

McKesson Corporation

Fiscal 2024 Financial Results Fiscal 2025 Outlook

May 7, 2024

Cautionary Statements

Cautionary Statements

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

These risk factors include, but are not limited to: we experience costly and disruptive legal disputes and settlements, including regarding our role in distributing controlled substances such as opioids; we might experience losses not covered by insurance or indemnification; we are subject to frequently changing, extensive, complex, and challenging healthcare and other laws; we from time to time record significant charges from impairment to goodwill, intangibles, and other long-lived assets; we experience cybersecurity incidents that might significantly compromise our technology systems or might result in material data breaches; we may be unsuccessful in achieving our strategic growth objectives; we 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 limitations that could impede the growth of our data services business; we might be adversely impacted by healthcare reform such as changes in pricing and reimbursement models; we might be adversely impacted by competition and industry consolidation; we are adversely impacted by changes or disruptions in product supply and have had difficulties in sourcing or selling products due to a variety of causes; we might be adversely impacted as a result of our distribution of generic pharmaceuticals; we might be adversely impacted by changes in the economic environments in which we operate; changes affecting capital and credit markets might impede access to credit, increase borrowing costs, and disrupt banking services for us and our customers and suppliers and might impair the financial soundness of our customers and suppliers; we might be adversely impacted by changes in tax legislation or challenges to our tax positions; we might be adversely impacted by events outside of our control, such as widespread public health issues, natural disasters, political events and other catastrophic events; we may be adversely affected by global climate change or by legal, regulatory, or market responses to such change; and governance issues and regulations, including those related to social issues, climate change, and sustainability, and stakeholder response thereto 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.

Our Company Priorities

Focus on People and Culture



Commitment to investing in talent

Best place to work

Sustainable Core Growth



Scaled and **durable** distribution capabilities

Leading pharmaceutical and medical supply distribution networks

Expand Oncology and Biopharma Platforms



Differentiated assets and capabilities in community oncology

Leadership in access, affordability, and adherence solutions

Evolve and Grow the Portfolio



Digital enablement and AI

Technology modernization and process simplification

Fourth Quarter Fiscal 2024 Results

Differentiated portfolio creates competitive advantage and delivers sustainable returns

Business Summary

- Fiscal 2024 revenues of **\$309.0 billion** increased 12%
- Earnings per diluted share from continuing operations of \$22.39 decreased \$2.66
- Adjusted Earnings per Diluted Share of **\$27.44** increased 6%
- Cash flow from operations of **\$4.3 billion** and Free Cash Flow of **\$3.6 billion**

Company Updates

- Continued to advance and expand oncology and biopharma services platforms
 - The US Oncology Network grew to approximately **2,600** providers
 - In 2023, McKesson's **CoverMyMeds** business:
 - ✓ Helped patients save more than **\$8.8 billion** on brand and specialty medications
 - ✓ Helped to prevent **10.7 million** prescriptions from being abandoned due to affordability challenges
 - ✓ Helped patients access their medicine more than **94 million** times
- Launched a pilot initiative aimed at advancing health equity in underserved communities. Avondale, Ohio was selected as the first activation site to support access to essential pharmacy services and help tackle healthcare disparities
- Received three awards and recognitions
 - Named by Fortune as one of America's Most Innovative Companies
 - Recognized by Newsweek as one of America's Greatest Workplaces for Women in 2024
 - Recognized by DiversityComm Media as a 2024 Best of the Best Top Women Employer

Consolidated adjusted financial information

Q4 and Full Year Fiscal 2024 Results

Adjusted Results (\$ and shares in millions, except per share amounts)	Q4 FY 24	YoY Change	Full Year FY 24	YoY Change
GAAP Revenues	\$ 76,355	11 %	\$ 308,951	12 %
Gross Profit	\$ 3,315	7 %	\$ 12,427	2 %
Operating Expenses	\$ (2,087)	11 %	\$ (7,658)	2 %
Operating Profit	\$ 1,262	— %	\$ 4,901	(2) %
Interest Expense	\$ (75)	7 %	\$ (230)	(4) %
Income Tax Expense	\$ (334)	117 %	\$ (827)	(7) %
Net Income Attributable to Noncontrolling Interests ¹	\$ (40)	(5) %	\$ (165)	— %
Earnings	\$ 813	(18) %	\$ 3,679	— %
Earnings per Diluted Share	\$ 6.18	(14) %	\$ 27.44	6 %
GAAP Diluted weighted-average common shares	131.6	(5) %	134.1	(6) %

