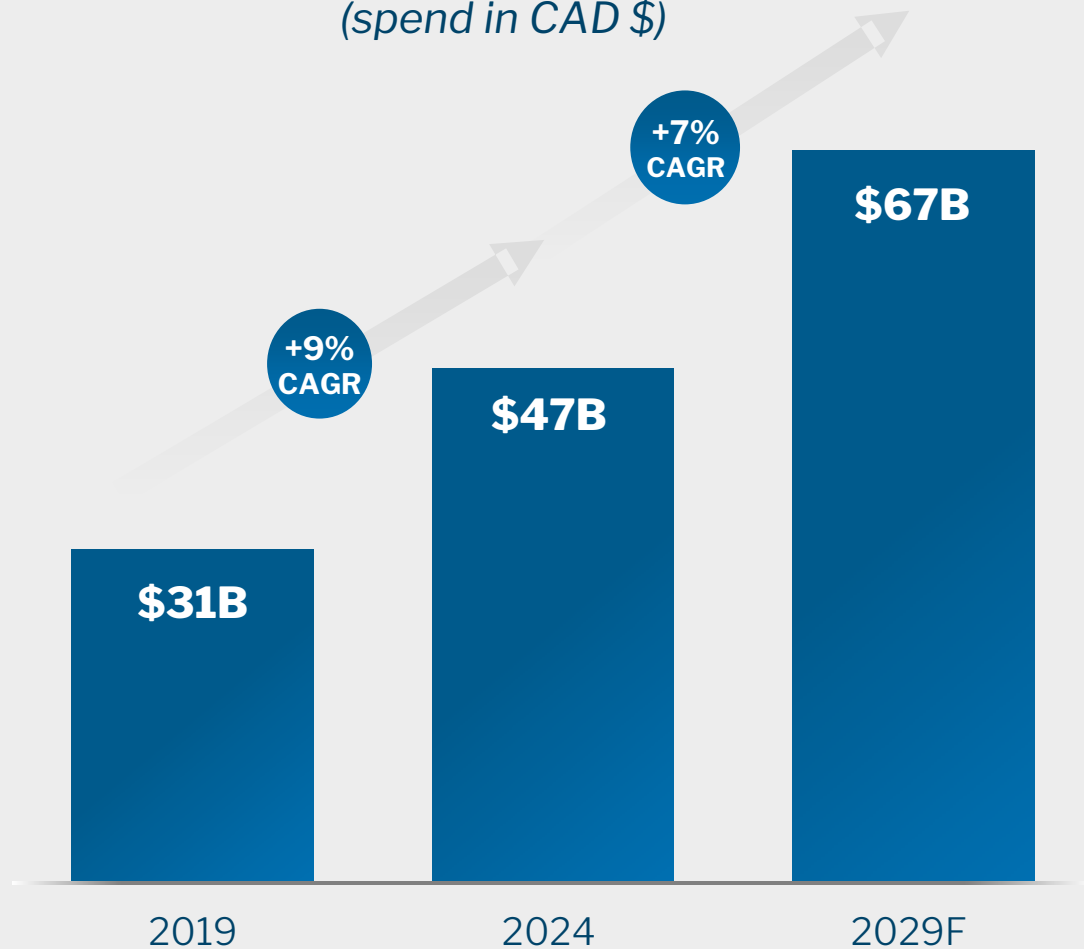
McKesson Canada

Market leader
partnering with
biopharma to provide
access and
affordability to
patients across **Canada**

- Unparalleled national distribution reach
- Customer-centric service innovation and excellence
- Improved access through expanded biopharma partnerships and offerings
- Accelerating technology investments in modern platforms
- Market-leading pharmacy programs

Canadian Market Exhibiting Strong Growth

Canadian Pharma Rx Market¹ (spend in CAD \$)



Key Market Trends



Aging and robust population growth



Rising chronic diseases



Growing specialty drug pipeline



Generics drug expansion due to significant loss of exclusivity events



Government funded rare disease strategy



Expanded scope of practice for pharmacists and nurses

McKesson Canada Overview

DISTRIBUTION



- **State of the art distribution network** serving 9,000 pharmacies and all sites of care across every province and territory
- Exceptional order fulfillment rate: **99.9%** accuracy rate; **98%** next day delivery

RETAIL



- Foster independent pharmacies through **6 retail banners & franchises**
- Offer a stabilized supply chain with our network of over **700 manufacturer-partners** and a leading generic portfolio of **800 molecules and more than 100 private labels**

SPECIALTY HEALTH



- **Patient Support Programs** in key therapeutic areas
- Enabling national coverage through **7 specialty pharmacies**
- Providing **market access & third-party logistics** services

Fastest Growing and Largest Independent Pharmacy Network in Canada

2,700+ total stores

Including over 680 independent/
non-branded stores

6 million patients across Canada



+630 locations
since 1932



+470 locations
since 1964



+300 locations
since 1977



+360 locations
since 2006



+260 locations
since 2004

Our value proposition to pharmacies

- Best-in-class distribution services
- Private labels for retail
- Easy-to-use ordering platform and pharmacy technology
- Dedicated business development support

Distinct Breadth of Specialty Health Solutions

Targeted Biopharma Partnerships

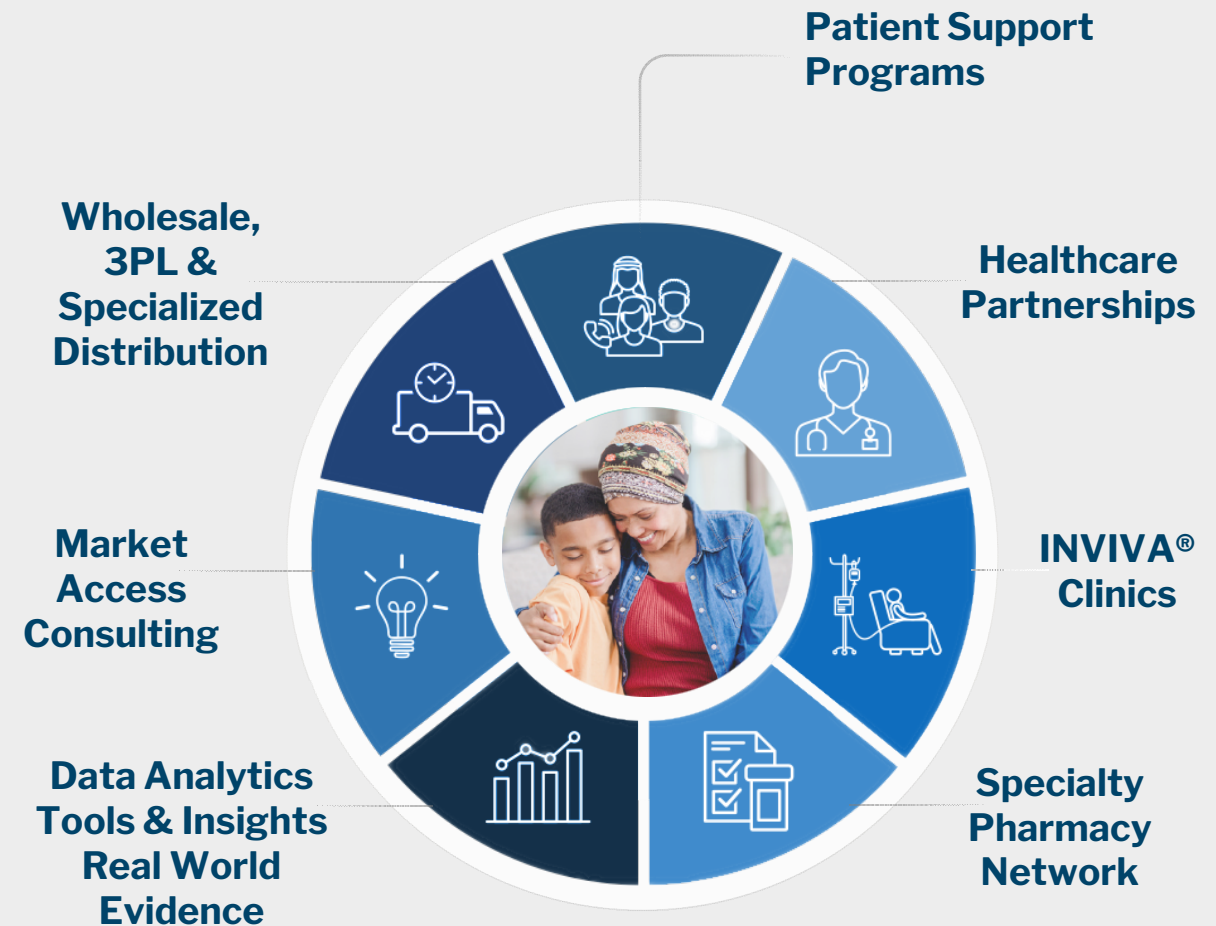
- **One-McKesson** value proposition with specialized manufacturer solutions

Distinctive Offering

- Digitally enabled **Patient Support Programs**
- Expanded **3PL service capabilities**

Advanced Data & Analytics

- Real World Evidence and enhanced reporting
- Market-leading consulting expertise



Spotlight: Infusion Capability



Canada's premier accredited infusion clinic network



- **Over 139,000 infusions and injections** administered in **community settings** annually
- **66 INVIVA** private infusion clinics, with first private clinic to provide radioligand therapy in Ontario
- 42 programs supporting ~**23,000 patients** annually

— **Oncology & Multispecialty**

Jason Hammonds
President
Oncology & Multispecialty



Oncology & Multispecialty

Develop a scaled, **market-leading platform** of integrated solutions that supports **accelerated** drug discovery, expanded **patient access**, and **improved outcomes**—powered by deep provider and biopharma partnerships

- Empower Community Providers
- Transform Care with Proprietary Technology
- Enhance Biopharma Commercialization
- Expand Access to Clinical Trials and Therapies
- Solutions to Accelerate Drug Development

Our Oncology Platform Connects Providers to Drug Discovery and Biopharma Commercialization

PROVIDERS

Enabling physicians to practice world-class care

Care Delivery

- Affordable access
- Industry-leading technology
- Practice management
- Clinical research enablement



BIOPHARMA

Accelerating development and maximizing commercial success

Commercialization & Clinical Research

- Real-world data
- Physician education
- Patient services
- Clinical trial support

Accelerating Technology Platforms / Precision Medicine

Unparalleled Specialty Distribution Breadth

Specialty Distribution Services

- 14,000+ providers across specialties
- Medically Integrated Dispensing

Infusion Management Services

- ~100 multispecialty practices



Group Purchasing Organizations

- #1 oncology & multispecialty GPOs
- \$3.2B in savings and rebates

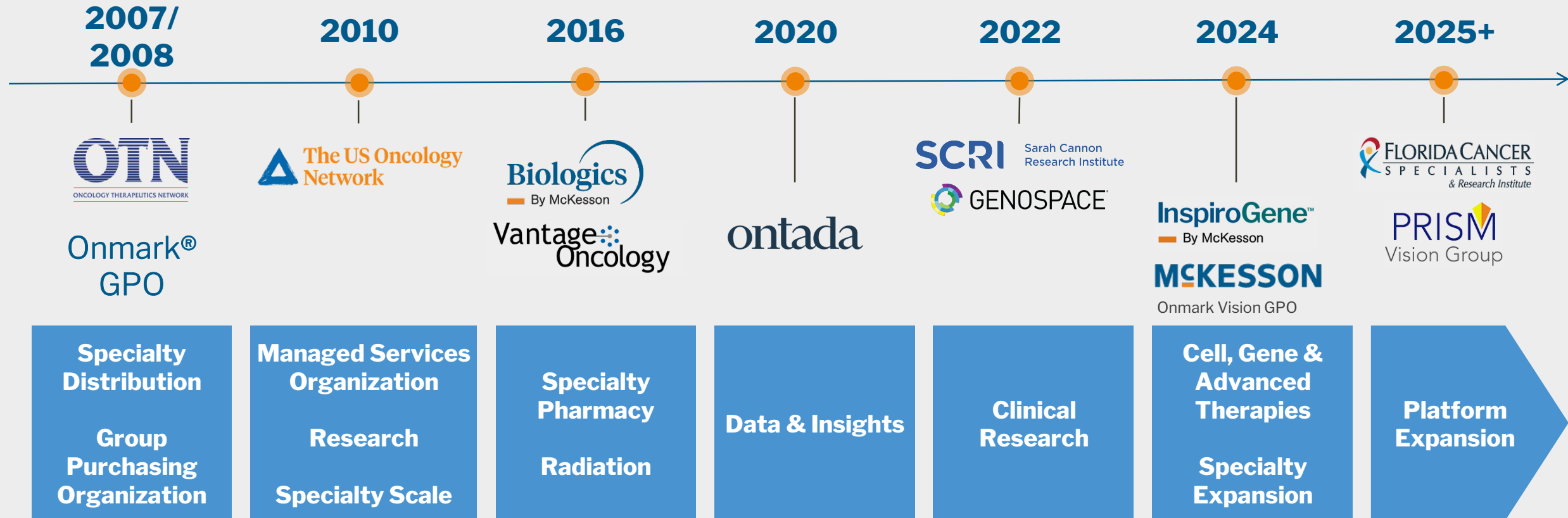
Specialty Pharmacy

- Oncology, rare/orphan, cell & gene
- Deep provider/patient engagement
- Exclusive biopharma partnerships

