

The background of the slide features a repeating pattern of the McKesson logo, which consists of three rounded, teardrop-like shapes arranged in a triangular formation. The pattern is rendered in a light beige color on a white background.

McKesson Corporation
Second Quarter Fiscal 2024
Earnings Call
November 1, 2023

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, commitments, intentions, and the potential impact of a customer’s reorganization in bankruptcy on the Company and its operation or financial results may also include forward-looking statements. Readers should not place undue reliance on forward-looking statements, such as financial performance forecasts, which speak only as of the date they are first made. Except to the extent required by law, we undertake no obligation to update or revise our forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied. Although it is not possible to predict or identify all such risks and uncertainties, we encourage investors to read the risk factors described in our publicly available filings with the Securities and Exchange Commission and news releases.

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

GAAP / Non-GAAP Reconciliation

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

Delivering sustainable growth and long-term shareholder value

Our Mission:

To improve care in every setting – one product, one partner, one patient at a time



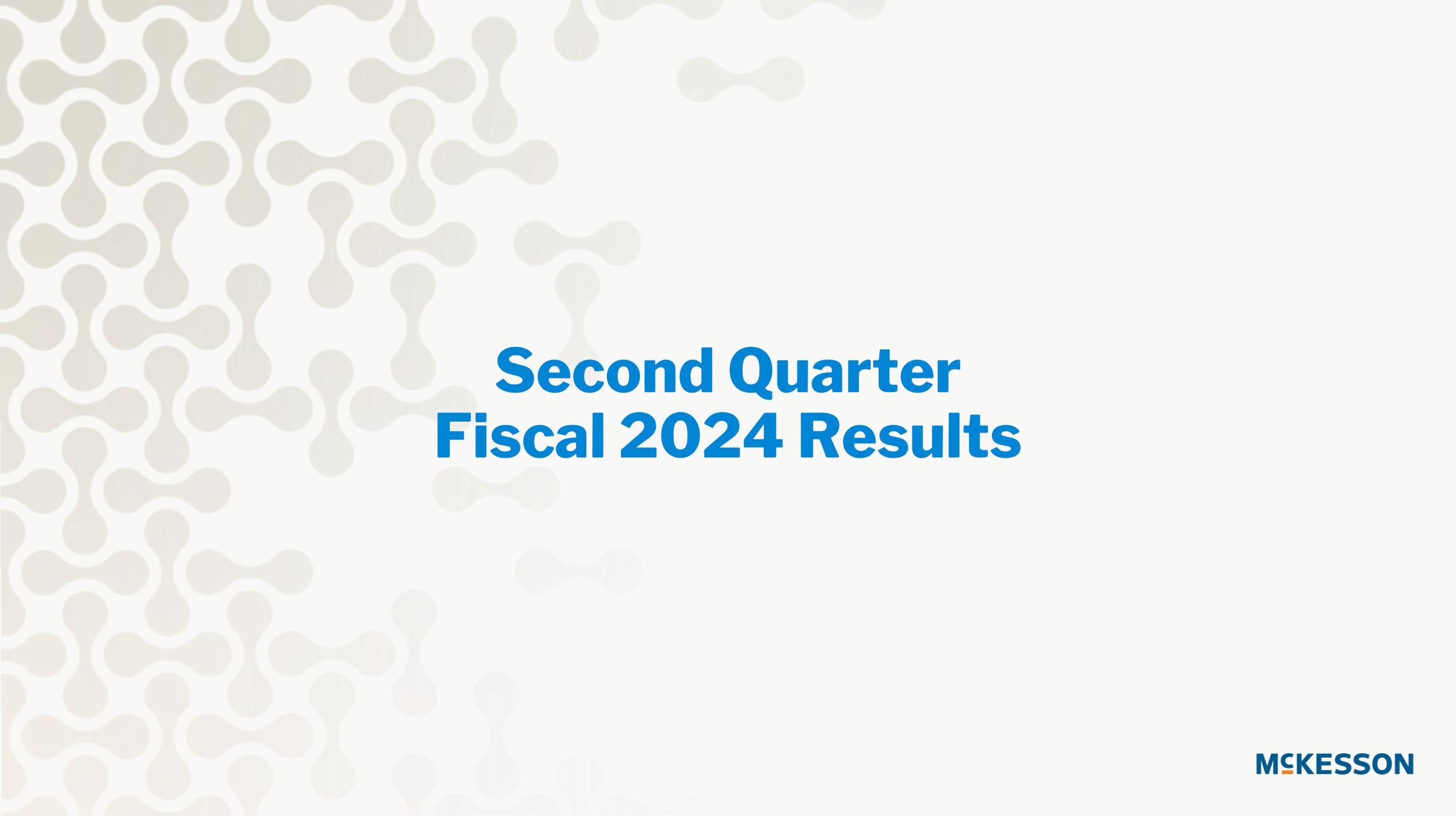
Our Priorities:

**Focus on
People and
Culture**

**Evolve and
Grow the
Portfolio**

**Expand
Oncology and
Biopharma
Platforms**

**Sustainable
Core
Growth**



Second Quarter Fiscal 2024 Results

Focused on strengthening portfolio and driving sustainable value creation

Business Summary

- Revenues of **\$77.2 billion** increased 10%
- Earnings per diluted share from continuing operations of **\$4.92** decreased \$1.54, which includes a pre-tax provision for bad debts of \$210 million within the U.S. Pharmaceutical segment for uncollected trade accounts receivable related to the bankruptcy of Rite Aid Corporation
- Adjusted Earnings per Diluted Share of **\$6.23** increased 3%
- Adjusted Earnings per Diluted Share Excluding Certain Items increased 14%
- Raising Fiscal 2024 Adjusted Earnings per Diluted Share outlook to **\$26.80 to \$27.40** from \$26.55 to \$27.35

Company Updates

- The U.S. Food and Drug Administration awarded Ontada a contract to advance the use of real-world data in the U.S. community oncology setting
- McKesson received two awards and recognitions exemplifying its commitment to diversity and inclusion
 - Named “**Best Place to Work for Disability Inclusion**” for the eighth consecutive year
 - Recognized by Forbes as one of “**America’s Best Employers for Women**”
- **Lori Schechter**, Executive Vice President, Chief Legal Officer & General Counsel, has made the decision to retire from McKesson in June 2024. On January 1, 2024, Lori will assume the role of Board and Enterprise Risk Advisor and step down as an Executive Officer of the company, a role she has held since June 2014. With Lori’s decision to retire, we are also announcing the appointment of **Michele Lau** as Executive Vice President and Chief Legal Officer, effective January 1, 2024.