See endnotes for details

U.S. Pharmaceutical

Q4 and Full Year Fiscal 2024 Results

Results (\$ in millions)	Q4 FY 24	YoY Change	Full Year FY 24	YoY Change
U.S. Pharmaceutical				
Revenues	\$ 68,790	12 %	\$ 278,739	16 %
Adjusted Segment Operating Profit	\$ 901	5 %	\$ 3,315	7 %
Adjusted Segment Operating Profit Margin	1.31 %	(9) bp	1.19 %	(10) bp

Q4 revenue growth driven by increased prescription volumes, including higher volumes from specialty products, retail national account customers, and GLP-1 medications

Q4 Adjusted Segment Operating Profit increase driven by growth in the distribution of specialty products to providers and health systems and increased contributions from our generics program

Prescription Technology Solutions

Q4 and Full Year Fiscal 2024 Results

Results (\$ in millions)	Q4 FY 24	YoY Change	Full Year FY 24	YoY Change
<u>Prescription Technology Solutions</u>				
Revenues	\$ 1,180	— %	\$ 4,769	9 %
Adjusted Segment Operating Profit	\$ 212	(3) %	\$ 837	23 %
Adjusted Segment Operating Profit Margin	17.97 %	(47) bp	17.55 %	207 bp

Q4 revenue flat to the prior year driven by growth in the technology services business, offset by lower contributions from the third-party logistics business

Q4 Adjusted Segment Operating Profit decrease driven by higher costs and investments to support ongoing growth across the biopharma services platform

Medical-Surgical Solutions

Q4 and Full Year Fiscal 2024 Results

Results (\$ in millions)	Q4 FY 24	YoY Change	Full Year FY 24	YoY Change
Medical-Surgical Solutions				
Revenues	\$ 2,837	6 %	\$ 11,313	2 %
Adjusted Segment Operating Profit	\$ 248	— %	\$ 1,019	(12) %
Adjusted Segment Operating Profit Margin	8.74 %	(48) bp	9.01 %	(142) bp

Q4 revenue increase driven by growth in the primary and extended care businesses, including higher volumes of illness season testing, partially offset by lower contribution from kitting, storage, and distribution of ancillary supplies for the U.S. government's COVID-19 vaccine program

Q4 Adjusted Segment Operating Profit flat to the prior year driven by lower contribution from kitting, storage, and distribution of ancillary supplies for the U.S. government's COVID-19 vaccine program, offset by growth in the primary and extended care businesses, including higher volumes of illness season testing. Excluding the impact of COVID-19 related items from fiscal 2023, the Medical-Surgical Solutions segment delivered Adjusted Segment Operating Profit growth of 14%

International

Q4 and Full Year Fiscal 2024 Results

Results (\$ in millions)	Q4 FY 24	YoY Change	Full Year FY 24	YoY Change
International				
Revenues	\$ 3,548	6 %	\$ 14,130	(31) %
Adjusted Segment Operating Profit	\$ 94	18 %	\$ 378	(24) %
Adjusted Segment Operating Profit Margin	2.65 %	27 bp	2.68 %	26 bp

Q4 revenue and **Adjusted Segment Operating Profit** increase driven by higher pharmaceutical distribution volumes in the Canadian business

Corporate

Q4 and Full Year Fiscal 2024 Results

Results (\$ in millions)	Q4 FY 24	YoY Change	Full Year FY 24	YoY Change
Corporate				
Adjusted Corporate Expenses	\$ (193)	30 %	\$ (648)	42 %

Q4 Adjusted Corporate Expenses increase driven by an environmental reserve and higher technology infrastructure and compliance spend

Cash

(\$ in millions)

