

Q4 FY25 Earnings
Cardinal Health, Inc.

August 12, 2025

Cautions Concerning Forward-Looking Statements

This presentation contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, and include statements reflecting future results or guidance, statements of outlook and various accruals and estimates. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include the risk that we may fail to achieve our strategic objectives, including the continued execution of the GMPD Improvement Plan initiatives, whether as a result of tariffs on products we source or manufacture, an uncertain global economic and trade environment, Cardinal Health Brand sales or ongoing inflationary pressures; our ability to manage uncertainty with respect to certain government initiatives, including the Executive Order regarding "Most Favored Nation" pricing for branded prescription pharmaceuticals and the One Big Beautiful Bill Act; competitive pressures in Cardinal Health's various lines of business, including the risk that customers may reduce purchases made under their contracts with us or terminate or not renew their contracts, whether due to price increases or otherwise; risks associated with litigation matters, including a Department of Justice investigation focused on potential violations of the Anti-Kickback Statute and False Claims Act; the risk that events outside of our control, such as weather or geopolitical events, may impact demand for our products or may cause supply shortages that impact our cost and ability to fulfill customer demand; the performance of our generics program, including our ability to offset generic deflation and maintain other financial and strategic benefits through our generic sourcing venture or other components of our generics programs; risks associated with recently completed and pending acquisitions, including risks arising as a result from our entry into new lines of businesses. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. This presentation reflects management's views as of August 12, 2025. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. Forward-looking statements are aspirational and not guarantees or promises that goals, targets or projections will be met, and no assurance can be given that any commitment, expectation, initiative or plan in this report can or will be achieved or completed. Cardinal Health provides definitions and reconciliations of non-GAAP financial measures and their most directly comparable GAAP financial measures at ir.cardinalhealth.com





Q4 Results

Q4 FY25 financial summary

	GAAP Basis (\$M) Q4 FY25	Non-GAAP Basis (\$M) Q4 FY25
Revenue % change	\$60,159 0%	N/A
Gross Margin % change	\$2,202 17%	\$2,203 17%
SG&A % change	\$1,484 16%	\$1,484 16%
Operating Earnings % change	\$428 7%	\$719 19%
Interest and Other ¹ % change	\$44 <i>N.M.</i>	N/A
Net Earnings ² % change	\$239 2%	\$501 11%
Diluted EPS ² % change	\$1.00 4%	\$2.08 13%

¹The sum of "other (income)/expense, net" and "interest expense, net"

Please see appendix for GAAP to Non-GAAP reconciliations.



²Attributable to Cardinal Health, Inc.

Pharmaceutical and Specialty Solutions Q4 FY25 results

	Q4 FY25 (\$M)	Q4 FY24 (\$M)	YoY change
Revenue	\$55,372	\$55,608	(0)%
Segment profit	\$535	\$482	11%
Segment profit margin	0.97%	0.87%	10 bps



Drivers:

Revenue

- Previously communicated customer contract expiration
- Brand and specialty pharmaceutical sales growth from existing and new customers

Segment profit

- + MSO platforms
- + Brand and specialty products
- Customer contract expiration



Global Medical Products and Distribution Q4 FY25 results

	Q4 FY25 (\$M)	Q4 FY24 (\$M)	YoY change
Revenue	\$3,199	\$3,109	3%
Segment profit	\$70	\$47	49%
Segment profit margin	2.19%	1.51%	68 bps



Drivers:

Revenue

+ Volume growth from existing customers

Segment profit

+ Volume growth from existing customers



Other: NPHS, at-Home Solutions and OptiFreight Q4 FY25 results

	Q4 FY25 (\$M)	Q4 FY24 (\$M)	YoY change
Revenue	\$1,609	\$1,172	37%
Segment profit	\$160	\$111	44%
Segment profit margin	9.94%	9.47%	47 bps



Revenue

+ Growth across the three operating segments

Segment profit

+ Growth across the three operating segments





FY25 Results

FY25 financial summary

	GAAP Basis (\$M) FY25	Non-GAAP Basis (\$M) FY25
Revenue % change	\$222,578 (2)%	N/A
Gross Margin % change	\$8,168 10%	\$8,168 10%
SG&A % change	\$5,382 8%	\$5,382 <i>8%</i>
Operating Earnings % change	\$2,275 <i>83%</i>	\$2,786 15%
Interest and Other ¹ % change	\$174 <i>N.M.</i>	N/A
Net Earnings ² % change	\$1,561 83%	\$1,995 7%
Diluted EPS ² % change	\$6.45 <i>87%</i>	\$8.24 9%

¹The sum of "other (income)/expense, net" and "interest expense, net"

Please see appendix for GAAP to Non-GAAP reconciliations.