Consolidated financial information

Q2 and YTD Fiscal 2024 Results

Results (\$ and shares in millions, except per share amounts)	Q2 FY 24	YoY Change	YTD Q2 FY 24	YoY Change
Revenues	\$ 77,215	10 %	\$ 151,698	10 %
Adjusted Gross Profit	\$ 3,045	(1) %	\$ 5,981	(2) %
Adjusted Operating Expenses	\$ (1,863)	(2) %	\$ (3,667)	(3) %
Adjusted Operating Profit	\$ 1,208	1 %	\$ 2,378	2 %
Adjusted Interest Expense	\$ (55)	— %	\$ (97)	(3) %
Adjusted Income Tax Expense	\$ (271)	19 %	\$ (366)	(14) %
Adjusted Net Income Attributable to Noncontrolling Interests ¹	\$ (41)	— %	\$ (81)	(1) %
Adjusted Earnings	\$ 841	(4) %	\$ 1,834	6 %
Adjusted Earnings per Diluted Share	\$ 6.23	3 %	\$ 13.51	14 %
Diluted weighted-average common shares	134.8	(6) %	135.7	(6) %

See endnotes for details

U.S. Pharmaceutical

Q2 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q2 FY 24	YoY Change	YTD Q2 FY 24	YoY Change
U.S. Pharmaceutical				
Revenues	\$ 69,766	16 %	\$ 136,926	17 %
Adjusted Segment Operating Profit	\$ 815	8 %	\$ 1,586	8 %
Adjusted Segment Operating Profit Margin	1.17 %	(9) bp	1.16 %	(9) bp

Q2 revenue growth driven by increased prescription volumes, including higher volumes from retail national account customers, specialty products, and GLP-1 medications, partially offset by branded to generic conversions

Q2 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. Excluding the impact of COVID-19 vaccine distribution from fiscal 2023, the U.S. Pharmaceutical segment delivered Adjusted Segment Operating Profit growth of 15%

Prescription Technology Solutions

Q2 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q2 FY 24	YoY Change	YTD Q2 FY 24	YoY Change
Prescription Technology Solutions				
Revenues	\$ 1,140	12 %	\$ 2,384	14 %
Adjusted Segment Operating Profit	\$ 209	48 %	\$ 432	41 %
Adjusted Segment Operating Profit Margin	18.33 %	448 bp	18.12 %	344 bp

Q2 revenue growth driven by increased prescription volumes in our technology services and third-party logistics businesses

Q2 Adjusted Segment Operating Profit increase driven by higher demand for access solutions, primarily related to prior authorization services due to increased prescription volumes

Medical-Surgical Solutions

Q2 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q2 FY 24	YoY Change	YTD Q2 FY 24	YoY Change
Medical-Surgical Solutions				
Revenues	\$ 2,834	— %	\$ 5,445	— %
Adjusted Segment Operating Profit	\$ 254	(17) %	\$ 489	(15) %
Adjusted Segment Operating Profit Margin	8.96 %	(184) bp	8.98 %	(160) bp

Q2 revenue flat to the prior year driven by lower sales of COVID-19 tests and lower contribution from kitting, storage, and distribution of ancillary supplies for the U.S. government's COVID-19 vaccine program

Q2 Adjusted Segment Operating Profit decrease driven by lower contribution from kitting, storage, and distribution of ancillary supplies for the U.S. government's COVID-19 vaccine program and lower sales of COVID-19 tests. Excluding the impact of COVID-19 related items from fiscal 2023, the Medical-Surgical Solutions segment delivered Adjusted Segment Operating Profit growth of 5%, driven by growth in the extended care business due to increased volumes of nutritional supplements

International

Q2 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q2 FY 24	YoY Change	YTD Q2 FY 24	YoY Change
International				
Revenues ¹	\$ 3,475	(44) %	\$ 6,943	(46) %
Adjusted Segment Operating Profit ¹	\$ 89	(35) %	\$ 179	(35) %
Adjusted Segment Operating Profit Margin	2.56 %	36 bp	2.58 %	43 bp

Q2 FX-Adjusted revenue of \$3.6 billion, down 43% year-over-year, driven by the divestitures of McKesson's European businesses

Q2 FX-Adjusted Segment Operating Profit of \$93 million, down 32% year-over-year, driven by the divestitures of McKesson's European businesses

See endnotes for details

Corporate

Q2 and YTD Fiscal 2024 Results

Results (\$ in millions)	Q2 FY 24	YoY Change	YTD Q2 FY 24	YoY Change
Corporate				
Adjusted Corporate Expenses	\$ (159)	10 %	\$ (308)	7 %

Q2 Adjusted Corporate Expenses increased 10% year-over-year driven by losses of approximately \$10 million associated with McKesson Ventures' equity investments, compared to losses of approximately \$3 million in the second quarter of fiscal 2023

Cash

(\$ in millions)

YTD Cash Balance Walk

Balance at March 31, 2023¹	\$	4,679
Operating cash flow		(87)
Capital expenditures		(264)
Free Cash Flow		(351)
Other investing cash flows		(51)
Share repurchases		(1,505)
Dividends paid		(149)
Other financing cash flows and FX		(99)
Net decrease in cash		(2,155)
Balance at September 30, 2023¹	\$	2,524
Less: Restricted cash		—
Cash and cash equivalents at September 30, 2023	\$	2,524