Comprehensive Technology Services

- AI enabled technology platforms
- Powering revenue cycle management
- Improving practice performance

Differentiated and Scaled Specialty Platforms



Community Oncology Market Growth

DRUG DISTRIBUTION

~\$80B

Addressable
Market¹

MCKESSON

Provider Solutions
Onmark® and Unity GPOs
Onmark Vision GPO

PRACTICE MANAGEMENT

~\$10B

Addressable
Market¹

 **The US Oncology
Network**

 **FLORIDA CANCER
SPECIALISTS**
& Research Institute

 **PRISM**
Vision Group

COMMERCIAL SERVICES

~\$15B

Addressable
Market¹

ontada

 **Biologics**
By McKesson

 **InspiroGene™**
By McKesson

CLINICAL RESEARCH

~\$10B

Addressable
Market¹

 **SCRI** Sarah Cannon
Research Institute

 **GENOSPACE™**

Lower
Margin

Higher
Margin

Oncology Market is Large, Growing & Increasingly Complex

2M+

People in America will be diagnosed with cancer this year¹

18M+

Patients living with cancer today²

425+

Oncology drugs on the market in 1H 2025

41%

Proportion of clinical trials focused on oncology³

60%

Oncology drug spend growth (2025-2029)⁴

Community Oncology is at the Heart of Cancer Care

High Quality &
Accessible care



Lower Total Cost of Care



Integrated Services
& Capabilities



**High-quality Patient
Outcomes**



More than half of Americans
diagnosed with cancer receive
treatment in community settings



The US Oncology Network: Partner of Choice for Community Oncology

Physician-Led

Best practices from largest
oncology network

Lead in value-based care

Proven success in OCM and EOM models

Deliver Leading Management Services

Best-in-class practice
management services

Unlock growth and diversification

Capital to pursue site and service growth

Support clinical services

Practice transformation for next
gen modalities

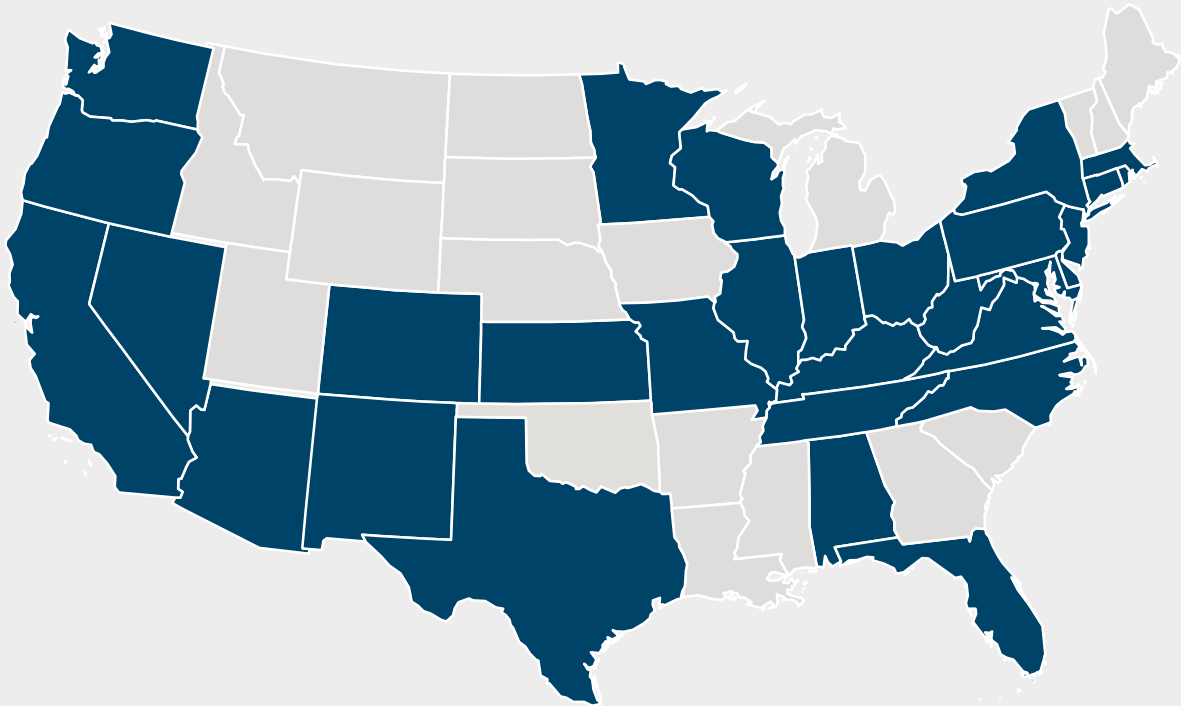
Modernize with technology

Leading EHR, decision support, and insights



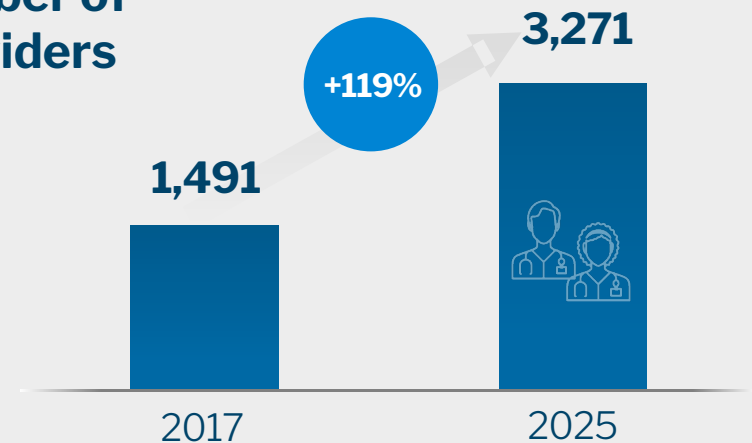
Unparalleled Reach in Community Oncology

700+ Locations

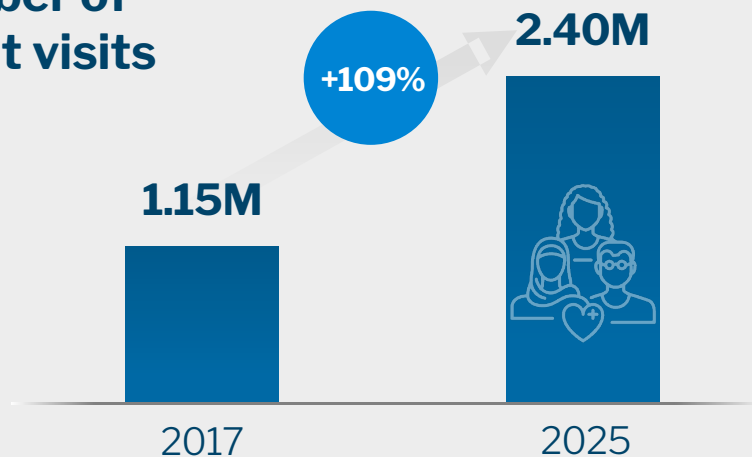


~45% of the U.S. population lives within 20 miles of a practice location in The US Oncology Network

Number of providers



Number of patient visits



Sarah Cannon: Expanding Cutting-Edge Research in the Community Setting

Accelerating Drug Development

Enhanced site connectivity with SCRI's scaled, seamless operations model enabling **faster activation, enrollment** and **access to data**

1,300+ Research physicians

200+ Locations in 20+ states

850+ First in human trials

300+ FDA approvals in 10 years

SCRI Sarah Cannon Research Institute

Clinical Trials
Research

 **GENOSPACE™**
Digital Architects of Genomic Medicine

Personalized
Medicine

ontada®

Insights &
Technology

 **The US Oncology Network**

Last Mile
Access

Multispecialty Platform Expansion

Vision care extends our multispecialty footprint, supported by scalable infrastructure and differentiated capabilities

Extends success and expertise developed over years in community oncology

MCKESSON

**Deep relationships
built over 20 years**

MCKESSON

Onmark Vision GPO

**Broadened
capabilities and
differentiated
technology**

PRISM Vision Group

**First vision MSO
enabling further
growth**

**OUR ONGOING
COMMITMENT:**

**Advance patient
care in innovative
therapeutic areas
and services**

The background of the slide features a collage of financial data visualizations. In the top left, there's a snippet of a table with headers like 'Findings' and 'Expenses', and values such as '25.00' and '200'. Below this, a donut chart is displayed with five segments in various shades of blue, labeled with percentages: 5%, 9%, 11%, 14%, and 14%. To the right of the donut chart is a small bar chart with two bars for the years 2005 and 2006, with a y-axis ranging from 0 to 100. At the bottom left, a large bar chart with many bars shows an overall upward trend. The bottom of the slide also shows a partial view of a table with the header 'Employees'.