²Attributable to Cardinal Health, Inc.

Pharmaceutical and Specialty Solutions FY25 results

	FY25 (\$M)	FY24 (\$M)	YoY change
Revenue	\$204,644	\$210,019	(3)%
Segment profit	\$2,258	\$2,015	12%
Segment profit margin	1.10%	0.96%	14 bps



Drivers:

Revenue

- Previously communicated customer contract expiration
- Brand and specialty pharmaceutical sales growth from existing and new customers

Segment profit

- Brand and specialty products
- + MSO platforms
- BioPharma Solutions, including Specialty Networks
- Customer contract expiration



Global Medical Products and Distribution FY25 results

	FY25 (\$M)	FY24 (\$M)	YoY change
Revenue	\$12,636	\$12,381	2%
Segment profit	\$135	\$92	47%
Segment profit margin	1.07%	0.74%	33 bps



Revenue

+ Volume growth from existing customers

Segment profit

+ Volume growth from existing customers



Other: NPHS, at-Home Solutions and OptiFreight FY25 results

	FY25 (\$M)	FY24 (\$M)	YoY change
Revenue	\$5,382	\$4,512	19%
Segment profit	\$516	\$423	22%
Segment profit margin	9.59%	9.38%	21 bps

Drivers:

Revenue

+ Growth across the three operating segments

Segment profit

+ Growth across the three operating segments





FY26 Outlook

FY26 financial expectations

	FY26 outlook	FY25 actual
Non-GAAP EPS	\$9.30 - \$9.50 Previously \$9.10 to \$9.30	\$8.24
Interest and Other	~\$275M	\$174M
Non-GAAP ETR	22.0% - 24.0%	23.3%
Diluted weighted average shares outstanding	238M – 240M	242M
Share repurchases	~\$750M	\$750M
Capital expenditures	~\$600M	\$547M
Non-GAAP adjusted free cash flow	\$2.75B - \$3.25B	\$2.5B

Bold indicates a change to the preliminary FY26 outlook provided at Investor Day on June 12, 2025

The company does not provide forward-looking expectations on a GAAP basis as certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. See "use of non-GAAP measures" in the financial appendix at the end of this presentation for additional explanation.