See endnotes for details

Cash Dynamics

Delivered Free Cash Flow of **\$825 million** in the second quarter and **\$4.3 billion** for the trailing twelve months

Returned **\$1.7 billion** of cash to shareholders year-to-date

- Repurchased **\$1.5 billion** of shares
- Paid **\$149 million** in dividends

Remaining share repurchase authorization of **\$8.1 billion as of September 30, 2023**

Fiscal 2024 Outlook

On the following slides, McKesson presents an overview of its fiscal 2024 Outlook assumptions. The Company does not provide forward-looking guidance on a GAAP basis as McKesson is unable to provide a quantitative reconciliation of forward-looking Non-GAAP measures to the most directly comparable forward-looking GAAP measure, without unreasonable effort. McKesson cannot 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 generally uncertain and depend on various factors, many of which are beyond the company's control, and as such, any associated estimate and its impact on GAAP performance could vary materially.

Raising and narrowing Fiscal 2024 Adjusted EPS outlook

\$26.80 — \$27.40

Solid Business Performance

Fiscal 2024 Adjusted Earnings per Diluted Share guidance range indicates **3% to 6% growth** compared to prior year

Fiscal 2024 Adjusted Earnings per Diluted Share Excluding Certain Items¹ guidance indicates **14% to 17% growth** compared to prior year

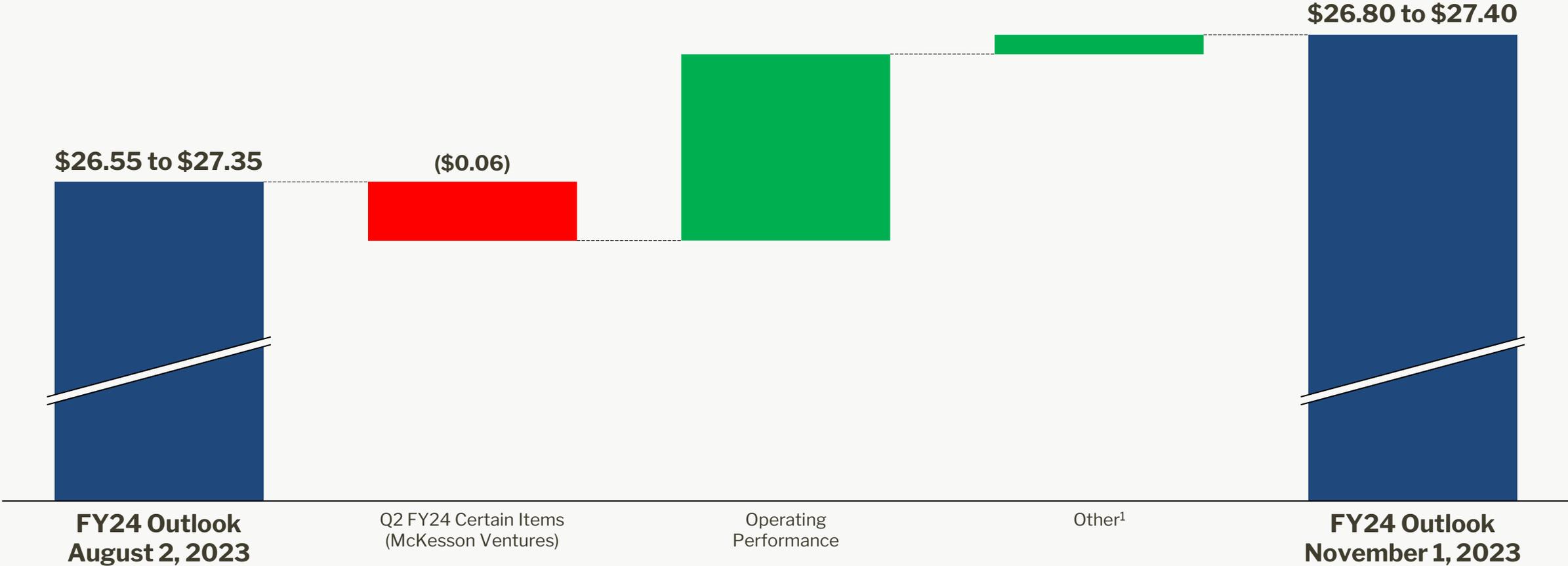
Capital Deployment

Anticipate approximately \$3.5 billion in share repurchases in Fiscal 2024

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

See endnotes for details

Raising and narrowing Fiscal 2024 Adjusted EPS outlook



See endnotes for details

Fiscal 2024 outlook

Consolidated metrics

Metric	Fiscal 2024 Outlook	Fiscal 2023 Actual
Adjusted Earnings per Diluted Share	\$26.80 to \$27.40 <i>Previously \$26.55 to \$27.35</i>	\$25.94
Revenues	8% to 12% growth <i>Previously 7% to 12% growth</i>	5% growth
Adjusted Operating Profit	Flat to 4% decline	3% growth
Adjusted Operating Profit Excluding Certain Items ¹	6% to 10% growth	8% growth
Adjusted Corporate Expenses	\$600 to \$660 million <i>Previously \$580 to \$640 million</i>	\$457 million
Adjusted Interest Expense	\$205 to \$225 million	\$239 million
Adjusted Income attributable to Non-Controlling Interests ²	\$155 to \$175 million <i>Previously \$145 to \$165 million</i>	\$165 million
Adjusted Effective Tax Rate	18% to 19% <i>Previously 18% to 20%</i>	18.8%
Free Cash Flow	\$3.7 to \$4.1 billion	\$4.6 billion
Share repurchases	Approximately \$3.5 billion	\$3.6 billion
Diluted weighted average common shares	Approximately 134 million <i>Previously 133 to 134 million</i>	142.2 million
Opioid-related litigation expenses	Approximately \$35 million	\$36 million