YTD Cash Balance Walk

Balance at March 31, 2023¹	\$	4,679
Operating cash flow		4,314
Capital expenditures		(687)
Free Cash Flow		3,627
Other investing cash flows		(385)
Share repurchases		(3,025)
Dividends paid		(314)
Other financing cash flows and FX		3
Net decrease in cash		(94)
Balance at March 31, 2024¹	\$	4,585
Less: Restricted cash		(2)
Cash and cash equivalents at March 31, 2024	\$	4,583

Cash Dynamics

Free Cash Flow of **\$3.6 billion**

Returned **\$3.3 billion** of cash to shareholders year-to-date

- Repurchased **\$3.0 billion** of shares
- Paid **\$314 million** in dividends

Remaining share repurchase authorization of **\$6.6 billion as of March 31, 2024**

See endnotes for details

Fiscal 2025 Outlook

On the following slides, McKesson presents an overview of its fiscal 2025 Outlook and assumptions. The Company does not provide forward-looking guidance on a GAAP basis as McKesson is unable to provide a quantitative reconciliation of forward-looking Non-GAAP measures to the most directly comparable forward-looking GAAP measure, without unreasonable effort. McKesson cannot reasonably forecast LIFO inventory-related adjustments, certain litigation loss and gain contingencies, restructuring, impairment and related charges, and other adjustments, which are difficult to predict and estimate. These items are generally uncertain and depend on various factors, many of which are beyond the company's control, and as such, any associated estimate and its impact on GAAP performance could vary materially.

Fiscal 2025 Adjusted EPS outlook

Exceeding long-term targets

\$31.25 to \$32.05

Strong Business Performance

Fiscal 2025 Adjusted Operating Profit growth of 9% to 14% compared to the prior year

Fiscal 2025 Adjusted Earnings per Diluted Share guidance range indicates 14% to 17% growth compared to the prior year