Key Takeaways

McKESSON

- Empower Community Providers
- Transform Care with Proprietary Technology
- Enhance Biopharma Commercialization
- Expand Access to Clinical Trials and Therapies
- Solutions to Accelerate Drug Development

North American Pharmaceutical Services

**Differentiated,
scaled** platforms and
innovative solutions
delivering value to
providers, biopharma
and **patients**

- Scaled Distribution Businesses with Diversified Customer Footprint
- Leading Oncology Platform across Care Continuum
- Positioned for Multispecialty Growth and Next-Generation Therapies
- Deep, Enduring Partnerships
- Accelerating and Modernizing Operations

Accelerating Our Biopharma Platform

Kevin Kettler
President
Prescription Technology Solutions



Sizeable Opportunity To Solve Complex Biopharma Challenges



\$19B

Biopharma Services Market Opportunity

Improving **Access**

65% of patients experience delays in receiving their medication

Managing **Affordability**

54% of patients expressed concern over medication costs

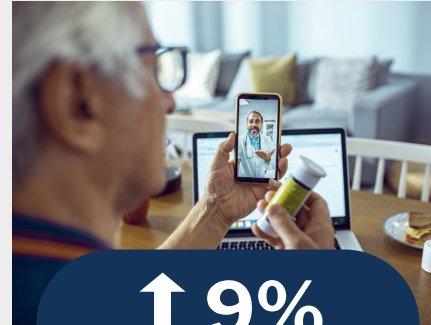
Delivering **Adherence**

1 in 5 patients modified or abandoned prescriptions due to barriers

Innovative Biopharma Companies Continue to Meet Healthcare Needs of Patients

\$812B

2024
US medicine
spend¹



↑ 9%

Growth CAGR
since 2019

Growth¹

- **\$290B increase** in spending since 2019
- **\$344B increase** in spending estimated to 2029
- Spending is projected to reach **\$1.16T** by 2029

Biopharma Pipeline

- 1,920 clinical trial starts in the US in 2024²
- 50-55 novel substances expected to launch per year through 2029 in the US³

Key Therapeutic Areas Driving Growth³

- Obesity
- Oncology
- Immunology
- Neurology
- Rare Disease



Our Strategy is Clear

Our **scaled and differentiated network** unlocks medication **access and affordability** – delivering **measurable value to biopharma**

- Enhance & Expand Core Solutions
- Leverage Innovation to Drive Growth
- Increase Solutions for Specialty Medications
- Modern Technology & Automation Platform
- Execute with Excellence

Intentional Biopharma Services Platform Development

Unmatched leadership in biopharma services and solutions



- Pharmacy claims switch and automated copay programs
- ~23B transactions annually
- Across network of 50,000+ pharmacies

2006

**Pharmacy Network
Affordability**



- Automated insurer drug coverage authorization process
- Network of ~1M providers

2017

**Access
Affordability
Scaled Network**



- Patient assistance programs, third party logistics, and hub services

2018

**Third-Party
Logistics
Hub Solutions**



- Automated hub services and aligned assets

2020

**Technology
Acceleration**



- Prescription price transparency and benefit insights

2022

Benefit Insights







- Electronic patient enrollment and medical prior authorization solutions

2025

**Enrollment
Medical Prior
Authorizations**

Scaled Platform Addressing Biopharma Needs

Biopharma Customer Challenges

-  Formulary access barriers
-  Patient drop off and adherence
-  Fragmented patient journey data
-  Policy changes and emerging channels

RxTS Biopharma Services Platform

Launch



Creating Awareness

Support supply chain logistics and payer access dynamics

Growth



Scaling Reach

Evolve with precise solutions and scaled network

Maturity



Maintain Market Share

Remain competitive with modularity

Loss of Exclusivity



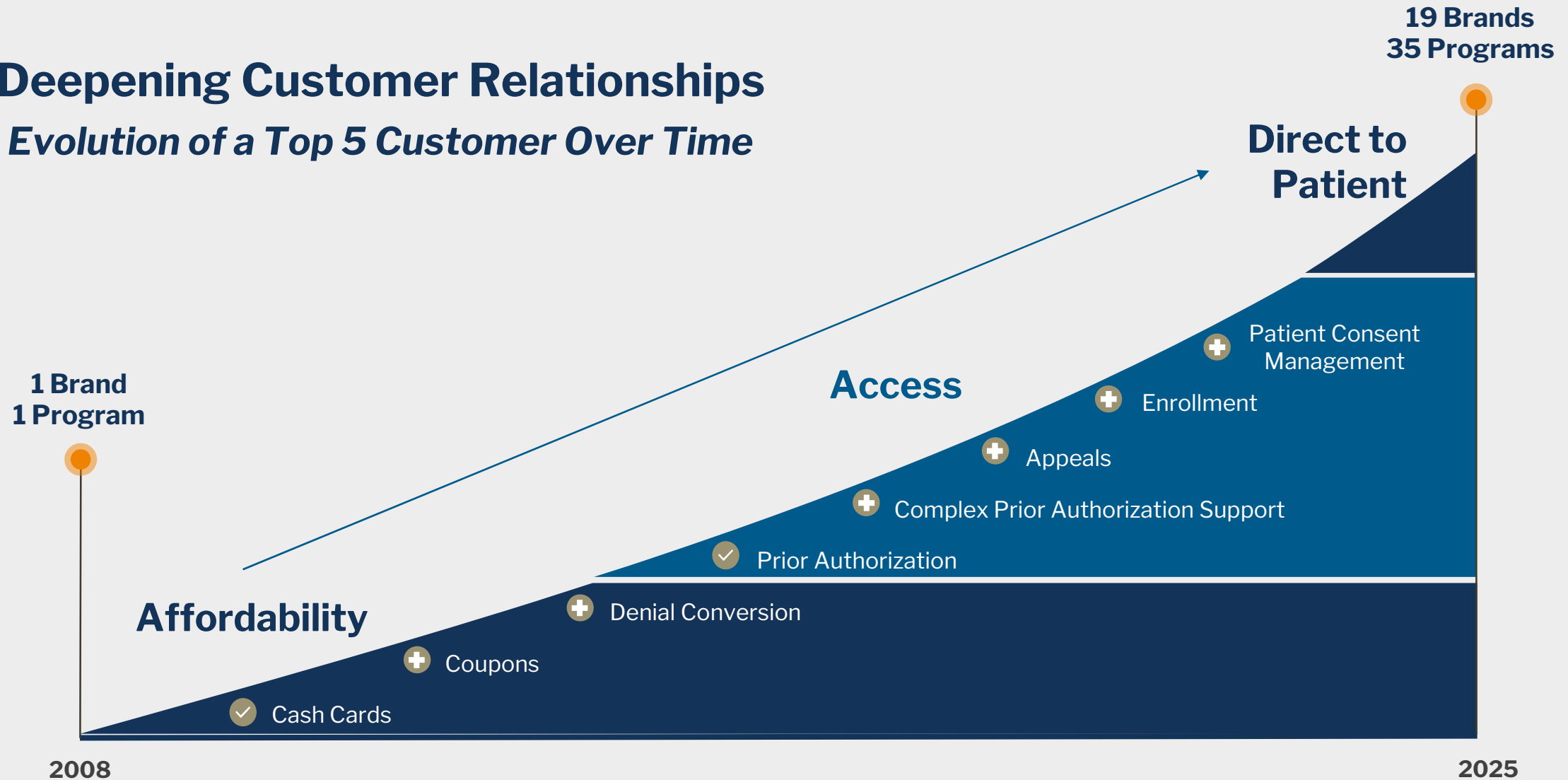
Navigating Change

Retain brand loyalty and support direct-to-patient strategies

Powering Success for Biopharma

Deepening Customer Relationships

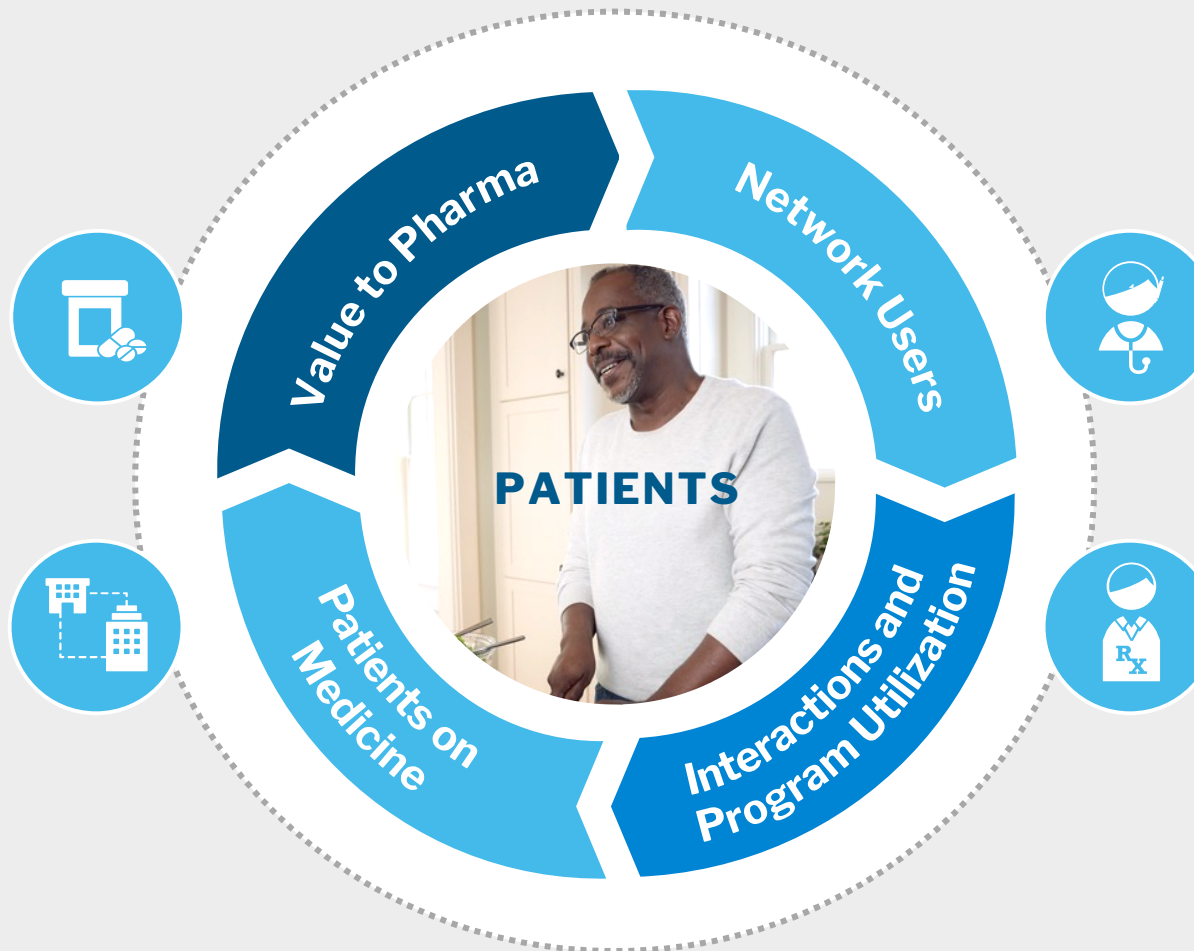
Evolution of a Top 5 Customer Over Time



Patient-Centric Solutions Drive Biopharma Value

Biopharma
700+ brands spanning all
lifecycle stages across
95% of therapy areas

**Health Plans
& PBMs**
96% prescription
representation



Providers & Health Systems
~1 million providers with
350+ EHRs integrated

Pharmacies
50,000+ pharmacies
processing retail &
specialty claims

Solutions that Support the Patient's Journey

BETTER ACCESS



"I can access the treatment I need"

Prior authorization, benefit investigation, e-enrollment, and medication alerts to providers

DECREASED COSTS



"I can afford to pickup my treatment"

Manufacturer coupons, copay card, pharmacy claim rejection support, and specialty hub solutions

REDUCED ABANDONMENT



"I can stay on treatment and make it work for me"

Patient outreach, clinical nursing, and adherence education programs

ENHANCED SUPPORT



"I understand the support available for me"

Patient support for case managers, field reimbursement services, free drug enrollment & dispensing

DIRECT ACCESS



"I can get my treatment when traditional access is blocked"

Direct-to-patient programs including home delivery, payment support, dispensing, and clinical services

Solutions that Help Patients Start, Stay On, and Afford Therapy



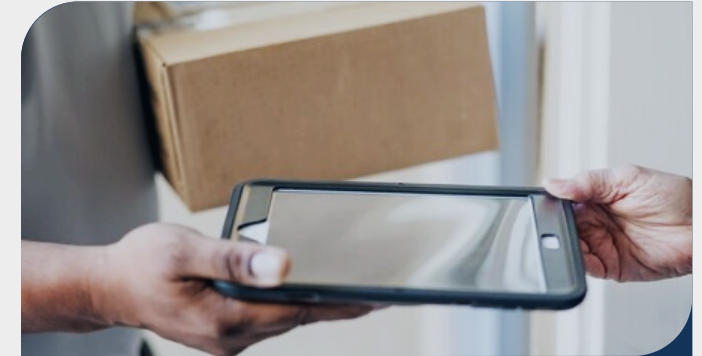
ACCESS SOLUTIONS

- Support patient access to branded medications covered under pharmacy and medical benefit
- Automated benefit investigation, enrollment, prior authorization and appeal support
- Real-time transparency



AFFORDABILITY & OTHER SOLUTIONS

- Create visibility to patient affordability options at the pharmacy counter
- Automate the application of savings programs to qualified patients
- Support conversion of denied claims to dispensed scripts