FY26 segment guidance

Revenue and segment profit

Pharmaceutical and **Specialty Solutions**

Revenue growth of

11% to 13%

Segment profit growth of

11% to 13%

Previously growth of 10% to 12%

Other: at-Home Solutions NPHS, OptiFreight Logistics

Revenue growth of

26% to 28%

Segment profit growth of 25% to 27%

Global Medical Products and Distribution

Revenue growth of

2% to 4%

Previously growth of 3% to 5%

Segment profit of

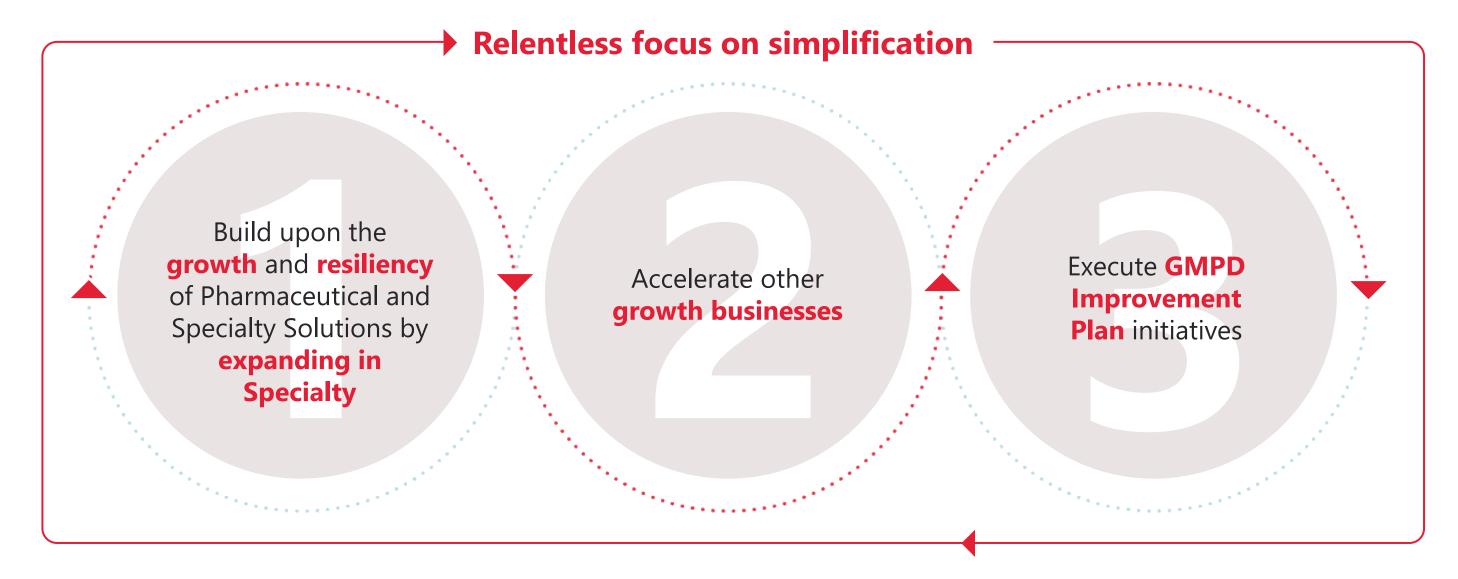
\$140M+

Bold indicates a **change** to the preliminary FY26 outlook provided at Investor Day on June 12, 2025

Other includes the following three operating segments: Nuclear and Precision Health Solutions (NPHS), at-Home Solutions, and OptiFreight® Logistics, which are not significant enough individually to require reportable segment disclosure.

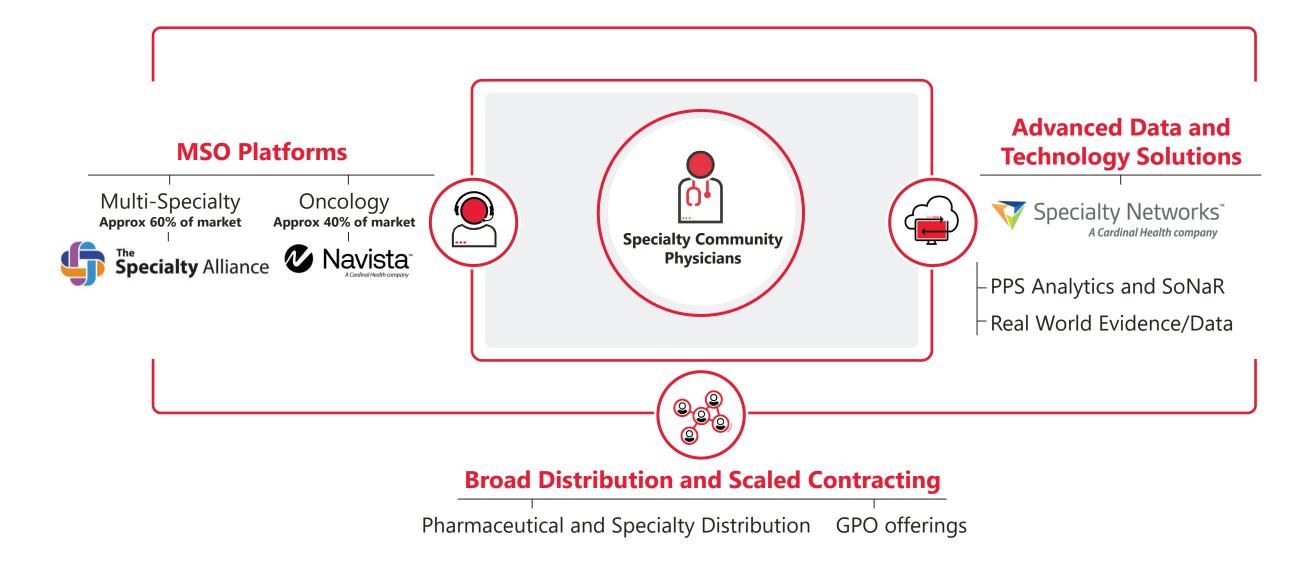


Strategic priorities





Supporting community-based physicians with a comprehensive model





Adding Solaris Health to The Specialty Alliance

Solaris Health overview

Country's leading urology managed service organization (MSO) with **750+** providers across **250** practice locations in **14** states