See endnotes for details

Fiscal 2024 outlook

Segment metrics

	U.S. Pharmaceutical	Prescription Technology Solutions	Medical-Surgical Solutions	International
FY24 Revenue	13% to 15% growth	7% to 13% growth	2% decline to 2% growth <i>Previously 1% decline to 3% growth</i>	30% to 34% decline
FY24 Adjusted Segment Operating Profit				
Reported	6% to 8% growth <i>Previously 3% to 5% growth</i>	18% to 22% growth <i>Previously 15% to 19% growth</i>	12% to 16% decline <i>Previously 5% to 11% decline</i>	23% to 29% decline
Excluding Certain Items ¹	11% to 14% growth <i>Previously 8% to 11% growth</i>		5% to 7% growth <i>Previously 11% to 15% growth</i>	

See endnotes for details



Appendix

Endnotes

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

Slide 6 – Consolidated financial information

1. Non-GAAP measure representing Net income attributable to noncontrolling interests adjusted for the proportionate share of acquisition-related intangibles amortization of \$2 million in the second quarter fiscal 2024 and \$3 million in the first half of fiscal 2024

Slide 10 – International

1. Revenue and Adjusted Segment Operating Profit are presented without adjustments for the effects of foreign currency

Slide 12 – Cash

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

Slide 14 – Raising and narrowing Fiscal 2024 Adjusted EPS outlook

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

Slide 15 – Raising and narrowing Fiscal 2024 Adjusted EPS outlook

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

Slide 16 – Fiscal 2024 outlook (Consolidated metrics)

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

Slide 17 – Fiscal 2024 outlook (Segment metrics)

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

GAAP to Non-GAAP Reconciliation

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 2

	Three Months Ended September 30,			Six Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
Income from continuing operations (GAAP)	\$ 703	\$ 973	(28)%	\$ 1,700	\$ 1,780	(4)%
Net income attributable to noncontrolling interests (GAAP)	(39)	(41)	(5)	(78)	(82)	(5)
Income from continuing operations attributable to McKesson Corporation (GAAP)	664	932	(29)	1,622	1,698	(4)
Pre-tax adjustments:						
Amortization of acquisition-related intangibles	62	57	9	124	113	10
Transaction-related expenses and adjustments ^{(1) (2) (3)}	(37)	(159)	(77)	(28)	(149)	(81)
LIFO inventory-related adjustments	55	(23)	339	87	(36)	342
Gains from antitrust legal settlements	(79)	—	—	(197)	—	—
Restructuring, impairment, and related charges, net ⁽⁴⁾	28	30	(7)	80	53	51
Claims and litigation charges, net	(2)	(9)	(78)	(2)	(4)	(50)
Other adjustments, net ⁽⁵⁾	210	2	—	210	7	—
Income tax effect on pre-tax adjustments	(58)	44	(232)	(59)	43	(237)
Net income attributable to noncontrolling interests effect on pre-tax adjustments	(2)	—	—	(3)	—	—
Adjusted Earnings (Non-GAAP)	\$ 841	\$ 874	(4)%	\$ 1,834	\$ 1,725	6 %

GAAP to Non-GAAP Reconciliation

Q2 Fiscal 2024 and Q2 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 September 30,			Six Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
Earnings per diluted common share from continuing operations attributable to McKesson Corporation (GAAP) ^(a)	\$ 4.92	\$ 6.46	(24)%	\$ 11.95	\$ 11.71	2 %
After-tax adjustments:						
Amortization of acquisition-related intangibles	0.35	0.31	13	0.70	0.61	15
Transaction-related expenses and adjustments	(0.19)	(0.71)	(73)	(0.10)	(0.53)	(81)
LIFO inventory-related adjustments	0.30	(0.12)	350	0.47	(0.19)	347
Gains from antitrust legal settlements	(0.43)	—	—	(1.07)	—	—
Restructuring, impairment, and related charges, net	0.16	0.16	—	0.44	0.28	57
Claims and litigation charges, net	(0.02)	(0.05)	(60)	(0.02)	(0.02)	—
Other adjustments, net	1.14	0.01	—	1.14	0.03	—
Adjusted Earnings per Diluted Share (Non-GAAP) ^{(a) (b)}	\$ 6.23	\$ 6.06	3	\$ 13.51	\$ 11.89	14
After-tax adjustments: ^(c)						
U.S. government's COVID-19 vaccine distribution program	(d)	(0.24)	—	(d)	(0.41)	—
U.S. government's kitting, storage, and distribution of ancillary supplies program and COVID-19 tests	(d)	(0.33)	—	(d)	(0.58)	—
Net losses associated with McKesson Ventures' equity investments	0.06	0.01	500	0.10	0.13	(23)
Adjusted Earnings per Diluted Share Excluding Certain Items (Non-GAAP) ^(a)	\$ 6.29	\$ 5.50	14 %	\$ 13.61	\$ 11.03	23 %
Diluted weighted-average common shares outstanding	134.8	144.1	(6)%	135.7	145.0	(6)%

GAAP to Non-GAAP Reconciliation

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 2
(Continued)

	Three Months Ended September 30,			Six Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
Gross profit (GAAP)	\$ 3,069	\$ 3,095	(1)%	\$ 6,091	\$ 6,118	— %
Pre-tax adjustments:						
LIFO inventory-related adjustments	55	(23)	339	87	(36)	342
Gains from antitrust legal settlements	(79)	—	—	(197)	—	—
Adjusted Gross Profit (Non-GAAP)	<u>\$ 3,045</u>	<u>\$ 3,072</u>	(1)%	<u>\$ 5,981</u>	<u>\$ 6,082</u>	(2)%
Total operating expenses (GAAP)	\$ (2,118)	\$ (1,971)	7 %	\$ (4,040)	\$ (3,958)	2 %
Pre-tax adjustments:						
Amortization of acquisition-related intangibles	62	57	9	124	113	10
Transaction-related expenses and adjustments ⁽¹⁾⁽²⁾	(43)	(17)	153	(39)	(7)	457
Restructuring, impairment, and related charges, net ⁽⁴⁾	28	30	(7)	80	53	51
Claims and litigation charges, net	(2)	(9)	(78)	(2)	(4)	(50)
Other adjustments, net ⁽⁵⁾	210	1	—	210	6	—
Adjusted Operating Expenses (Non-GAAP)	<u>\$ (1,863)</u>	<u>\$ (1,909)</u>	(2)%	<u>\$ (3,667)</u>	<u>\$ (3,797)</u>	(3)%
Other income, net (GAAP)	\$ 26	\$ 175	(85)%	\$ 64	\$ 190	(66)%
Pre-tax adjustments:						
Transaction-related expenses and adjustments ⁽³⁾	—	(142)	(100)	—	(142)	(100)
Other adjustments, net	—	1	(100)	—	1	(100)
Adjusted Other Income (Non-GAAP)	<u>\$ 26</u>	<u>\$ 34</u>	(24)%	<u>\$ 64</u>	<u>\$ 49</u>	31 %