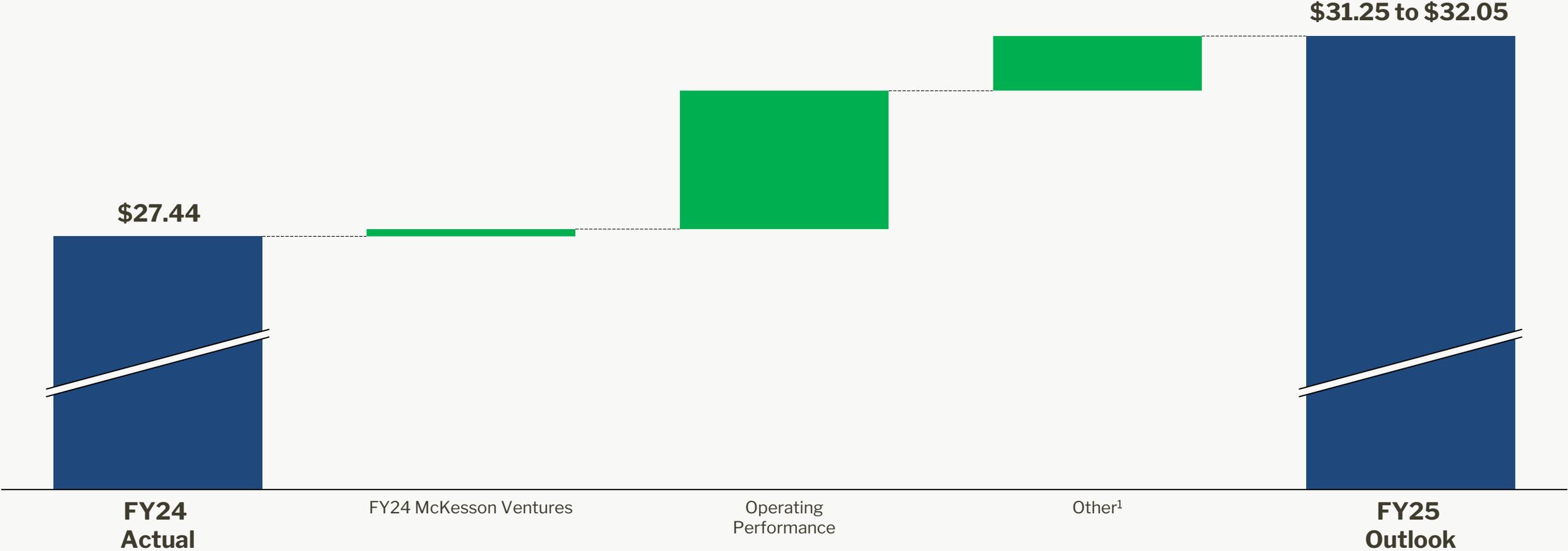
Capital Deployment

Anticipate approximately \$2.8 billion in share repurchases in Fiscal 2025

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

Strong investment grade credit rating with stable outlook

Fiscal 2025 Adjusted EPS outlook



See endnotes for details

Fiscal 2025 adjusted outlook

Consolidated metrics

Metric	Fiscal 2025 Outlook	Fiscal 2024 Actual
Earnings per Diluted Share	\$31.25 to \$32.05	\$27.44
GAAP Revenues	15% to 17% growth	12% growth
Operating Profit	9% to 14% growth	2% decline
Corporate Expenses	\$580 to \$640 million	\$648 million
Interest Expense	\$220 to \$240 million	\$230 million
Income Attributable to Noncontrolling Interests ¹	\$140 to \$160 million	\$165 million
Effective Tax Rate	18% to 20%	17.7%
Free Cash Flow	\$4.8 to \$5.2 billion	\$3.6 billion
Share repurchases	Approximately \$2.8 billion	\$3.0 billion
GAAP Diluted weighted average common shares	128 to 130 million	134.1 million

See endnotes for details

Fiscal 2025 adjusted outlook

Segment metrics

	U.S. Pharmaceutical	Prescription Technology Solutions	Medical-Surgical Solutions	International
Revenue	16% to 19% growth	18% to 22% growth	4% to 8% growth	4% to 8% growth
Adjusted Operating Profit	8% to 10% growth	12% to 16% growth	6% to 8% growth	6% to 10% growth

Appendix

Endnotes

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

Slide 6 – Consolidated adjusted financial information

1. Non-GAAP measure representing Net income attributable to noncontrolling interests adjusted for the proportionate share of acquisition-related intangibles amortization and transaction-related expenses of \$1 million in the fourth quarter of fiscal 2024 and \$7 million in fiscal 2024

Slide 12 – Cash

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

Slide 15 – Fiscal 2025 Adjusted EPS outlook

1. Includes Adjusted Effective Tax Rate, Adjusted Net Income Attributable to Non-Controlling Interests, and diluted weighted average common shares

Slide 16 – Fiscal 2025 adjusted outlook (Consolidated metrics)

1. Non-GAAP measure representing Net income attributable to noncontrolling interests adjusted for the proportionate share of acquisition-related intangibles amortization and transaction-related expenses

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2024 and Q4 Fiscal 2023

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

Schedule 2

	Three Months Ended March 31,		Change	Year Ended March 31,		Change
	2024	2023		2024	2023	
Income from continuing operations (GAAP)	\$ 830	\$ 826	— %	\$ 3,160	\$ 3,725	(15)%
Net income attributable to noncontrolling interests (GAAP)	(39)	(39)	—	(158)	(162)	(2)
Income from continuing operations attributable to McKesson Corporation (GAAP)	791	787	1	3,002	3,563	(16)
Pre-tax adjustments:						
Amortization of acquisition-related intangibles	63	66	(5)	249	236	6
Transaction-related expenses and adjustments ^{(1) (2) (3)}	17	35	(51)	10	(123)	108
LIFO inventory-related adjustments	(246)	32	(869)	(157)	1	—
Gains from antitrust legal settlements	(24)	—	—	(244)	(129)	89
Restructuring, impairment, and related charges, net ⁽⁴⁾	31	125	(75)	115	209	(45)
Claims and litigation charges, net ⁽⁵⁾	149	(3)	—	147	(8)	—
Other adjustments, net ^{(6) (7)}	27	1	—	762	(70)	—
Income tax effect on pre-tax adjustments	6	(48)	113	(198)	13	—
Net income attributable to noncontrolling interests effect on pre-tax adjustments	(1)	(3)	(67)	(7)	(3)	133
Adjusted Earnings (Non-GAAP)	\$ 813	\$ 992	(18)%	\$ 3,679	\$ 3,689	— %