Diverse revenue streamsunderpinned by a national MSO infrastructure

Enables urology providers
to focus more time on their
patients through clinical research,
streamlined practice coordination
and improved back-office support

Growing The Specialty Alliance

- Bolsters CAH's leadership in the urology specialty therapeutic area
- 2 Strengthens The Specialty
 Alliance's multi-specialty platform
 and resilient business model by
 adding scale and extending reach
 to new markets
- CAH's MSO platforms to reach ~3,000 community providers across 32 states upon transaction close

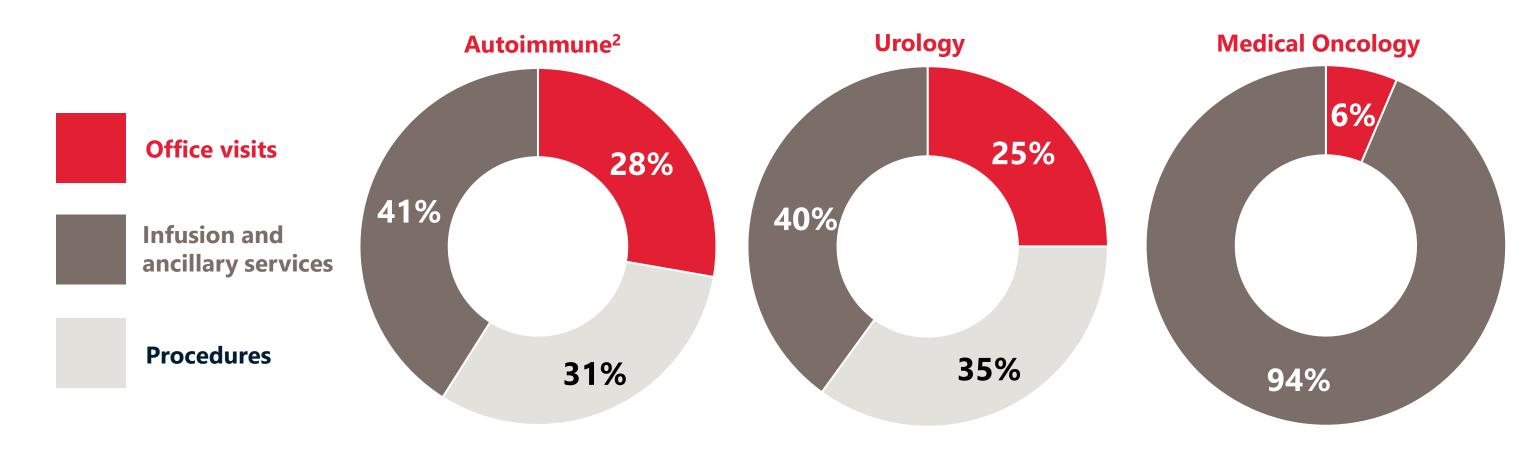








Community practices have diverse revenue streams with similar mix across Autoimmune and Urology



Source: Bain & Co.; Ancillaries includes infusion, surgery center, laboratory, and other revenue streams.



¹Includes revenue that is typically addressable to a community physician practice.

²Includes gastroenterology, neurology and rheumatology.

Disciplined capital allocation framework

Table stakes **FY25** results FY26 expectations **Investing back into the business \$547M** in capital expenditures Approximately \$600M to drive organic growth **Credit ratings maintained,** along with Maintain BBB/Baa2 ratings Maintain investment grade balance sheet



Baseline return of capital to shareholders

- Continue to grow the dividend
- Baseline share repurchases

increased leverage range target¹



\$1B in baseline capital returned to shareholders

- **\$500M** FY25 baseline share repurchases
- **~\$500M** in dividend payments

Achieve targeted leverage by end of FY26

Increased baseline to **~\$1.25B**

- **\$750M** FY26 baseline share repurchases
- ~\$500M in dividend payments

Opportunistic levers



Disciplined and targeted M&A



Additional opportunistic share repurchases



Completed four strategic acquisitions:

- ✓ Integrated Oncology Network
- ✓ Advanced Diabetes Supply
- ✓ GI Alliance
- ✓ Urology America

\$250M of opportunistic share repurchases

Announced acquisition of Solaris Health,

the country's leading urology MSO

Continue to opportunistically evaluate **tuck-ins** and additional share repurchases



Compelling investment thesis



Consistent track record



Unique breadth of capabilities



Resilient model



Strong core Pharma



Specialty key opportunity



Higher-margin growth businesses



Progress with GMPD turnaround



Increasing cash flow generation



Disciplined capital allocation



12% to 14% non-GAAP EPS long-term CAGR



Appendix



GAAP / Non-GAAP Reconciliation1

Net (Earnings)/ Loss

			Gross				Operating	Earnings	Provis	ion Attributable	•		Net			Diluted
			Margin		SG&A ²		Earnings	Before	for	to Non-			Earnings ³	Effective		EPS ³
	Gı	ross	Growth		Growth	Operating	Growth	Income	Incon	ne Controlling	ı	Net	Growth	Tax	Diluted	Growth
	Ma	argin	Rate	SG&A ²	Rate	Earnings	Rate	Taxes	Taxe	es Interests	Earı	nings³	Rate	Rate	EPS ³	Rate
(in millions, except per common share amounts)								For	urth Quarter 2025							
GAAP	\$	2,202	17 % \$	1,484	16 %	\$ 428	7 %	\$	384 \$	141 \$	(4) \$	239	2%	36.9 %	1.00	4%
Restructuring and employee severance		_		_		27			27	6	_	21			0.09	
Amortization and other acquisition-related costs		_		_		133			133	23	2	112			0.46	
Acquisition-related cash & share-based compensation costs		_		_		106			106	1	4	109			0.45	
Impairments and (gain)/loss on disposal of assets, net		_		_		33			33	9	_	24			0.10	
Litigation (recoveries)/charges, net		_		_		(9)			(9)	(2)	_	(7)			(0.03)	
Non-GAAP	\$	2,203	17 % \$	1,484	16 %	\$ 719	19 %	\$	676 \$	178 \$	3 \$	501	11%	26.3 % \$	2.08	13%
<u>-</u>								Fo	urth Quarter 2024							
GAAP	\$	1,882	5 % \$	1,277	2 %	\$ 401	N.M.	\$	391 \$	158 \$	2 \$	235	N.M.	40.4 % \$	0.96	N.M.
Restructuring and employee severance		-		-		69			69	13	_	56			0.23	
Amortization and other acquisition-related costs		-		-		77			77	19	_	58			0.24	
Impairments and (gain)/loss on disposal of assets, net $^{\rm 4}$		-		-		8			8	(32)	_	40			0.16	
Litigation (recoveries)/charges, net		-		-		50			50	(12)	_	62			0.25	
Non-GAAP	\$	1,882	5 % \$	1,277	2 %	\$ 605	14 %	\$	595 \$	147 \$	2 \$	450	23%	24.6 % \$	1.84	29%

¹ For more information on these measures, refer to the Use of Non-GAAP Measures and Definitions schedules.

The sum of the components and certain computations may reflect rounding adjustments.

We generally apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.



² Distribution, selling, general and administrative expenses.

³ Attributable to Cardinal Health, Inc.

⁴ During fiscal 2024, we recorded cumulative pre-tax goodwill impairment charges of \$675 million related to GMPD in impairments and (gain)/loss on disposal of assets, net. The estimated net tax benefit related to the impairments are under the annual effective tax rate. During the three months ended June 30, 2024, the amount of tax expense recognized related to goodwill impairment charges was \$34 million, which reflects the reversal of the incremental tax benefit recognized during the nine months ended March 31, 2024.