GAAP to Non-GAAP Reconciliation

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 2
(Continued)

	Three Months Ended September 30,			Change	Six Months Ended September 30,			Change
	2023	2022			2023	2022		
Interest expense (GAAP)	\$ (61)	\$ (55)	11 %	\$ (108)	\$ (100)	8 %		
Pre-tax adjustments:								
Transaction-related expenses and adjustments	6	—	—	11	—	—		
Adjusted Interest Expense (Non-GAAP)	\$ (55)	\$ (55)	— %	\$ (97)	\$ (100)	(3) %		
Income tax expense (GAAP)	\$ (213)	\$ (271)	(21) %	\$ (307)	\$ (470)	(35) %		
Tax adjustments:								
Amortization of acquisition-related intangibles	(13)	(12)	8	(27)	(24)	13		
Transaction-related expenses and adjustments	10	56	(82)	14	72	(81)		
LIFO inventory-related adjustments	(14)	6	(333)	(22)	9	(344)		
Gains from antitrust legal settlements	21	—	—	51	—	—		
Restructuring, impairment, and related charges, net	(7)	(6)	17	(20)	(12)	67		
Claims and litigation charges, net	—	2	(100)	—	1	(100)		
Other adjustments, net	(55)	(2)	—	(55)	(3)	—		
Adjusted Income Tax Expense (Non-GAAP)	\$ (271)	\$ (227)	19 %	\$ (366)	\$ (427)	(14) %		

GAAP to Non-GAAP Reconciliation

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 2
(Continued)

(a) Certain computations may reflect rounding adjustments.

(b) Adjusted earnings per diluted share on an FX-adjusted basis for the three and six months ended September 30, 2023 was \$6.24 and \$13.56, respectively, which excludes the foreign currency exchange effect of \$0.01 and \$0.05, respectively.

(c) After-tax adjustments include the following tax impacts per diluted share:

- U.S. government's COVID-19 vaccine distribution program includes income tax expense of \$0.08 and \$0.14 per diluted share for the three and six months ended September 30, 2022, respectively.
- U.S. government's kitting, storage, and distribution of ancillary supplies program and COVID-19 tests includes income tax expense of \$0.12 and \$0.20 per diluted share for the three and six months ended September 30, 2022, respectively.
- Net losses associated with McKesson Ventures' equity investments includes income tax benefit of \$0.02 and \$0.00 per diluted share for the three months ended September 30, 2023 and 2022, respectively, and income tax benefit of \$0.03 and \$0.04 per diluted share for the six months ended September 30, 2023 and 2022, respectively.

(d) Contributions from the U.S. government's COVID-19 vaccine distribution and kitting, storage, and distribution of ancillary supplies programs, as well as COVID-19 tests, have been and are expected to be immaterial to our fiscal 2024 and year-over-year results, driven by a combination of continued decreases in demand and the commercialization of these items. As a result, these COVID-19 related items are included in our fiscal 2024 Adjusted Earnings per Diluted Share Excluding Certain items.

All 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 Earnings per Diluted Share Excluding Certain Items (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

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 3

	Three Months Ended September 30,						As reported		As adjusted		Change			
	2023			2022										
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
REVENUES														
U.S. Pharmaceutical	\$ 69,766	\$ —	\$ 69,766	\$ 60,059	\$ —	\$ 60,059	\$ —	\$ 69,766	\$ —	\$ 69,766	16 %	16 %	16 %	16 %
Prescription Technology Solutions	1,140	—	1,140	1,018	—	1,018	—	1,140	—	1,140	12	12	12	12
Medical-Surgical Solutions	2,834	—	2,834	2,843	—	2,843	—	2,834	—	2,834	—	—	—	—
International	3,475	—	3,475	6,237	—	6,237	100	3,575	100	3,575	(44)	(44)	(43)	(43)
Revenues	<u>\$ 77,215</u>	<u>\$ —</u>	<u>\$ 77,215</u>	<u>\$ 70,157</u>	<u>\$ —</u>	<u>\$ 70,157</u>	<u>\$ 100</u>	<u>\$ 77,315</u>	<u>\$ 100</u>	<u>\$ 77,315</u>	<u>10 %</u>	<u>10 %</u>	<u>10 %</u>	<u>10 %</u>
OPERATING PROFIT (LOSS) ⁽⁴⁾														
U.S. Pharmaceutical ^{(3) (5)}	\$ 593	\$ 222	\$ 815	\$ 896	\$ (140)	\$ 756	\$ —	\$ 593	\$ —	\$ 815	(34) %	8 %	(34) %	8 %
Prescription Technology Solutions ⁽¹⁾	238	(29)	209	120	21	141	—	238	—	209	98	48	98	48
Medical-Surgical Solutions	244	10	254	299	8	307	—	244	—	254	(18)	(17)	(18)	(17)
International ⁽²⁾	66	23	89	(37)	174	137	2	68	4	93	278	(35)	284	(32)
Subtotal	1,141	226	1,367	1,278	63	1,341	2	1,143	4	1,371	(11)	2	(11)	2
Corporate expenses, net ⁽²⁾	(164)	5	(159)	21	(165)	(144)	(1)	(165)	(1)	(160)	(881)	10	(886)	11
Income from continuing operations before interest expense and income taxes	<u>\$ 977</u>	<u>\$ 231</u>	<u>\$ 1,208</u>	<u>\$ 1,299</u>	<u>\$ (102)</u>	<u>\$ 1,197</u>	<u>\$ 1</u>	<u>\$ 978</u>	<u>\$ 3</u>	<u>\$ 1,211</u>	<u>(25) %</u>	<u>1 %</u>	<u>(25) %</u>	<u>1 %</u>
OPERATING PROFIT (LOSS) AS A % OF REVENUES														
U.S. Pharmaceutical	0.85 %		1.17 %	1.49 %		1.26 %		0.85 %		1.17 %	(64) bp	(9) bp	(64) bp	(9) bp
Prescription Technology Solutions	20.88		18.33	11.79		13.85		20.88		18.33	909	448	909	448
Medical-Surgical Solutions	8.61		8.96	10.52		10.80		8.61		8.96	(191)	(184)	(191)	(184)
International	1.90		2.56	(0.59)		2.20		1.90		2.60	249	36	249	40