THIRD-PARTY LOGISTICS

- Support title & non-title distribution models
- Manage cold chain requirements
- Execute supply chain management from warehousing to transportation

Differentiated Biopharma Services Platform

	Third-Party Logistics	Affordability & Other	Access
	Third-Party Logistics services for biopharma manufacturers <ul style="list-style-type: none"> ✓ Title & Non-Title Distribution Models ✓ Cold Chain Management ✓ Warehousing & Transportation 	Solutions offered at point of prescribing/dispensing Intelligent Network (optimize reimbursement)	Automated insurer approval for drug coverage <ul style="list-style-type: none"> ✓ Prior Authorization ✓ Specialty and Hub Services Member engagement tools for employers, health plans, and patients
	>2 billion units of ambient, refrigerated, frozen, and controlled medical products shipped annually	>\$10 billion per year of out-of-pocket patient savings 12 million prescriptions prevented from abandonment	>100 million times annually enabled patient access to medication
Revenue Composition % of FY25 Segment Revenue	~55%	~20%	~25%
AOP Composition % of FY25 Segment Revenue	<5%	~30%	~65%
Margin Profile	Lower margin		Higher margin

Connecting Stakeholders and Enhancing Biopharma Value

- Large and growing market with significant unmet needs
- Unmatched portfolio of assets providing differentiated value proposition across key stakeholder groups
- Scaled connectivity into pharmacies, providers, and payers has driven proven outcomes
- Extending core capabilities and developing adjacencies
- Long track record of value creation in Biopharma Services

— Disciplined Execution + Sustainable Value Creation

Britt Vitalone
Chief Financial Officer



Compelling Long-Term Financial Profile

- Proven track record of distinctive financial performance
- Consistent strategy anchored in high-performing, differentiated portfolio
- Focused operations delivering measurable value
- Disciplined capital deployment driving superior shareholder returns
- Compelling value creation opportunity

Strategic Financial Leadership and Sustained Value Creation

A decorative background image on the left side of the slide. It features a collage of financial data visualizations: a donut chart with segments labeled 5%, 9%, 11%, and 14%; a bar chart comparing values for 2005 and 2006; and a larger bar chart at the bottom showing a series of data points over time. Text fragments like 'dings', 'xpenses', '200', and 'Empo' are visible at the top and bottom of the collage.

Agenda

- Overview of New Segmentation
- Updated Fiscal 2026 Guidance
- Outstanding Track Record
- Long-term Financial Outlook

A collage of financial data visualizations including a donut chart with segments labeled 5%, 9%, 11%, and 14%; a bar chart comparing 2005 and 2006 values; and a large bar chart showing a fluctuating upward trend. Partial tables with headers like 'Expenses' and 'Employ' are also visible.

Agenda

- Overview of New Segmentation
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Introducing New Segments

Prior Reporting Structure

U.S. Pharmaceutical

- U.S. Pharmaceutical
- Oncology & Multispecialty

Prescription Technology Solutions

Medical Surgical Solutions

International

- Canada
- Norway

New Reporting Structure

North American Pharmaceutical

- U.S. Pharmaceutical
- Canada

Oncology & Multispecialty

Prescription Technology Solutions

Medical Surgical Solutions

Other

- Norway



New

Announced Exit

Increased Transparency & Focus on Growth Strategies

(\$ millions)

REVENUES	FY24	B/(W)	FY25
North American Pharmaceutical	261,368	17%	304,507
Oncology & Multispecialty	30,490	21%	36,862
Prescription Technology Solutions	4,769	9%	5,216
Medical-Surgical Solutions	11,309	1%	11,380
Other	1,015	7%	1,086
Total Revenue	308,951	16%	359,051
ADJUSTED OPERATING PROFIT	FY24	B/(W)	FY25
North American Pharmaceutical	2,841	11%	3,145
Oncology & Multispecialty	808	16%	936
Prescription Technology Solutions	837	15%	961
Medical-Surgical Solutions	1,018	0%	1,022
Other	45	7%	48
Corporate	(648)	(24%)	(494)
Total Adjusted Operating Profit	4,901	15%	5,618

Large, Growing Segments

North American Pharmaceutical

U.S. Pharma Distribution

- Breadth of Product Capabilities
- Diverse Channel Distribution Footprint
- Scaled & Automated Network
- Sourcing Leadership
- Distinctive Partnerships
- Innovative Solutions

MCK Canada

Oncology & Multispecialty

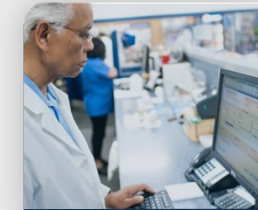
Drug Distribution

Practice Management

Commercial Services

Clinical Research

Prescription Technology Solutions



Access Solutions



Affordability & Other Solutions



Third-Party Logistics

MCKESSON
Full Line Wholesale
Distribution
Specialty Distribution

ClarusONE
Sourcing
Services

uniprix

Remedy'sRx
The Local Drug Store

Proxim

Guardian

I.D.A.

in viva

Health Mart

NORTHSTAR

Macro Helix
By McKesson

MASTERS
PHARMACEUTICAL

Supplylogix
By McKesson

The US Oncology Network

FLORIDA CANCER SPECIALISTS
& Research Institute

PRISM
Vision Group

MCKESSON

Provider Solutions
Onmark® and Unity GPOs
Onmark Vision GPO

InspiroGene
By McKesson

Biologics
By McKesson

SCRI Sarah Cannon
Research Institute

GENOSPACE

ontada

RelayHealth
Intelligent Network

RxCrossroads
By McKesson

rxss
Rx Savings Solutions

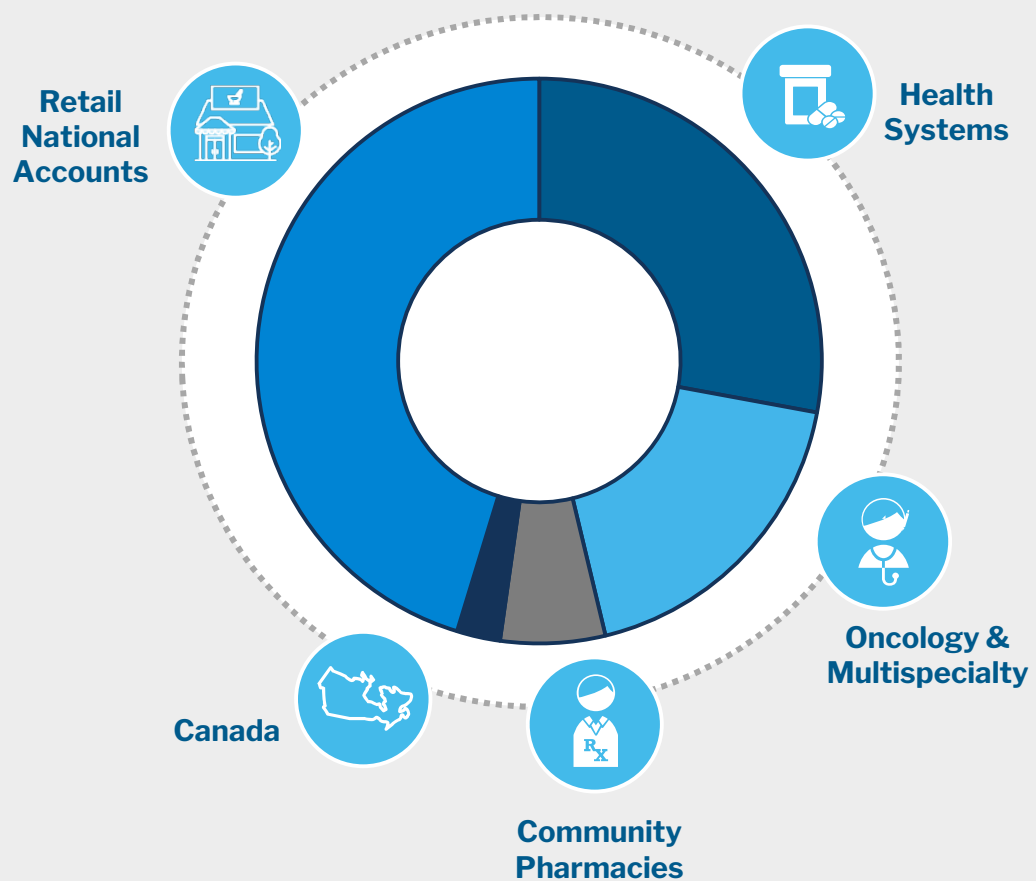
covermy meds

FastAuth
Healthcare Without Walls

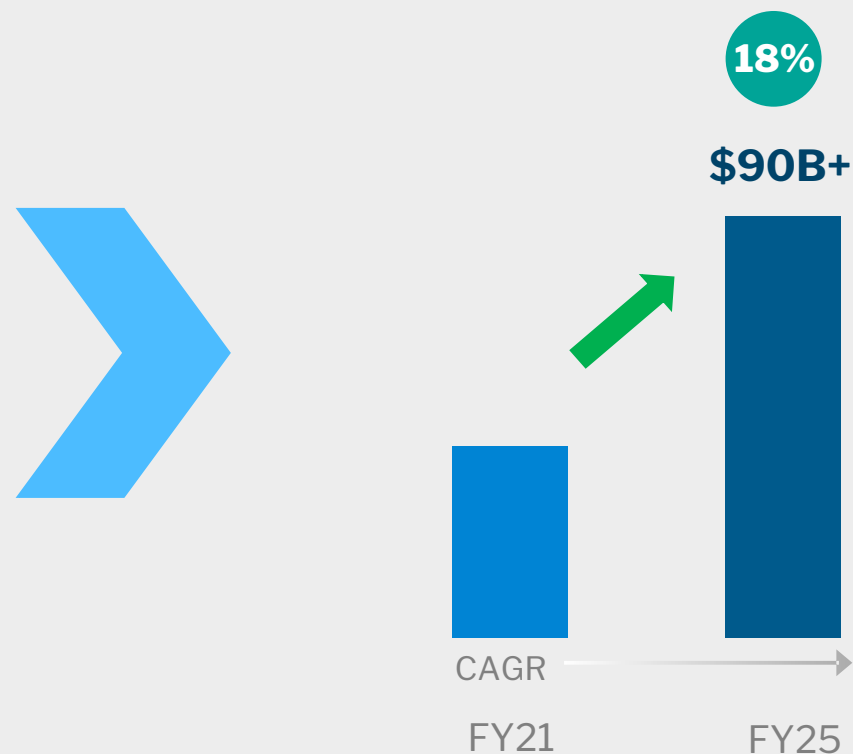
RLIGHTNING

Accelerating Specialty Growth

Specialty Distribution Footprint¹



Specialty Distribution Revenue²





Agenda

- Overview of New Segmentation
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Raising FY26 Adjusted EPS Outlook

Consolidated metrics

McKESSON

REVENUES 11% to 15% growth <i>No change</i>	ADJUSTED OPERATING PROFIT ↑ 10% to 14% growth <i>Previously 9% to 13%</i>	ADJUSTED EPS ↑ \$38.05 to \$38.55 <i>Previously \$37.10 to \$37.90</i>	FREE CASH FLOW \$4.4 to \$4.8 billion <i>No change</i>
ADJUSTED TAX RATE 17% to 19% <i>No change</i>	INTEREST EXPENSE ↓ \$225 to \$255 million <i>Previously \$260 to \$290 million</i>	NON-CONTROLLING INTEREST \$215 to \$235 million <i>No change</i>	WEIGHTED AVERAGE SHARES OUTSTANDING ↓ ~124 million <i>124 to 125 million</i>

Raising FY26 Adjusted EPS Outlook

Segment metrics

McKESSON

	REVENUE	ADJUSTED OPERATING PROFIT
North American Pharmaceutical	10% to 14% growth	3% to 7% growth
Oncology & Multispecialty	27% to 31% growth	49% to 53% growth
Prescription Technology Services	9% to 13% growth Previously 8% to 12%	11% to 15% growth Previously 9% to 13%
Medical-Surgical Solutions	2% to 6% growth No change	Low end of Previous Range Previously 2% to 6% growth
Corporate		\$600 to \$650 million Previously \$570 to \$630 million