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2024 and Q4 Fiscal 2023

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

Schedule 2
(Continued)

	Three Months Ended March 31,			Change	Year Ended March 31,			Change
	2024	2023			2024	2023		
Earnings per diluted common share from continuing operations attributable to McKesson Corporation (GAAP) ^(a)	\$ 6.02	\$ 5.71	5 %	\$ 22.39	\$ 25.05		(11)%	
After-tax adjustments:								
Amortization of acquisition-related intangibles	0.37	0.36	3	1.42	1.29		10	
Transaction-related expenses and adjustments	0.11	0.20	(45)	0.15	(0.52)		129	
LIFO inventory-related adjustments	(1.38)	0.18	(867)	(0.86)	0.01		—	
Gains from antitrust legal settlements	(0.13)	—	—	(1.35)	(0.67)		101	
Restructuring, impairment, and related charges, net	0.19	0.69	(72)	0.66	1.13		(42)	
Claims and litigation charges, net	0.85	0.05	—	0.82	0.02		—	
Other adjustments, net	0.15	—	—	4.21	(0.37)		—	
Adjusted Earnings per Diluted Share (Non-GAAP) ^{(a) (b)}	\$ 6.18	\$ 7.19	(14)	\$ 27.44	\$ 25.94		6	
Diluted weighted-average common shares outstanding	131.6	138.0	(5)%	134.1	142.2		(6)%	

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2024 and Q4 Fiscal 2023

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

Schedule 2
(Continued)

	Three Months Ended March 31,		Change	Year Ended March 31,		Change
	2024	2023		2024	2023	
Gross profit (GAAP)	\$ 3,585	\$ 3,066	17 %	\$ 12,828	\$ 12,358	4 %
Pre-tax adjustments:						
LIFO inventory-related adjustments	(246)	32	(869)	(157)	1	—
Gains from antitrust legal settlements	(24)	—	—	(244)	(129)	89
Adjusted Gross Profit (Non-GAAP)	\$ 3,315	\$ 3,098	7 %	\$ 12,427	\$ 12,230	2 %
Total operating expenses (GAAP)	\$ (2,369)	\$ (2,086)	14 %	\$ (8,919)	\$ (7,977)	12 %
Pre-tax adjustments:						
Amortization of acquisition-related intangibles	63	66	(5)	249	236	6
Transaction-related expenses and adjustments ^{(1) (2)}	12	26	(54)	(12)	10	(220)
Restructuring, impairment, and related charges, net ⁽⁴⁾	31	125	(75)	115	209	(45)
Claims and litigation charges, net ⁽⁵⁾	149	(3)	—	147	(8)	—
Other adjustments, net ⁽⁶⁾	27	—	—	762	26	—
Adjusted Operating Expenses (Non-GAAP)	\$ (2,087)	\$ (1,872)	11 %	\$ (7,658)	\$ (7,504)	2 %
Other income, net (GAAP)	\$ 34	\$ 31	10 %	\$ 132	\$ 497	(73)%
Pre-tax adjustments:						
Transaction-related expenses and adjustments ⁽³⁾	—	—	—	—	(142)	(100)
Other adjustments, net ⁽⁷⁾	—	1	(100)	—	(96)	(100)
Adjusted Other Income (Non-GAAP)	\$ 34	\$ 32	6 %	\$ 132	\$ 259	(49)%

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2024 and Q4 Fiscal 2023

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

Schedule 2
(Continued)

	Three Months Ended March 31,		Change	Year Ended March 31,		Change
	2024	2023		2024	2023	
Interest expense (GAAP)	\$ (80)	\$ (79)	1 %	\$ (252)	\$ (248)	2 %
Pre-tax adjustments:						
Transaction-related expenses and adjustments	5	9	(44)	22	9	144
Adjusted Interest Expense (Non-GAAP)	\$ (75)	\$ (70)	7 %	\$ (230)	\$ (239)	(4)%
Income tax expense (GAAP)	\$ (340)	\$ (106)	221 %	\$ (629)	\$ (905)	(30)%
Tax adjustments:						
Amortization of acquisition-related intangibles	(13)	(14)	(7)	(53)	(51)	4
Transaction-related expenses and adjustments	(2)	(6)	(67)	12	51	(76)
LIFO inventory-related adjustments	64	(8)	900	41	—	—
Gains from antitrust legal settlements	6	—	—	63	34	85
Restructuring, impairment, and related charges, net	(6)	(30)	(80)	(27)	(49)	(45)
Claims and litigation charges, net	(37)	10	(470)	(37)	11	(436)
Other adjustments, net	(6)	—	—	(197)	17	—
Adjusted Income Tax Expense (Non-GAAP)	\$ (334)	\$ (154)	117 %	\$ (827)	\$ (892)	(7)%