All 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

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 3

	Three Months Ended September 30,						As reported		As adjusted		Change			
	2023		2022											
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
REVENUES														
U.S. Pharmaceutical	\$ 69,766	\$ —	\$ 69,766	\$ 60,059	\$ —	\$ 60,059	\$ —	\$ 69,766	\$ —	\$ 69,766	16 %	16 %	16 %	16 %
Prescription Technology Solutions	1,140	—	1,140	1,018	—	1,018	—	1,140	—	1,140	12	12	12	12
Medical-Surgical Solutions	2,834	—	2,834	2,843	—	2,843	—	2,834	—	2,834	—	—	—	—
International	3,475	—	3,475	6,237	—	6,237	100	3,575	100	3,575	(44)	(44)	(43)	(43)
Revenues	<u>\$ 77,215</u>	<u>\$ —</u>	<u>\$ 77,215</u>	<u>\$ 70,157</u>	<u>\$ —</u>	<u>\$ 70,157</u>	<u>\$ 100</u>	<u>\$ 77,315</u>	<u>\$ 100</u>	<u>\$ 77,315</u>	10 %	10 %	10 %	10 %
OPERATING PROFIT (LOSS) ⁽⁴⁾														
U.S. Pharmaceutical ^{(3) (5)}	\$ 593	\$ 222	\$ 815	\$ 896	\$ (140)	\$ 756	\$ —	\$ 593	\$ —	\$ 815	(34) %	8 %	(34) %	8 %
Prescription Technology Solutions ⁽¹⁾	238	(29)	209	120	21	141	—	238	—	209	98	48	98	48
Medical-Surgical Solutions	244	10	254	299	8	307	—	244	—	254	(18)	(17)	(18)	(17)
International ⁽²⁾	66	23	89	(37)	174	137	2	68	4	93	278	(35)	284	(32)
Subtotal	1,141	226	1,367	1,278	63	1,341	2	1,143	4	1,371	(11)	2	(11)	2
Corporate expenses, net ⁽²⁾	(164)	5	(159)	21	(165)	(144)	(1)	(165)	(1)	(160)	(881)	10	(886)	11
Income from continuing operations before interest expense and income taxes	<u>\$ 977</u>	<u>\$ 231</u>	<u>\$ 1,208</u>	<u>\$ 1,299</u>	<u>\$ (102)</u>	<u>\$ 1,197</u>	<u>\$ 1</u>	<u>\$ 978</u>	<u>\$ 3</u>	<u>\$ 1,211</u>	(25) %	1 %	(25) %	1 %
OPERATING PROFIT (LOSS) AS A % OF REVENUES														
U.S. Pharmaceutical	0.85 %		1.17 %	1.49 %		1.26 %		0.85 %		1.17 %	(64) bp	(9) bp	(64) bp	(9) bp
Prescription Technology Solutions	20.88		18.33	11.79		13.85		20.88		18.33	909	448	909	448
Medical-Surgical Solutions	8.61		8.96	10.52		10.80		8.61		8.96	(191)	(184)	(191)	(184)
International	1.90		2.56	(0.59)		2.20		1.90		2.60	249	36	249	40

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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

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 3
(Continued)