Core Segments Demonstrating Accelerated Growth

Adjusted Operating Profit
(\$ in millions)

Adjusted Operating Profit Outlook

	FY25	<div>—————</div> <div>Growth Guidance</div>	<div>—————</div> <div>FY26 Outlook Range</div>
North American Pharmaceutical	\$3,145	3% to 7% growth	\$3,240 – \$3,370
Oncology & Multispecialty	\$936	49% to 53% growth	\$1,390 – \$1,430
Prescription Technology Services	\$961	11% to 15% growth	\$1,070 – \$1,105



Agenda

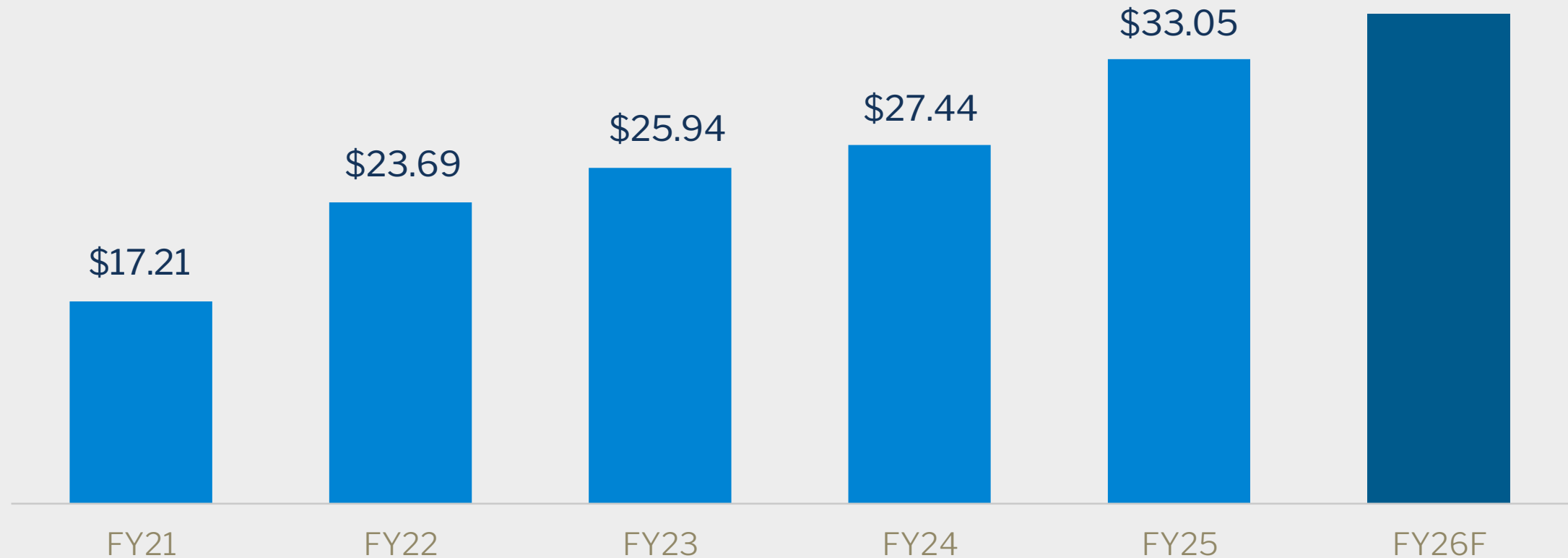
- Overview of New Segmentation
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Delivering Consistent & Exceptional Earnings Growth

~17% Adjusted EPS CAGR¹

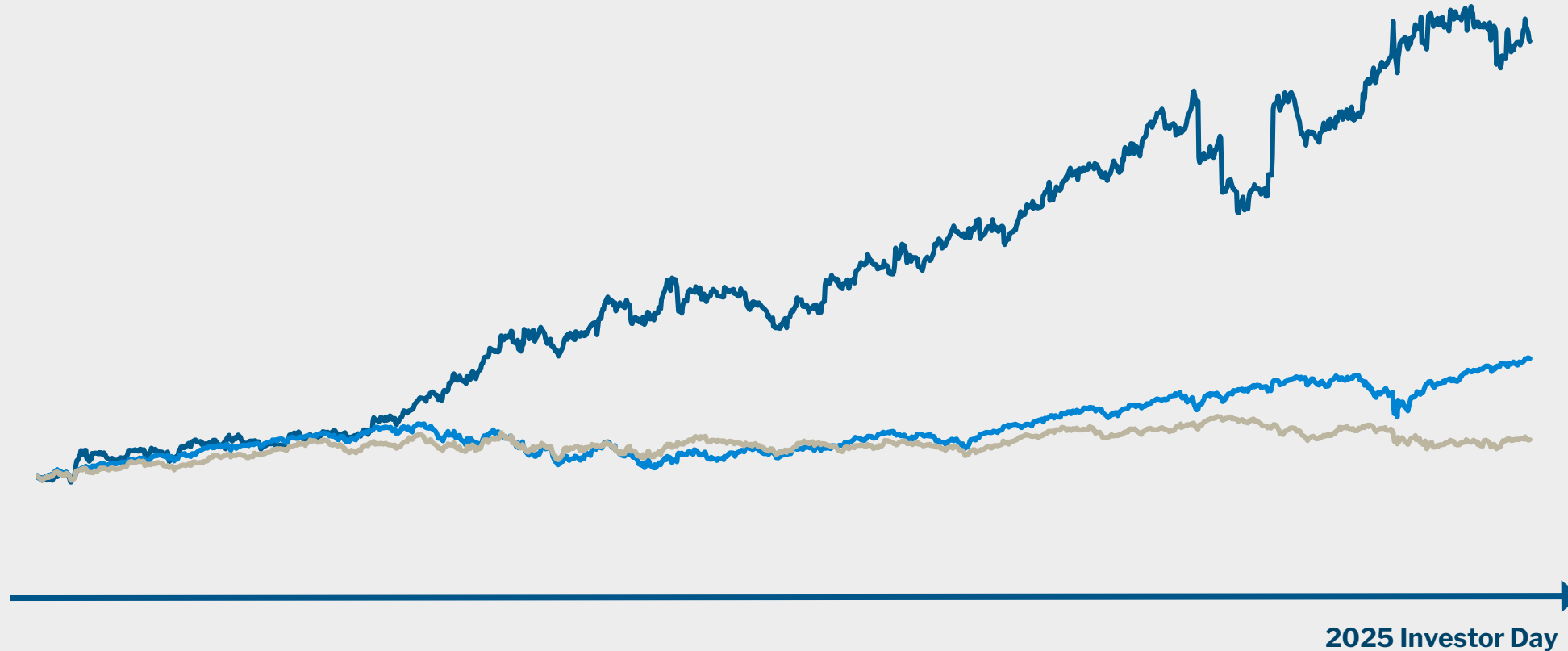
(FY21 to FY26F)

\$38.05 to \$38.55



Superior Long-Term Performance

5-year Share Price Performance¹

+357%**+97%****+30%**

— MCK

— S&P 500 (SPX)

— S&P 500 Health Care (HCX)

2025 Investor Day

Successful Execution of Our Framework

Adjusted Operating Profit



Adjusted EPS



Capital Management

Cumulative
Free Cash Flow²

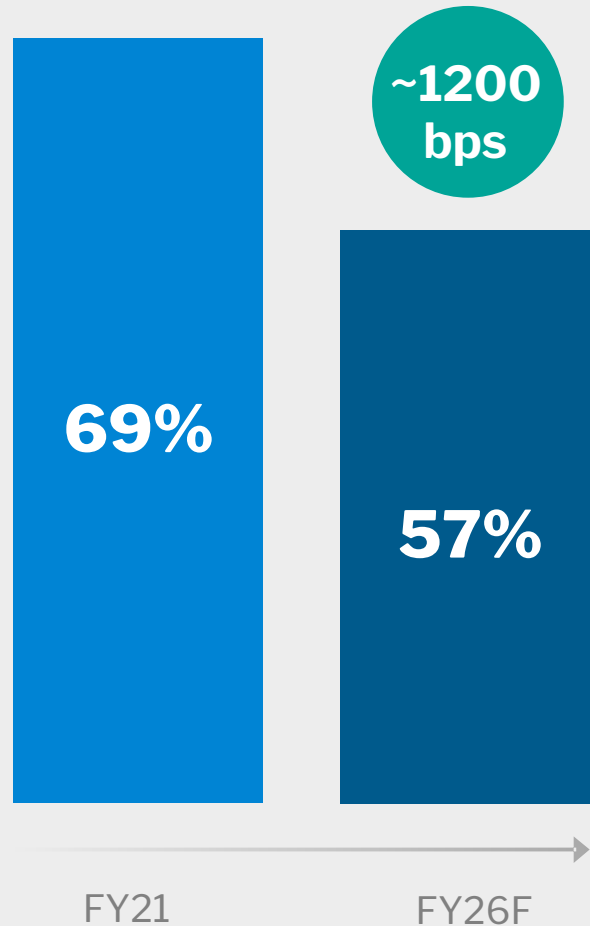


Free Cash
Flow Returned
to Shareholders³



Delivering Operating Expense Leverage

Operating Expense Leverage¹

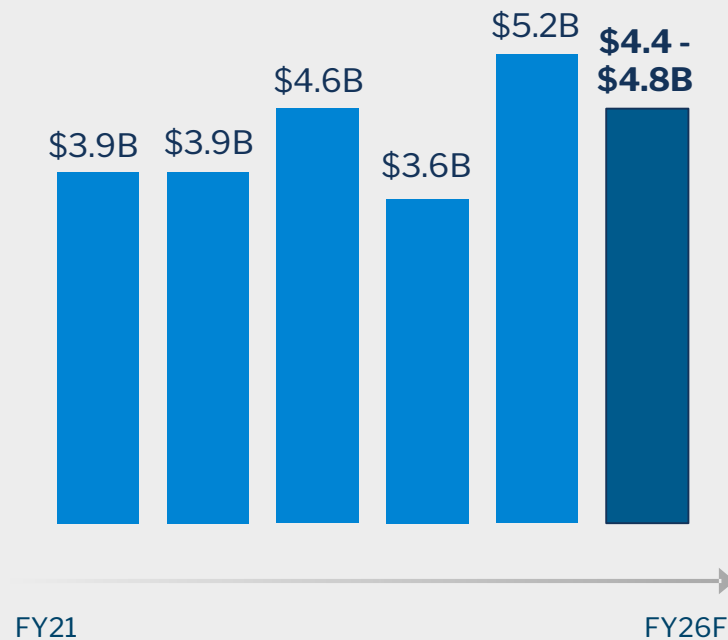


Operating Leverage Tactics

- ✓ Operational Excellence
- ✓ Highly Automated Distribution Network
- ✓ Strategic Sourcing and Supply Initiatives
- ✓ Modernizing & Accelerating Technology Portfolio
- ✓ Lean and Efficient Centers of Excellence

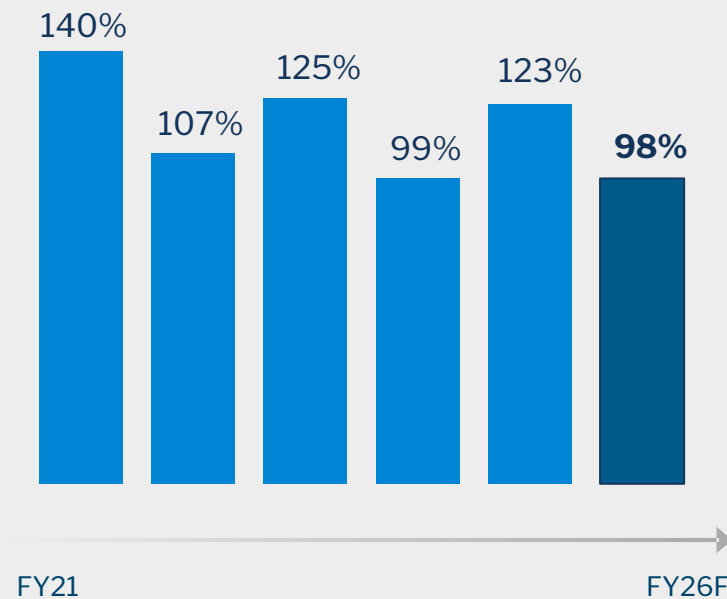
Strong Free Cash Flow Provides Financial Flexibility