Cardinal Health, Inc. and Subsidiaries GAAP / Non-GAAP Reconciliation¹

Net Earnings

A										90						
			Gross				Operating	Earnings	Provision	Attributable			Net			Diluted
			Margin		SG&A ²		Earnings	Before	for	to Non-			Earnings ³	Effective		EPS 3
	e	Gross	Growth		Growth	Operating	Growth	Income	Income	Controlling		Net	Growth	Тах	Diluted	Growth
	M	Margin	Rate	SG&A 2	Rate	Earnings	Rate	Taxes	Taxes	Interests	Ear	arnings ³	Rate	Rate	EPS 3	Rate
(in millions, except per common share amounts)								Fiscal Y	Year 2025							
GAAP	\$	8,168	10 % \$	5,382	8 % \$	2,275	83% \$	\$ 2,101 \$	\$ 532	\$	(8) \$	1,561	0.83	25.3 % \$	6.45	87 %
Restructuring and employee severance		_		_		88		88	21		_	67			0.28	
Amortization and other acquisition-related costs		_		_		464		464	104		_	360			1.49	1
Acquisition-related cash & share-based compensation costs		_		_		126		126	1		_	125			0.51	1
Impairments and (gain)/loss on disposal of assets, net		_		_		18		18	5		_	13			0.05	1
Litigation (recoveries)/charges, net		_		_		(185)		(185)	(54)		_	(131)			(0.54)	
Non-GAAP	\$	8,168	10 % \$	5,382	8 % \$	2,786	15 % \$	\$ 2,612 \$	\$ 609	\$	(8) \$	1,995	7 %	23.3 % \$	8.24	9 %
								Fiscal \	Year 2024							
GAAP	\$	7,414	8 % \$	5,000	4 % \$	1,243	0.65 \$			\$	(1) \$	852	N.M.	28.9 % \$	3.45	N.M.
Shareholder cooperation agreement costs				(1)		1		1	_		_	1			_	
Restructuring and employee severance		_		_		175		175	41		_	134			0.54	
Amortization and other acquisition-related costs		_		_		284		284	74		_	210			0.85	
Impairments and (gain)/loss on disposal of assets, net ⁴		_		_		634		634	47		_	587			2.38	
Litigation (recoveries)/charges, net		_		_		78		78	5		_	73			0.30	
Non-GAAP	\$	7,414	8 % \$	5,000	4 % \$	\$ 2,414	16 % \$	\$ 2,372 \$	\$ 515 \$	\$	(1) \$	1,856	21 %	21.7 % \$	7.53	29 %

¹ For more information on these measures, refer to the Use of Non-GAAP Measures and Definitions schedules.

The sum of the components and certain computations may reflect rounding adjustments.

We generally apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.



² Distribution, selling, general and administrative expenses.

³ Attributable to Cardinal Health, Inc.

⁴ For fiscal 2024, impairments and (gain)/loss on disposals of assets, net included in the annual effective tax rates.

Cardinal Health, Inc. and Subsidiaries GAAP / Non-GAAP Reconciliation - GAAP Cash Flow to Non-GAAP Adjusted Free Cash Flow

	Fiscal Year								
(in millions)	2025		2024						
GAAP - Cash Flow Categories									
Net cash provided by operating activities	\$ 2,397	\$	3,762						
Net cash used in investing activities	(5,593)		(1,849)						
Net cash provided by/(used in) financing activities	1,940		(847)						
Effect of exchange rates changes on cash and equivalents	(3)		(9)						
Net increase in cash and equivalents	\$ (1,259)	\$	1,057						
Non-GAAP Adjusted Free Cash Flow									
Net cash provided by operating activities	\$ 2,397	\$	3,762						
Additions to property and equipment	(547)		(511)						
Payments related to matters included in litigation (recoveries)/charges, net	619		691						
Non-GAAP Adjusted Free Cash Flow	\$ 2,469	\$	3,942						

For more information on these measures, refer to the Use of Non-GAAP Measures and Definitions schedules.



Cardinal Health, Inc. and Subsidiaries Segment Information

Fourth Quarter

	Pharr	maceutical and	Ity Solutions	Global Medical Products and Distribution				Other				
(in millions)	2025		2024		2025		2024		2025		2024	
Revenue												
Amount	\$	55,372	\$	55,608	\$	3,199	\$	3,109	\$	1,609	\$	1,172
Growth rate		– %		13 %		3 %		2 %		37 %		15 %
Segment profit												
Amount	\$	535	\$	482	\$	70	\$	47	\$	160	\$	111
Growth rate		11 %		8 %		49 %		N.M.		44 %		11 %
Segment profit margin		0.97%		0.87 %		2.19%		1.51 %		9.94%		9.47 %