	Six Months Ended September 30,						As reported		As adjusted		Change			
	2023		2022											
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
REVENUES														
U.S. Pharmaceutical	\$ 136,926	\$ —	\$ 136,926	\$ 117,006	\$ —	\$ 117,006	\$ —	\$ 136,926	\$ —	\$ 136,926	17 %	17 %	17 %	17 %
Prescription Technology Solutions	2,384	—	2,384	2,084	—	2,084	—	2,384	—	2,384	14	14	14	14
Medical-Surgical Solutions	5,445	—	5,445	5,435	—	5,435	—	5,445	—	5,445	—	—	—	—
International	6,943	—	6,943	12,786	—	12,786	299	7,242	299	7,242	(46)	(46)	(43)	(43)
Revenues	<u>\$ 151,698</u>	<u>\$ —</u>	<u>\$ 151,698</u>	<u>\$ 137,311</u>	<u>\$ —</u>	<u>\$ 137,311</u>	<u>\$ 299</u>	<u>\$ 151,997</u>	<u>\$ 299</u>	<u>\$ 151,997</u>	<u>10 %</u>	<u>10 %</u>	<u>11 %</u>	<u>11 %</u>
OPERATING PROFIT (LOSS) ⁽⁴⁾														
U.S. Pharmaceutical ^{(3) (5)}	\$ 1,420	\$ 166	\$ 1,586	\$ 1,592	\$ (125)	\$ 1,467	\$ —	\$ 1,420	\$ —	\$ 1,586	(11) %	8 %	(11) %	8 %
Prescription Technology Solutions ⁽¹⁾	469	(37)	432	264	42	306	—	469	—	432	78	41	78	41
Medical-Surgical Solutions	471	18	489	555	20	575	—	471	—	489	(15)	(15)	(15)	(15)
International ⁽²⁾	123	56	179	(43)	318	275	8	131	9	188	386	(35)	405	(32)
Subtotal	2,483	203	2,686	2,368	255	2,623	8	2,491	9	2,695	5	2	5	3
Corporate expenses, net ⁽²⁾	(368)	60	(308)	(18)	(271)	(289)	(2)	(370)	(1)	(309)	—	7	—	7
Income from continuing operations before interest expense and income taxes	<u>\$ 2,115</u>	<u>\$ 263</u>	<u>\$ 2,378</u>	<u>\$ 2,350</u>	<u>\$ (16)</u>	<u>\$ 2,334</u>	<u>\$ 6</u>	<u>\$ 2,121</u>	<u>\$ 8</u>	<u>\$ 2,386</u>	<u>(10) %</u>	<u>2 %</u>	<u>(10) %</u>	<u>2 %</u>
OPERATING PROFIT (LOSS) AS A % OF REVENUES														
U.S. Pharmaceutical	1.04 %		1.16 %	1.36 %		1.25 %		1.04 %		1.16 %	(32) bp	(9) bp	(32) bp	(9) bp
Prescription Technology Solutions	19.67		18.12	12.67		14.68		19.67		18.12	700	344	700	344
Medical-Surgical Solutions	8.65		8.98	10.21		10.58		8.65		8.98	(156)	(160)	(156)	(160)
International	1.77		2.58	(0.34)		2.15		1.81		2.60	211	43	215	45

All 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

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 3
(Continued)

	Six Months Ended September 30,						As reported		As adjusted		Change			
	2023		2022		As reported		As adjusted		As reported		As adjusted		As reported	
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported (Non-GAAP)	As adjusted (Non-GAAP)
REVENUES														
U.S. Pharmaceutical	\$ 136,926	\$ —	\$ 136,926	\$ 117,006	\$ —	\$ 117,006	\$ —	\$ 136,926	\$ —	\$ 136,926	17 %	17 %	17 %	17 %
Prescription Technology Solutions	2,384	—	2,384	2,084	—	2,084	—	2,384	—	2,384	14	14	14	14
Medical-Surgical Solutions	5,445	—	5,445	5,435	—	5,435	—	5,445	—	5,445	—	—	—	—
International	6,943	—	6,943	12,786	—	12,786	299	7,242	299	7,242	(46)	(46)	(43)	(43)
Revenues	<u>\$ 151,698</u>	<u>\$ —</u>	<u>\$ 151,698</u>	<u>\$ 137,311</u>	<u>\$ —</u>	<u>\$ 137,311</u>	<u>\$ 299</u>	<u>\$ 151,997</u>	<u>\$ 299</u>	<u>\$ 151,997</u>	<u>10 %</u>	<u>10 %</u>	<u>11 %</u>	<u>11 %</u>
OPERATING PROFIT (LOSS) ⁽⁴⁾														
U.S. Pharmaceutical ^{(3) (5)}	\$ 1,420	\$ 166	\$ 1,586	\$ 1,592	\$ (125)	\$ 1,467	\$ —	\$ 1,420	\$ —	\$ 1,586	(11) %	8 %	(11) %	8 %
Prescription Technology Solutions ⁽¹⁾	469	(37)	432	264	42	306	—	469	—	432	78	41	78	41
Medical-Surgical Solutions	471	18	489	555	20	575	—	471	—	489	(15)	(15)	(15)	(15)
International ⁽²⁾	123	56	179	(43)	318	275	8	131	9	188	386	(35)	405	(32)
Subtotal	2,483	203	2,686	2,368	255	2,623	8	2,491	9	2,695	5	2	5	3
Corporate expenses, net ⁽²⁾	(368)	60	(308)	(18)	(271)	(289)	(2)	(370)	(1)	(309)	—	7	—	7
Income from continuing operations before interest expense and income taxes	<u>\$ 2,115</u>	<u>\$ 263</u>	<u>\$ 2,378</u>	<u>\$ 2,350</u>	<u>\$ (16)</u>	<u>\$ 2,334</u>	<u>\$ 6</u>	<u>\$ 2,121</u>	<u>\$ 8</u>	<u>\$ 2,386</u>	<u>(10) %</u>	<u>2 %</u>	<u>(10) %</u>	<u>2 %</u>
OPERATING PROFIT (LOSS) AS A % OF REVENUES														
U.S. Pharmaceutical	1.04 %		1.16 %	1.36 %		1.25 %		1.04 %		1.16 %	(32) bp	(9) bp	(32) bp	(9) bp
Prescription Technology Solutions	19.67		18.12	12.67		14.68		19.67		18.12	700	344	700	344
Medical-Surgical Solutions	8.65		8.98	10.21		10.58		8.65		8.98	(156)	(160)	(156)	(160)
International	1.77		2.58	(0.34)		2.15		1.81		2.60	211	43	215	45

All 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

Q2 Fiscal 2024 and Q2 Fiscal 2023

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

Schedule 6

	Six Months Ended September 30,		Change
	2023	2022	
GAAP CASH FLOW CATEGORIES			
Net cash provided by (used in) operating activities	\$ (87)	\$ 166	(152)%
Net cash provided by (used in) investing activities	(315)	116	(372)
Net cash used in financing activities	(1,752)	(1,753)	—
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1)	24	(104)
Change in cash, cash equivalents, and restricted cash classified as Assets held for sale	—	470	(100)
Net decrease in cash, cash equivalents, and restricted cash	<u>\$ (2,155)</u>	<u>\$ (977)</u>	121 %
FREE CASH FLOW (NON-GAAP)			
Net cash provided by (used in) operating activities	\$ (87)	\$ 166	(152)%
Payments for property, plant, and equipment	(153)	(157)	(3)
Capitalized software expenditures	(111)	(65)	71
Free Cash Flow (Non-GAAP)	<u>\$ (351)</u>	<u>\$ (56)</u>	527 %