Free Cash Flow¹



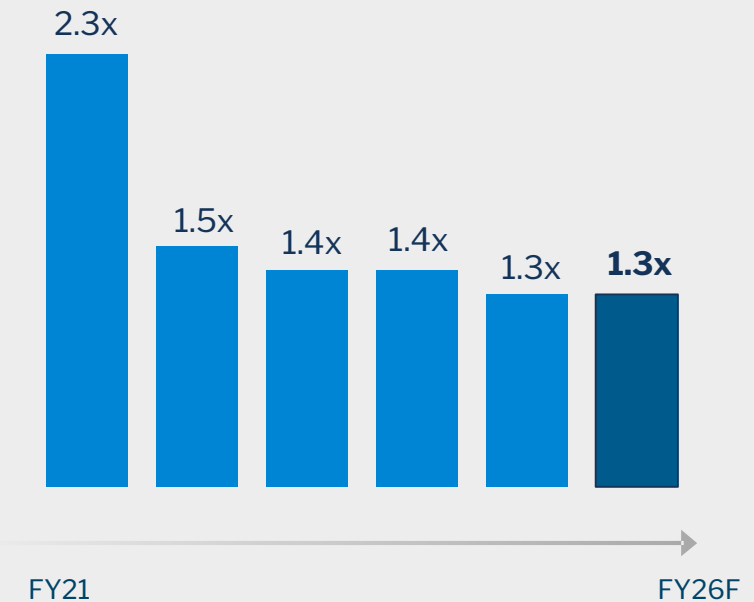
- Solid operating performance
- Working capital efficiency
- Disciplined capital investment

Free Cash Flow Conversion¹



- Cash flow discipline drives competitive FCF conversion

Leverage²



- Robust balance sheet
- Ample liquidity
- Strong credit profile and ratings

Clear & Consistent Capital Allocation Strategy

Maximizing ROIC and Delivering Sustainable Shareholder Value

McKESSON

(FY21 to FY26F)¹



Operational Execution



Free Cash Flow

~\$26B



Growth

Organic Initiatives

\$4.2B

Strategic M&A²

\$6.3B



**Return Capital
to Shareholders**

Dividends

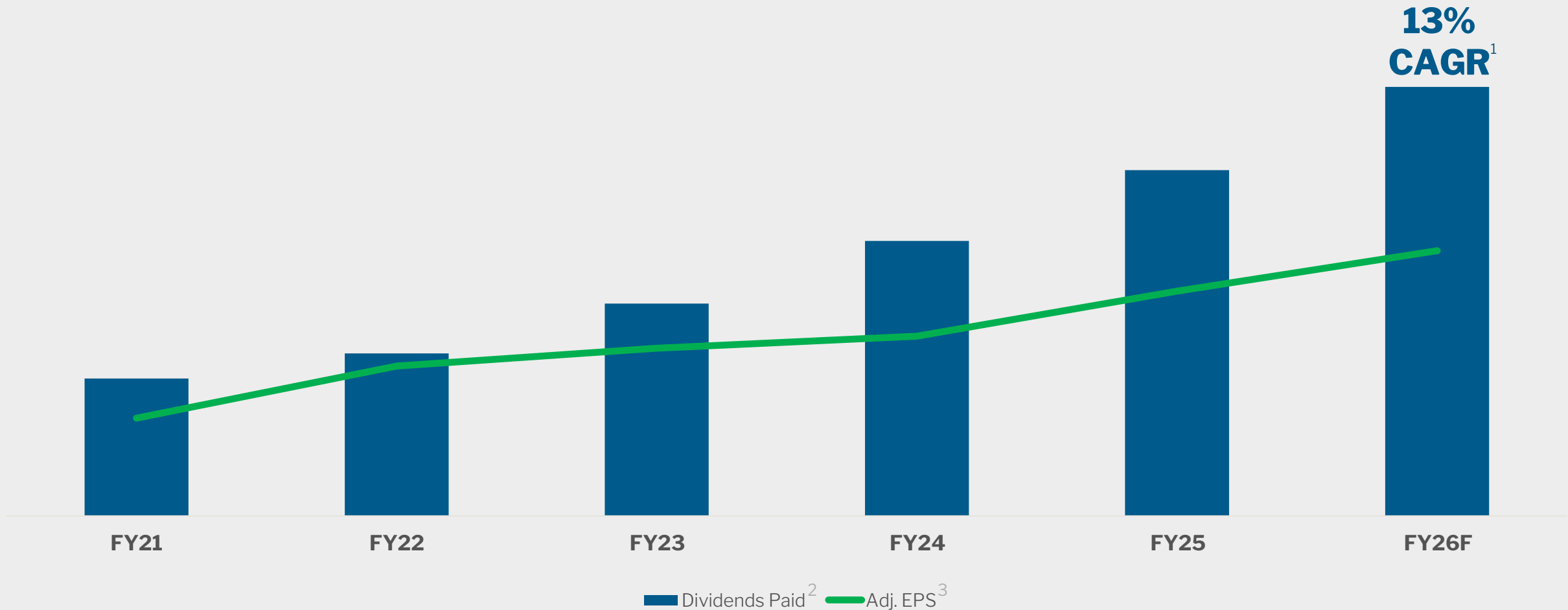
\$1.9B

Share Repurchases

\$16.6B

Optimized and Resilient Balance Sheet and Capital Structure

Reliable and Consistently Growing Dividend



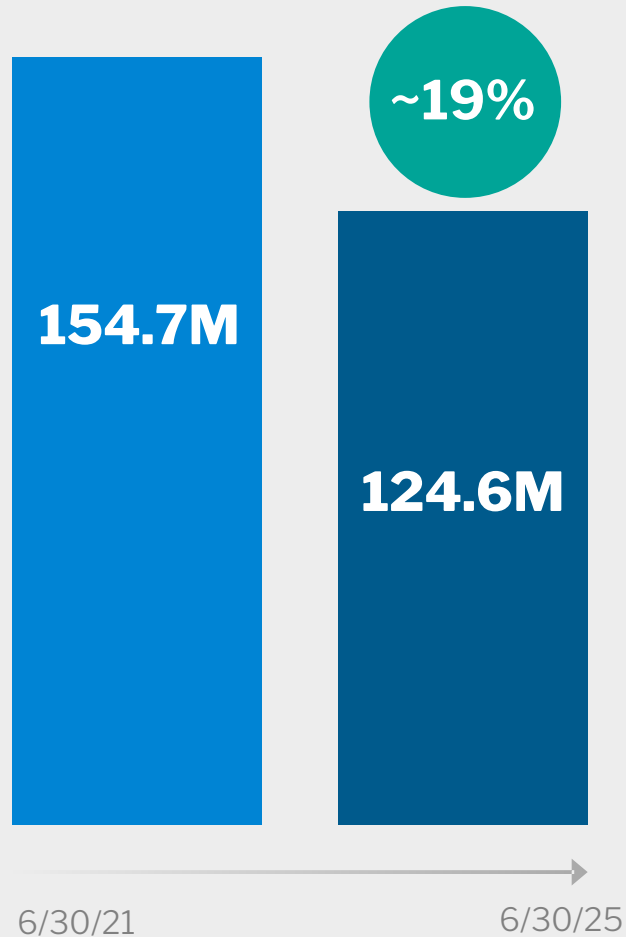
**13%
CAGR¹**

Consistent Return of Capital to Shareholders

Share Repurchase Program

MCKESSON

Weighted Average Shares¹



Shares Repurchased
FY21 to FY26F

~\$17B

**Weighted Average
Repurchase Price²**

\$373.83

Compound Annual Return³

~40%



Agenda

- Overview of New Segmentation
- Updated Fiscal 2026 Guidance
- Outstanding Track Record
- Long-term Financial Outlook

Shareholder Value Creation Framework

Organic Growth
+
Operating Leverage
+
Free Cash Flow
+
Capital Allocation
Aligned to Strategy
=

**Sustainable Adjusted
EPS and ROIC growth**

- Revenue growth at or above market
- Disciplined tactics driving **margin efficiency**
- **Modernizing and accelerating** the enterprise with innovation and technology solutions
- Delivering **operating leverage** leading to increased returns
- **Disciplined capital allocation** leveraging our stable cash flow to **create value** for shareholders

Updating Long-Term Financial Growth Targets



Key Takeaways

McKESSON



- Differentiated growth pillars in oncology, multispecialty, and biopharma services
- Disciplined portfolio management aligned to strategy
- Advancing and modernizing enterprise
- Delivering shareholder value creation
- Consistent execution and performance lead to compelling investment thesis

— **Supplemental Information**

Acronym	Defined Term
AI	Artificial intelligence
AOP	Adjusted Operating Profit
B	Billion
BPS	Basis points
CAD	Canadian dollar
CAGR	Compound annual growth rate
CDC	Center for Disease Control and Prevention
DC	Distribution center
EBITDA	Earnings before Interest, Taxes, Depreciation, and Amortization
EHR	Electronic health record
EOM	Enhancing Oncology Model
EPS	Earnings per share
ERP	Enterprise Resource Planning
FCF	Free Cash Flow

Acronym	Defined Term
FDA	Food and Drug Administration
FY	Fiscal year
GPO	Group purchasing organization
M	Million
M&A	Mergers and acquisitions
MSO	Management Services Organization
OCM	Oncology Care Model
PBM	Pharmacy Benefit Manager
PSAO	Pharmacy Services Administration Organizations
ROIC	Return on invested capital
Rx	Prescription
RxTS	Prescription Technology Solutions
SCRI	Sarah Cannon Research Institute

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

Slide 8 – Execution Delivering Earnings Growth & Value Creation

1. CAGRs are from Fiscal 2021 to Fiscal 2026 guidance midpoint.

Slide 13 – Oncology Leads Drug Investment and Innovation

1. Source: Evaluate Pharma. Drug Spend by Therapeutic Category based on estimated calendar year 2025 drug spend.

Slide 24 – Transforming our Portfolio to Accelerate Growth

1. Represents equity investment in Change Healthcare.
2. Includes Norway. Entered into a definitive agreement to sell retail and distribution businesses in Norway on August 4, 2025. Transaction is subject to customary closing conditions, including receipt of required regulatory approvals.
3. CAGRs are from Fiscal 2020 to Fiscal 2026 guidance midpoint.
4. Represents updated guidance as of September 23, 2025.
5. Return on Invested Capital (ROIC) is calculated as annual after-tax adjusted operating income divided by invested capital.
6. Represents Adjusted Leverage Ratio (Non-GAAP). See Supplemental Non-GAAP Financial Information for details.

Slide 26 – Market Leaders with Distinct Value

1. NewCo financials represent Fiscal 2025 actuals for Medical-Surgical Solutions segment. RemainCo financials represent Fiscal 2025 McKesson Corporation consolidated results excluding Medical-Surgical Solutions segment.

Slide 33 – Stable and Growing Market

1. Source: Market Prognosis 2025-2029, USA, IQVIA.

Slide 34 – Specialty Growth Acceleration

1. Source: Understanding the Use of Medicines in the U.S. 2025, IQVIA.

Slide 37 – Vibrant and Diversified Customer Base

1. Source: J.D. Power 2025 U.S. Pharmacy Study.

Slide 40 – Sourcing Leadership with ClarusONE

1. Source: Market Prognosis 2025-2029, USA, IQVIA.

Slide 45 – Canadian Market Exhibiting Strong Growth

1. Source: Canada's Pharmaceutical Market Outlook for 2025 and Beyond, IQVIA.

Slide 55 – Community Oncology Market Growth

1. Total Addressable Market is McKesson estimates based on market data from IQVIA and represents market size specific to community oncology and specialty.