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2024 and Q4 Fiscal 2023

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

Schedule 2
(Continued)

(a) Certain computations may reflect rounding adjustments.

(b) Adjusted earnings per diluted share on an FX-adjusted basis for the three months and year ended March 31, 2024 was \$6.18 and \$27.46, respectively, which excludes the foreign currency exchange effect of nil and \$0.02, respectively.

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

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

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

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2024 and Q4 Fiscal 2023

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

Schedule 3

	Three Months Ended March 31,						As reported		As adjusted		Change			
	2024			2023			Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)								
REVENUES														
U.S. Pharmaceutical	\$ 68,790	\$ —	\$ 68,790	\$ 61,676	\$ —	\$ 61,676	\$ —	\$ 68,790	\$ —	\$ 68,790	12 %	12 %	12 %	12 %
Prescription Technology Solutions	1,180	—	1,180	1,182	—	1,182	—	1,180	—	1,180	—	—	—	—
Medical-Surgical Solutions	2,837	—	2,837	2,689	—	2,689	—	2,837	—	2,837	6	6	6	6
International	3,548	—	3,548	3,363	—	3,363	(1)	3,547	(1)	3,547	6	6	5	5
Revenues	<u>\$ 76,355</u>	<u>\$ —</u>	<u>\$ 76,355</u>	<u>\$ 68,910</u>	<u>\$ —</u>	<u>\$ 68,910</u>	<u>\$ (1)</u>	<u>\$ 76,354</u>	<u>\$ (1)</u>	<u>\$ 76,354</u>	<u>11 %</u>	<u>11 %</u>	<u>11 %</u>	<u>11 %</u>
OPERATING PROFIT ⁽⁴⁾														
U.S. Pharmaceutical ⁽⁵⁾	\$ 1,059	\$ (158)	\$ 901	\$ 764	\$ 97	\$ 861	\$ —	\$ 1,059	\$ —	\$ 901	39 %	5 %	39 %	5 %
Prescription Technology Solutions	188	24	212	166	52	218	—	188	—	212	13	(3)	13	(3)
Medical-Surgical Solutions	213	35	248	234	14	248	—	213	—	248	(9)	—	(9)	—
International	70	24	94	43	37	80	—	70	—	94	63	18	63	18
Subtotal	1,530	(75)	1,455	1,207	200	1,407	—	1,530	—	1,455	27	3	27	3
Corporate expenses, net ⁽⁵⁾	(280)	87	(193)	(196)	47	(149)	—	(280)	—	(193)	43	30	43	30
Income from continuing operations before interest expense and income taxes	<u>\$ 1,250</u>	<u>\$ 12</u>	<u>\$ 1,262</u>	<u>\$ 1,011</u>	<u>\$ 247</u>	<u>\$ 1,258</u>	<u>\$ —</u>	<u>\$ 1,250</u>	<u>\$ —</u>	<u>\$ 1,262</u>	<u>24 %</u>	<u>— %</u>	<u>24 %</u>	<u>— %</u>
OPERATING PROFIT AS A % OF REVENUES														
U.S. Pharmaceutical	1.54 %		1.31 %	1.24 %		1.40 %		1.54 %		1.31 %	30 bp	(9) bp	30 bp	(9) bp
Prescription Technology Solutions	15.93		17.97	14.04		18.44		15.93		17.97	189	(47)	189	(47)
Medical-Surgical Solutions	7.51		8.74	8.70		9.22		7.51		8.74	(119)	(48)	(119)	(48)
International	1.97		2.65	1.28		2.38		1.97		2.65	69	27	69	27