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

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

GAAP to Non-GAAP Reconciliation

Three Months and Trailing Twelve Months Ended Q2 Fiscal 2024

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

Schedule 6
(Continued)

	Three Months Ended September 30, 2023 ⁽¹⁾	Trailing Twelve Months Ended September 30, 2023 ⁽²⁾
FREE CASH FLOW (NON-GAAP)		
Net cash provided by operating activities	\$ 965	\$ 4,906
Payments for property, plant, and equipment	(75)	(386)
Capitalized software expenditures	(65)	(214)
Free Cash Flow (Non-GAAP)	\$ 825	\$ 4,306

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

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

(2) Amounts for the trailing twelve months ended September 30, 2023 were derived using full year fiscal 2023 Net cash provided by (used in) operating activities, Payments for property, plant, and equipment, and Capitalized software expenditures, deducting the comparative amounts for each item for the six months ended September 30, 2022 of fiscal 2023, and adding the comparative amounts for each item for the six months ended September 30, 2023 of fiscal 2024.

Financial Statement Notes

McKESSON CORPORATION FINANCIAL STATEMENT NOTES

1 of 2

1. Transaction-related expenses and adjustments for the three and six months ended September 30, 2023 includes pre-tax gains of \$48 million (\$35 million after-tax) and \$76 million (\$56 million after-tax), respectively, related to fair value remeasurements of the contingent consideration liability recognized as part of our acquisition of Rx Savings Solutions, LLC. The gains, within Prescription Technology Solutions, resulted from remeasurement of the liability to fair value at the end of each reporting period based on the estimated amount and timing of projected operational and financial information and the probability of achievement of performance milestones. These pre-tax gains are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
2. Transaction-related expenses and adjustments for the three and six months ended September 30, 2022 includes pre-tax gains of \$23 million (\$3 million after-tax) and \$35 million (charge of \$1 million after-tax), respectively, related to an agreement to sell certain of our European businesses to the PHOENIX Group which closed on October 31, 2022. Pre-tax gains for the three and six months ended September 30, 2022 of \$166 million (\$146 million after-tax) and \$272 million (\$236 million after-tax), respectively, are included within Corporate expenses, net, and charges (pre-tax and after-tax) of \$143 million and \$237 million, respectively, are included within International. These pre-tax gains and charges are primarily to remeasure assets and liabilities held for sale to fair value less costs to sell, including the effect of accumulated other comprehensive income balances associated with the disposal group, and are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
3. Transaction-related expenses and adjustments for the three and six months ended September 30, 2022 includes a pre-tax gain of \$142 million (\$105 million after-tax) related to the exit of an investment in equity securities within U.S. Pharmaceutical. This gain is included under "other income, net" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
4. Restructuring, impairment, and related charges, net for the three and six months ended September 30, 2023 includes pre-tax charges of \$28 million (\$21 million after-tax) and \$80 million (\$60 million after-tax), respectively, primarily for Corporate expenses, net. The three and six months ended September 30, 2022 includes pre-tax charges of \$30 million (\$24 million after-tax) and \$53 million (\$41 million after-tax), respectively, primarily for Corporate expenses, net. These charges are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

Financial Statement Notes

McKESSON CORPORATION FINANCIAL STATEMENT NOTES

2 of 2

5. Other adjustments, net for the three and six months ended September 30, 2023 includes a pre-tax provision for bad debts of \$210 million (\$155 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 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 uncollected trade accounts receivable balance as of September 30, 2023 due to us from Rite Aid 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.

Supplemental Non-GAAP Financial Information

McKESSON CORPORATION SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

1 of 4

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, restructuring, impairment, and related charges, 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 Earnings per Diluted Share Excluding Certain Items (Non-GAAP):** Prior to fiscal 2024, we defined Adjusted Earnings per Diluted Share Excluding Certain Items as Adjusted Earnings per Diluted Share (Non-GAAP), excluding the impacts of the U.S. government's COVID-19 vaccine distribution program, the U.S. government's kitting, storage, and distribution of ancillary supplies for COVID-19 vaccines program, sales of COVID-19 tests, net gains and losses associated with McKesson Ventures' equity investments, and the gain recognized in the three months ended December 31, 2022 related to termination of the Tax Receivable Agreement ("TRA") with Change Healthcare Inc. ("Change"), as well as the related income tax effects for each of these items, as applicable, divided by diluted weighted-average shares outstanding. Beginning in fiscal 2024, we define Adjusted Earnings per Diluted Share Excluding Certain Items as Adjusted Earnings per Diluted Share (Non-GAAP), excluding the impacts of net gains and losses associated with McKesson Ventures' equity investments and the gain recognized related to termination of the TRA with Change, as well as the related income tax effects for each of these items, as applicable, divided by diluted weighted-average shares outstanding.

The following provides further details regarding certain adjustments made to our fiscal 2023 Adjusted Earnings per Diluted Share (Non-GAAP) financial results to arrive at our fiscal 2023 Adjusted Earnings per Diluted Share Excluding Certain Items (Non-GAAP) as defined above:

U.S. government's COVID-19 vaccine distribution program - The Company distributes certain COVID-19 vaccines in support of the U.S. government through a contract with the Centers for Disease Control and Prevention. The results of operations related to this vaccine distribution program are reflected in the U.S. Pharmaceutical segment.

U.S. government's kitting, storage, and distribution of ancillary supplies program and COVID-19 tests - The Company operates under a contract to manage the assembly, storage, and distribution of ancillary supply kits for COVID-19 vaccines as directed by the Department of Health and Human Services. Sales of COVID-19 tests are also included in the Company's results of operations. These items are reflected in the Medical-Surgical Solutions segment.

- **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 (loss), 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 expenses of intangible assets directly related to business combinations and the formation of joint ventures.

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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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.

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.

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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- **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.