Slide 56 – Oncology Market is Large, Growing & Increasingly Complex

1. Statistic from American Cancer Society.
2. Statistic from National Cancer Institute.
3. Source: Global Oncology Trends 2025, IQVIA.
4. Source: Understanding the Use of Medicines in the U.S. 2025, IQVIA.

Slide 66 – Innovative Biopharma Companies Continue to Meet Healthcare Needs of Patients

1. Source: The Global Use of Medicines Outlook Through 2029, IQVIA.
2. Source: Global Trends in R&D 2025, IQVIA.
3. Source: Understanding the Use of Medicines in the U.S. 2025, IQVIA.

Slide 83 – Accelerating Specialty Growth

1. Reflects distribution of specialty products within full line wholesale, and specialty distribution business within the North American Pharmaceutical segment and the Oncology & Multispecialty segment.
2. Reflects contribution from specialty distribution business within the North American Pharmaceutical segment and the Oncology & Multispecialty segment.

Slide 89 – Delivering Consistent & Exceptional Earnings Growth

1. CAGRs are from Fiscal 2021 to Fiscal 2026 guidance midpoint.

Slide 90 – Superior Long-Term Performance

1. Stock price from September 17, 2020 to September 17, 2025.

Slide 91 – Successful Execution of Our Framework

1. CAGRs are from Fiscal 2021 to Fiscal 2026 guidance midpoint.
2. Represents a Non-GAAP financial measure. See Supplemental Non-GAAP Financial Information for details.
3. Represents cash returned to shareholders via dividends and share repurchases.

Slide 92 – Delivering Operating Expense Leverage

1. Represents Adjusted Operating Expenses (Non-GAAP) divided by Adjusted Gross Profit (Non-GAAP). See Supplemental Non-GAAP Financial Information for details.

Slide 93 – Strong Free Cash Flow Provides Financial Flexibility

1. Represents a Non-GAAP financial measure. See Supplemental Non-GAAP Financial Information for details.
2. Represents Adjusted Leverage Ratio (Non-GAAP). See Supplemental Non-GAAP Financial Information for details.

Slide 94 – Clear & Consistent Capital Allocation Strategy

1. Represents financial metrics from Fiscal 2021 actuals to Fiscal 2026 estimates.
2. Includes acquisitions, divestitures, and activities in the practice management business.

Slide 95 – Reliable and Consistently Growing Dividend

1. CAGRs are from Fiscal 2021 to Fiscal 2026 guidance midpoint.
2. Dividends paid to shareholders within fiscal year.
3. Represents a Non-GAAP financial measure. See Supplemental Non-GAAP Financial Information for details.

Slide 96 – Consistent Return of Capital to Shareholders

1. Shares Outstanding.
2. Weighted Average Repurchase Price during the time period of June 30, 2021 to June 30, 2025.
3. Compound annual return represents share price return from June 30, 2021 to June 30, 2025.

Slide 99 – Updating Long-Term Financial Growth Targets

1. Adjusted EPS Growth Target excludes gains or losses associated with McKesson Venture's portfolio investments.

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2025, 2024, 2023, 2022, 2021, and 2020

McKESSON

McKESSON CORPORATION
RECONCILIATION OF FREE CASH FLOW (NON-GAAP) AND FREE CASH FLOW CONVERSION (NON-GAAP)
(Unaudited)
(in millions)

	2025	2024	2023	2022	2021	2020
GAAP CASH FLOW CATEGORIES						
Net cash provided by operating activities	\$ 6,085	\$ 4,314	\$ 5,159	\$ 4,434	\$ 4,542	\$ 4,374
Net cash used in investing activities	(733)	(1,072)	(542)	(89)	(415)	(579)
Net cash used in financing activities	(3,965)	(3,342)	(4,368)	(6,321)	(1,693)	(2,734)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(16)	6	25	55	(61)	(19)
Change in cash, cash equivalents, and restricted cash classified as Assets held for sale	-	-	470	(540)	-	-
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 1,371	\$ (94)	\$ 744	\$ (2,461)	\$ 2,373	\$ 1,042
FREE CASH FLOW (NON-GAAP)						
Net cash provided by operating activities	\$ 6,085	\$ 4,314	\$ 5,159	\$ 4,434	\$ 4,542	\$ 4,374
Payments for property, plant, and equipment	(537)	(431)	(390)	(388)	(451)	(362)
Capitalized software expenditures	(322)	(256)	(168)	(147)	(190)	(144)
Free Cash Flow (Non-GAAP)	\$ 5,226	\$ 3,627	\$ 4,601	\$ 3,899	\$ 3,901	\$ 3,868
FREE CASH FLOW CONVERSION (NON-GAAP)						
Adjusted Earnings (Non-GAAP)	\$ 4,234	\$ 3,679	\$ 3,689	\$ 3,652	\$ 2,788	\$ 2,716
Free Cash Flow (Non-GAAP)	5,226	3,627	4,601	3,899	3,901	3,868
Free Cash Flow Conversion (Non-GAAP)	123%	99%	125%	107%	140%	142%

For more information relating to the Free Cash Flow (Non-GAAP), Free Cash Flow Conversion (Non-GAAP), and Adjusted Earnings (Non-GAAP) definitions, refer to the section entitled “Supplemental Non-GAAP Financial Information” of this presentation.

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2025, 2024, 2023, 2022, 2021, and 2020

McKESSON

McKESSON CORPORATION RECONCILIATION TO ADJUSTED LEVERAGE RATIO (NON-GAAP) (Unaudited) (in millions)

	2025	2024	2023	2022	2021	2020
Net income (loss) (GAAP)	\$ 3,481	\$ 3,160	\$ 3,722	\$ 1,287	\$ (4,340)	\$ 1,120
Depreciation (GAAP)	242	253	248	279	321	321
Amortization (GAAP)	394	382	360	481	566	601
Loss on debt extinguishment (GAAP)	-	-	-	191	-	-
Interest expense (GAAP)	265	252	248	178	217	249
Income tax expense (benefit) (GAAP)	878	629	905	636	(695)	18
EBITDA (Non-GAAP)	\$ 5,260	\$ 4,676	\$ 5,483	\$ 3,052	\$ (3,931)	\$ 2,309
Non-GAAP Adjustments ^(a):						
Transaction-related expenses and adjustments	740	(12)	(132)	1,577	106	303
LIFO inventory-related adjustments	82	(157)	1	(23)	(38)	(252)
Gains from anti-trust legal settlements	(444)	(244)	(129)	(46)	(181)	(22)
Restructuring, impairment, and related charges, net	344	115	209	281	337	264
Claims and litigation charges, net	108	147	(8)	274	7,936	82
Other adjustments, net	(62)	762	(70)	156	124	1,351
Total Non-GAAP Adjustments	\$ 768	\$ 611	\$ (129)	\$ 2,219	\$ 8,284	\$ 1,727
Net income attributable to noncontrolling interests (GAAP)	(186)	(158)	(162)	(173)	(199)	(220)
Net income attributable to noncontrolling interests effect on pre-tax adjustments ^(a)	(6)	(7)	(3)	-	(4)	-
Adjusted EBITDA (Non-GAAP)	<u>\$ 5,836</u>	<u>\$ 5,122</u>	<u>\$ 5,189</u>	<u>\$ 5,098</u>	<u>\$ 4,150</u>	<u>\$ 3,816</u>
Debt and Lease Liabilities						
Current portion of long-term debt	1,191	50	968	799	742	1,052
Long-term debt	4,463	5,579	4,626	5,080	6,406	6,335
Current portion of operating lease liabilities	258	295	299	297	390	354
Operating Lease Liabilities	1,478	1,466	1,402	1,366	1,867	1,660
Total Debt and Lease Liabilities	<u>\$ 7,390</u>	<u>\$ 7,390</u>	<u>\$ 7,295</u>	<u>\$ 7,542</u>	<u>\$ 9,405</u>	<u>\$ 9,400</u>
Adjusted Leverage Ratio (Non-GAAP)	1.3	1.4	1.4	1.5	2.3	2.5

a) Refer to our applicable filings with the SEC for footnote disclosures included in our Earnings Release on Form 8-K filed on May 8th, 2025, May 7th, 2024, May 8th, 2023, May 5th, 2022, May 6th, 2021., May 20th, 2020.

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2025

McKESSON

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

	McKesson Corporation			Medical-Surgical Solutions			McKesson Corporation (RemainCo) ^(b)		
	As reported (GAAP)	Adjustments ^(a)	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments ^(a)	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments ^(a)	As adjusted (Non-GAAP)
Income from continuing operations before interest									
expense and income taxes	\$ 4,624	\$ 994	\$ 5,618	\$ 779	\$ 243	\$ 1,022	\$ 3,845	\$ 751	\$ 4,596
Depreciation	242	-	242	52	-	52	190	-	190
Amortization	394	(226)	168	39	(23)	16	355	(203)	153
EBITDA (Non-GAAP)	\$ 5,260	\$ 768	\$ 6,028	\$ 870	\$ 220	\$ 1,090	\$ 4,390	\$ 548	\$ 4,938
Net income attributable to noncontrolling interests	(186)	(6)	(192)	-	-	-	(186)	(6)	(192)
Adjusted EBITDA Excluding Noncontrolling Interests (Non-GAAP)	\$ 5,074	\$ 762	\$ 5,836	\$ 870	\$ 220	\$ 1,090	\$ 4,204	\$ 542	\$ 4,747

a) Refer to our applicable filings with the SEC for footnote disclosures included in our Form 8-K filed on September 18th, 2025.

b) RemainCo financials represent McKesson Corporation consolidated results excluding Medical-Surgical Solutions.

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2025, 2024, 2023, 2022, 2021, and 2020

McKESSON

McKESSON CORPORATION RECONCILIATION OF GAAP EPS TO ADJUSTED EPS (NON-GAAP) (Unaudited) (\$ in millions, except per share amounts)

	2025	2024	2023	2022	2021	2020
Income (loss) from continuing operations (GAAP)	\$ 3,481	\$ 3,160	\$ 3,725	\$ 1,292	\$ (4,339)	\$ 1,126
Net income attributable to noncontrolling interests (GAAP)	(186)	(158)	(162)	(173)	(199)	(220)
Income (loss) from continuing operations attributable to McKesson Corporation (GAAP)	\$ 3,295	\$ 3,002	\$ 3,563	\$ 1,119	\$ (4,538)	\$ 906
Pre-tax adjustments ^(c) :						
Amortization of acquisition-related intangibles	226	249	236	333	423	730
Transaction-related expenses and adjustments	761	10	(123)	1,577	106	303
LIFO inventory-related adjustments	82	(157)	1	(23)	(38)	(252)
Gains from antitrust legal settlements	(444)	(244)	(129)	(46)	(181)	(22)
Restructuring, impairment, and related charges, net	344	115	209	281	337	264
Claims and litigation charges, net	108	147	(8)	274	7,936	82
Other adjustments, net	(62)	762	(70)	347	124	1,351
Income tax effect on pre-tax adjustments	(70)	(198)	13	(210)	(1,377)	(646)
Net income attributable to noncontrolling interests effect on pre-tax adjustments	(6)	(7)	(3)	-	(4)	-
Adjusted Earnings (Non-GAAP)	\$ 4,234	\$ 3,679	\$ 3,689	\$ 3,652	\$ 2,788	\$ 2,716
Diluted weighted-average common shares outstanding	128.1	134.1	142.2	154.1	162.0	181.6
Earnings per diluted common share from continuing operations attributable to McKesson Corporation (GAAP) ^{(a) (c)}	\$ 25.72	\$ 22.39	\$ 25.05	\$ 7.26	\$ (28.26)	\$ 4.99
After-tax adjustments ^(c) :						
Amortization of acquisition-related intangibles	1.29	1.42	1.29	1.69	2.02	3.06
Transaction-related expenses and adjustments	5.81	0.15	(0.52)	10.40	0.62	0.98
LIFO inventory-related adjustments	0.47	(0.86)	0.01	(0.11)	(0.17)	(1.03)
Gains from antitrust legal settlements	(2.57)	(1.35)	(0.67)	(0.22)	(0.83)	(0.09)
Restructuring, impairment, and related charges, net	1.98	0.66	1.13	1.46	1.71	1.16
Claims and litigation charges, net	0.62	0.82	0.02	1.54	41.22	0.33
Other adjustments, net	(0.27)	4.21	(0.37)	1.67	0.66	5.55
Adjusted Earnings per Diluted Share (Non-GAAP) ^(b)	\$ 33.05	\$ 27.44	\$ 25.94	\$ 23.69	\$ 17.21	\$ 14.95