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

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

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

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2024 and Q4 Fiscal 2023

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

Schedule 3
(Continued)

	Year Ended March 31,						As reported		As adjusted		Change			
	2024			2023			Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)								
REVENUES														
U.S. Pharmaceutical	\$ 278,739	\$ —	\$ 278,739	\$ 240,616	\$ —	\$ 240,616	\$ —	\$ 278,739	\$ —	\$ 278,739	16 %	16 %	16 %	16 %
Prescription Technology Solutions	4,769	—	4,769	4,387	—	4,387	—	4,769	—	4,769	9	9	9	9
Medical-Surgical Solutions	11,313	—	11,313	11,110	—	11,110	—	11,313	—	11,313	2	2	2	2
International	14,130	—	14,130	20,598	—	20,598	323	14,453	323	14,453	(31)	(31)	(30)	(30)
Revenues	<u>\$ 308,951</u>	<u>\$ —</u>	<u>\$ 308,951</u>	<u>\$ 276,711</u>	<u>\$ —</u>	<u>\$ 276,711</u>	<u>\$ 323</u>	<u>\$ 309,274</u>	<u>\$ 323</u>	<u>\$ 309,274</u>	12 %	12 %	12 %	12 %
OPERATING PROFIT ⁽⁴⁾														
U.S. Pharmaceutical ^{(3) (5) (6)}	\$ 2,786	\$ 529	\$ 3,315	\$ 3,206	\$ (100)	\$ 3,106	\$ —	\$ 2,786	\$ —	\$ 3,315	(13) %	7 %	(13) %	7 %
Prescription Technology Solutions ⁽¹⁾	835	2	837	566	113	679	—	835	—	837	48	23	48	23
Medical-Surgical Solutions	952	67	1,019	1,117	42	1,159	—	952	—	1,019	(15)	(12)	(15)	(12)
International ⁽²⁾	319	59	378	136	362	498	6	325	8	386	135	(24)	139	(22)
Subtotal	4,892	657	5,549	5,025	417	5,442	6	4,898	8	5,557	(3)	2	(3)	2
Corporate expenses, net ^{(2) (5) (7) (8)}	(851)	203	(648)	(147)	(310)	(457)	(1)	(852)	(1)	(649)	479	42	480	42
Income from continuing operations before interest expense and income taxes	<u>\$ 4,041</u>	<u>\$ 860</u>	<u>\$ 4,901</u>	<u>\$ 4,878</u>	<u>\$ 107</u>	<u>\$ 4,985</u>	<u>\$ 5</u>	<u>\$ 4,046</u>	<u>\$ 7</u>	<u>\$ 4,908</u>	(17) %	(2) %	(17) %	(2) %
OPERATING PROFIT AS A % OF REVENUES														
U.S. Pharmaceutical	1.00 %		1.19 %	1.33 %		1.29 %		1.00 %		1.19 %	(33) bp	(10) bp	(33) bp	(10) bp
Prescription Technology Solutions	17.51		17.55	12.90		15.48		17.51		17.55	461	207	461	207
Medical-Surgical Solutions	8.42		9.01	10.05		10.43		8.42		9.01	(163)	(142)	(163)	(142)
International	2.26		2.68	0.66		2.42		2.25		2.67	160	26	159	25

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

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

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

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2024 and Q4 Fiscal 2023

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

Schedule 6

	Year Ended March 31,		Change
	2024	2023	
GAAP CASH FLOW CATEGORIES			
Net cash provided by operating activities	\$ 4,314	\$ 5,159	(16)%
Net cash used in investing activities	(1,072)	(542)	98
Net cash used in financing activities	(3,342)	(4,368)	(23)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	6	25	(76)
Cash, cash equivalents, and restricted cash classified as Assets held for sale	—	470	(100)
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>\$ (94)</u>	<u>\$ 744</u>	(113)%
FREE CASH FLOW (NON-GAAP)			
Net cash provided by operating activities	\$ 4,314	\$ 5,159	(16)%
Payments for property, plant, and equipment	(431)	(390)	11
Capitalized software expenditures	(256)	(168)	52
Free Cash Flow (Non-GAAP)	<u>\$ 3,627</u>	<u>\$ 4,601</u>	(21)%