Refer to slide 111 for all footnote references

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2025, 2024, 2023, 2022, 2021, and 2020

McKESSON

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

	2025	2024	2023	2022	2021	2020
Gross profit (GAAP)	\$ 13,323	\$ 12,828	\$ 12,358	\$ 13,130	\$ 12,148	\$ 12,023
Pre-tax adjustments ^(c) :						
Transaction-related expenses and adjustments	-	-	-	-	-	1
LIFO inventory-related adjustments	82	(157)	1	(23)	(38)	(252)
Gains from antitrust legal settlements	(444)	(244)	(129)	(46)	(181)	(22)
Restructuring, impairment, and related charges, net	58	-	-	-	3	(4)
Other adjustments, net	17	-	-	147	-	-
Adjusted Gross Profit (Non-GAAP)	<u>\$ 13,036</u>	<u>\$ 12,427</u>	<u>\$ 12,230</u>	<u>\$ 13,208</u>	<u>\$ 11,932</u>	<u>\$ 11,746</u>
Total operating expenses (GAAP)	\$ (8,901)	\$ (8,919)	\$ (7,977)	\$ (11,092)	\$ (17,188)	\$ (9,534)
Pre-tax adjustments ^(c) :						
Amortization of acquisition-related intangibles	226	249	236	332	422	462
Transaction-related expenses and adjustments	741	(12)	10	1,619	105	372
Restructuring, impairment, and related charges, net	286	115	209	281	334	268
Claims and litigation charges, net	108	147	(8)	274	7,936	82
Other adjustments, net	(209)	762	26	9	124	55
Adjusted Operating Expenses (Non-GAAP)	<u>\$ (7,749)</u>	<u>\$ (7,658)</u>	<u>\$ (7,504)</u>	<u>\$ (8,577)</u>	<u>\$ (8,267)</u>	<u>\$ (8,295)</u>
Operating Expense Leverage	59%	62%	61%	65%	69%	71%
Other income, net (GAAP)	\$ 202	\$ 132	\$ 497	\$ 259	\$ 223	\$ 12
Pre-tax adjustments ^(c) :						
Amortization of acquisition-related intangibles	-	-	-	1	1	1
Transaction-related expenses and adjustments	(1)	-	(142)	(42)	1	5
Other adjustments, net	130	-	(96)	-	0	127
Adjusted Other Income (Non-GAAP)	<u>\$ 331</u>	<u>\$ 132</u>	<u>\$ 259</u>	<u>\$ 218</u>	<u>\$ 225</u>	<u>\$ 145</u>

Refer to slide 111 for all footnote references

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2025, 2024, 2023, 2022, 2021, and 2020

McKESSON

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

	2025	2024	2023	2022	2021	2020
Income tax benefit (expense) (GAAP)	\$ (878)	\$ (629)	\$ (905)	\$ (636)	\$ 695	\$ (18)
Tax adjustments ^(c) :						
Amortization of acquisition-related intangibles	(55)	(53)	(51)	(72)	(95)	(175)
Transaction-related expenses and adjustments	(16)	12	51	26	(6)	(125)
LIFO inventory-related adjustments	(22)	41	-	6	10	66
Gains from antitrust legal settlements	115	63	34	12	47	6
Restructuring, impairment, and related charges, net	(90)	(27)	(49)	(56)	(60)	(52)
Claims and litigation charges, net	(28)	(37)	11	(37)	(1,259)	(21)
Other adjustments, net	26	(197)	17	(89)	(14)	(345)
Adjusted Income Tax Expense (Non-GAAP)	\$ (948)	\$ (827)	\$ (892)	\$ (846)	\$ (682)	\$ (664)

a) Certain computations may reflect rounding adjustments.

b) We calculate loss per diluted common share from continuing operations attributable to McKesson Corporation (GAAP) for the year ended March 31, 2021 using a weighted average of 160.6 million common shares, which excludes dilutive securities from the denominator due to their antidilutive effect when calculating a net loss per diluted share. We calculate adjusted earnings per diluted share (Non-GAAP) for the year ended March 31, 2021 on a fully diluted basis, using a weighted average of 162.0 million common shares. Because we show the GAAP to Non-GAAP per share reconciling items on a fully diluted basis, any footing differences in those items are due to different weighted average share counts. This methodology results in per share difference of \$0.24 for the year ended March 31, 2021.

c) Refer to our applicable filings with the SEC for footnote disclosures included in our Earnings Release on Form 8-K filed on May 8th, 2025, May 7th, 2024, May 8th, 2023, May 5th, 2022, May 6th, 2021, May 20th, 2020.

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2025, 2024, 2023, 2022, 2021, and 2020

McKESSON

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

	2025	2024	2023	2022	2021	2020
Income (loss) from continuing operations						
before interest expense and income taxes (GAAP)	\$ 4,624	\$ 4,041	\$ 4,878	\$ 2,297	\$ (4,817)	\$ 1,393
Adjustments (Non-GAAP) ^(a)	994	860	107	2,552	8,707	2,456
Adjusted Operating Profit (Loss) (Non-GAAP)	<u>\$ 5,618</u>	<u>\$ 4,901</u>	<u>\$ 4,985</u>	<u>\$ 4,849</u>	<u>\$ 3,890</u>	<u>\$ 3,849</u>

a) Refer to our applicable filings with the SEC for footnote disclosures included in our Earnings Release on Form 8-K filed on May 8th, 2025, May 7th, 2024, May 8th, 2023, May 5th, 2022, May 6th, 2021, and May 20th, 2020.

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2025 and 2024

McKESSON

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

	2025			2024			Change	
	As reported (GAAP)	Adjustments ^(a)	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments ^(a)	As adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)
REVENUES								
North American Pharmaceutical	\$ 304,507	\$ -	\$ 304,507	\$ 261,368	\$ -	\$ 261,368	17 %	17 %
Oncology & Multispecialty	36,862	-	36,862	30,490	-	30,490	21	21
Prescription Technology Solutions	5,216	-	5,216	4,769	-	4,769	9	9
Medical-Surgical Solutions	11,380	-	11,380	11,309	-	11,309	1	1
Other	1,086	-	1,086	1,015	-	1,015	7	7
Revenues	<u>\$ 359,051</u>	<u>\$ -</u>	<u>\$ 359,051</u>	<u>\$ 308,951</u>	<u>\$ -</u>	<u>\$ 308,951</u>	<u>16 %</u>	<u>16 %</u>
OPERATING PROFIT								
North American Pharmaceutical	\$ 2,945	\$ 200	\$ 3,145	\$ 2,338	\$ 503	\$ 2,841	26 %	11 %
Oncology & Multispecialty	767	169	936	707	101	808	8	16
Prescription Technology Solutions	875	86	961	835	2	837	5	15
Medical-Surgical Solutions	779	243	1,022	955	63	1,018	(18)	0
Other	54	(6)	48	57	(12)	45	(5)	7
Subtotal ^(b)	<u>5,420</u>	<u>692</u>	<u>6,112</u>	<u>4,892</u>	<u>657</u>	<u>5,549</u>	<u>11</u>	<u>10</u>
Corporate expenses, net	<u>(796)</u>	<u>302</u>	<u>(494)</u>	<u>(851)</u>	<u>203</u>	<u>(648)</u>	<u>(6)</u>	<u>(24)</u>
Income before interest expense and income taxes	<u>\$ 4,624</u>	<u>\$ 994</u>	<u>\$ 5,618</u>	<u>\$ 4,041</u>	<u>\$ 860</u>	<u>\$ 4,901</u>	<u>14 %</u>	<u>15 %</u>
Operating Profit as a % of Total Segment Operating Profit ^(b)								
North American Pharmaceutical	54%		51%	48%		51%		
Oncology & Multispecialty	14%		15%	14%		15%		
Prescription Technology Solutions	16%		16%	17%		15%		
Medical-Surgical Solutions	14%		17%	20%		18%		
Other	1%		1%	1%		1%		

a) Refer to our applicable filings with the SEC for footnote disclosures included in our Form 8-K filed on September 18th, 2025.

b) Subtotal represents total segment operating profit and does not include Corporate expenses, net.

GAAP to Non-GAAP Reconciliation

Full Year Fiscal 2020

McKESSON

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

	As reported (GAAP)	2020 Adjustments ^(a)	As adjusted (Non-GAAP)
OPERATING PROFIT			
U.S. Pharmaceutical	\$ 2,745	\$ (117)	\$ 2,628
International	(161)	622	461
Medical-Surgical Solutions	499	180	679
Prescription Technology Solutions	396	72	468
Other	(1,113)	1,366	253
Subtotal ^(b)	2,366	2,123	4,489
Corporate expenses, net	(973)	333	(640)
Income (loss) from continuing operations before interest expense and income taxes	\$ 1,393	\$ 2,456	\$ 3,849
Operating Profit as a % of Total Segment			
Operating Profit ^(b)			
U.S. Pharmaceutical	116%		59%
International	(7%)		10%
Medical-Surgical Solutions	21%		15%
Prescription Technology Solutions	17%		10%
Other	(47%)		6%

a) Refer to our applicable filings with the SEC for footnote disclosures included in our Form 8-K filed on May 6th, 2021.

b) Subtotal represents total segment operating profit and does not include Corporate expenses, net.

c) Results reflect legacy reporting.

Supplemental Non-GAAP Financial Information

McKESSON

McKESSON CORPORATION SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

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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.
- **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

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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- **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.
- **EBITDA (Non-GAAP):** We define EBITDA (Non-GAAP) as GAAP net income (loss) before interest expense, income taxes, depreciation, and amortization.
- **Adjusted EBITDA (Non-GAAP):** We define Adjusted EBITDA (Non-GAAP) as GAAP net income (loss) before interest expense, income taxes, depreciation, and amortization, 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, and net income attributable to noncontrolling interests (including the effect on pre-tax adjustments).
- **Adjusted Operating Expense Leverage (Non-GAAP):** We define Adjusted Operating Expense Leverage (Non-GAAP) as Adjusted Operating Expense (Non-GAAP) divided by Adjusted Gross Profit (Non-GAAP).
- **Adjusted Leverage Ratio (Non-GAAP):** We define Adjusted Leverage Ratio (Non-GAAP) as GAAP current portion of long-term debt, long-term debt, current portion of operating lease liabilities, and long-term operating lease liabilities divided by Adjusted EBITDA (Non-GAAP).

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.

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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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 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.
- **Free Cash Flow Conversion (Non-GAAP):** We define Free Cash Flow Conversion (Non-GAAP) as Free Cash Flow (Non-GAAP) divided by Adjusted Earnings (Non-GAAP).

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 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.

The Company does not provide forward-looking guidance on a GAAP basis as McKesson is unable to provide a quantitative reconciliation of this forward-looking Non-GAAP measure to the most directly comparable forward-looking GAAP measure, without unreasonable effort, because McKesson cannot reliably 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 inherently 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.