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

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

Financial Statement Notes

McKESSON CORPORATION FINANCIAL STATEMENT NOTES

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1. Transaction-related expenses and adjustments for the year ended March 31, 2024 includes a pre-tax gain of \$78 million (\$58 million after-tax) related to fair value remeasurement of the contingent consideration liability recognized as part of our acquisition of Rx Savings Solutions, LLC. The gain, within Prescription Technology Solutions, resulted from remeasurement of the liability to fair value at the end of each reporting period based on the estimated amount and timing of projected operational and financial information and the probability of achievement of performance milestones. This gain 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.
2. Transaction-related expenses and adjustments for the year ended March 31, 2023 includes pre-tax net gains of \$66 million (\$35 million after-tax) related to an agreement to sell certain of our European businesses to the PHOENIX Group which closed on October 31, 2022. Pre-tax gains for the year ended March 31, 2023 of \$306 million (\$275 million after-tax) are included within Corporate expenses, net, and charges (pre-tax and after-tax) of \$240 million are included within International. These pre-tax gains and charges are primarily to remeasure assets and liabilities held for sale to fair value less costs to sell, including the effect of accumulated other comprehensive income balances associated with the disposal group, and are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
3. Transaction-related expenses and adjustments for the year ended March 31, 2023 includes a pre-tax gain of \$142 million (\$105 million after-tax) related to the exit of an investment in equity securities within U.S. Pharmaceutical. This gain is included under "other income, net" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
4. Restructuring, impairment, and related charges, net for the three months and year ended March 31, 2024 includes pre-tax charges of \$31 million (\$25 million after-tax) and \$115 million (\$88 million after-tax), respectively, primarily within Corporate expenses, net, International, and U.S. Pharmaceutical. The three months and year ended March 31, 2023 includes pre-tax charges of \$125 million (\$95 million after-tax) and \$209 million (\$160 million after-tax), respectively, primarily within Prescription Technology Solutions, Corporate expenses, net, and U.S. Pharmaceutical. These charges are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

Financial Statement Notes

FINANCIAL STATEMENT NOTES (continued)

2 of 2

5. Claims and litigation charges, net for the three months and year ended March 31, 2024 includes pre-tax charges of \$149 million (\$112 million after-tax) related to our estimated liability for opioid-related claims of a nationwide class of acute care hospitals. We recorded charges of \$75 million (\$56 million after-tax) within Corporate expenses, net and \$74 million (\$56 million after-tax) within U.S. Pharmaceutical. 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.
6. Other adjustments, net for the year ended March 31, 2024 includes a pre-tax provision for bad debts of \$725 million (\$536 million after-tax) within U.S. Pharmaceutical related to the bankruptcy of our customer, Rite Aid Corporation (including certain of its subsidiaries, "Rite Aid"). Management believes this charge is not reflective of allowances recorded in the normal course of business operations and is related to Rite Aid's bankruptcy reorganization, and therefore is excluded from the determination of our adjusted results (Non-GAAP). This charge represents the remaining trade accounts receivable balance 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.
7. Other adjustments, net for the year ended March 31, 2023 includes a pre-tax gain of \$97 million (\$72 million after-tax) within Corporate expenses, net from termination of fixed interest rate swaps accounted for as cash flow hedges. Management believes this gain is not part of the normal course of business operations and is therefore excluded from the determination of our adjusted results (Non-GAAP). This gain is included under "other income, net" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
8. Termination of Tax Receivable Agreement ("TRA") with Change Healthcare for the year ended March 31, 2023 consists of a pre-tax gain of \$126 million (\$93 million after-tax) within Corporate expenses, net, related to a cash payment received as a result of an exercise of the option by Change Healthcare Inc. ("Change") pursuant to the TRA for early termination of the agreement. We entered into this agreement as part of the formation of a joint venture with Change, from which McKesson has since exited. This gain was recorded in "Other income, net" in the Condensed Consolidated Statements of Operations (GAAP) provided in Schedule 1 of the accompanying financial statement tables.

Supplemental Non-GAAP Financial Information

McKESSON CORPORATION SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

1 of 3

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

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

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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

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

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

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

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

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

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

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

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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

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

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

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

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