Fiscal Year

(in millions)	Pharmaceutical and Specialty Solutions				Global Medical Products and Distribution				Other				
	2025		2024		2025		2024		2025		2024		
Revenue				_				_					
Amount	\$	204,644	\$	210,019	\$	12,636	\$	12,381	\$	5,382	\$	4,512	
Growth rate		(3)%		11 %		2 %		1 %		19 %		12 %	
Segment profit													
Amount	\$	2,258	\$	2,015	\$	135	\$	92	\$	516	\$	423	
Growth rate		12 %		7 %		47 %		N.M.		22 %		7 %	
Segment profit margin		1.10%		0.96 %		1.07%		0.74 %		9.59%		9.38 %	



Cardinal Health, Inc. and Subsidiaries

Forward Looking non-GAAP Measures

In this document, the Company presents certain forward-looking non-GAAP metrics. The Company does not provide outlook on a GAAP basis because the items that the Company excludes from GAAP to calculate the comparable non-GAAP measure can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. Additionally, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on outlook done on a GAAP basis.

The occurrence, timing and amount of any of the items excluded from GAAP to calculate non-GAAP could significantly impact the Company's fiscal 2025 GAAP results. Over the past five fiscal years, the excluded items have impacted the Company's EPS from \$1.79 to \$8.44, which includes a \$6.97 change related to the goodwill impairment we recognized in fiscal 2022.



Cardinal Health, Inc. and Subsidiaries

Definitions

Growth rate calculation: growth rates in this report are determined by dividing the difference between current period results and prior period results by prior period results.

Interest and Other, net: other (income)/expense, net plus interest expense, net.

Segment Profit: segment revenue minus (segment cost of products sold and segment distribution, selling, general and administrative expenses).

Segment Profit margin: segment profit divided by segment revenue.

Non-GAAP gross margin: gross margin, excluding LIFO charges/(credits).

Non-GAAP distribution, selling, general and administrative expenses or Non-GAAP SG&A: distribution, selling, general and administrative expenses, excluding state opioid assessment related to prior fiscal years and shareholder cooperation agreement costs.

Non-GAAP operating earnings: operating earnings excluding (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) shareholder cooperation agreement costs, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) acquisition-related cash and share-based compensation costs, (7) impairments and (gain)/loss on disposal of assets, net, and (8) litigation (recoveries)/charges, net.

Non-GAAP earnings before income taxes: earnings before income taxes excluding (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) shareholder cooperation agreement costs, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) acquisition-related cash and share-based compensation costs, (7) impairments and (gain)/loss on disposal of assets, net, (8) litigation (recoveries)/charges, net, and (9) loss on early extinguishment of debt.

Non-GAAP net earnings attributable to non-controlling interests: net earnings attributable to non-controlling interests excluding (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) shareholder cooperation agreement costs, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) acquisition-related cash and share-based compensation costs, (7) impairments and (gain)/loss on disposal of assets, net, (8) litigation (recoveries)/charges, net, and (9) loss on early extinguishment of debt, each net of tax.

Non-GAAP net earnings attributable to Cardinal Health, Inc.: net earnings attributable to Cardinal Health, Inc. excluding (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) shareholder cooperation agreement costs, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) acquisition-related cash and share-based compensation costs, (7) impairments and (gain)/loss on disposal of assets, net, (8) litigation (recoveries)/charges, net, and (9) loss on early extinguishment of debt, each net of tax.

Non-GAAP effective tax rate: provision for income taxes adjusted for the tax impacts of (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) shareholder cooperation agreement costs, (4) restructuring and employee severance, (5) amortization and other acquisition-related costs, (6) acquisition-related cash and share-based compensation costs, (7) impairments and (gain)/loss on disposal of assets, net, (8) litigation (recoveries)/charges, net, and (9) loss on early extinguishment of debt divided by (earnings before income taxes adjusted for the items above).

Non-GAAP diluted earnings per share attributable to Cardinal Health, Inc.: non-GAAP net earnings attributable to Cardinal Health, Inc. divided by diluted weighted-average shares outstanding.

Non-GAAP adjusted free cash flow: net cash provided by operating activities less payments related to additions to property and equipment, excluding settlement payments and receipts related to matters included in litigation (recoveries)/charges, net, as defined above, or other significant and unusual or non-recurring cash payments or receipts.



Definitions continued

- ¹<u>LIFO charges and credits</u> are excluded because the factors that drive last-in first-out ("LIFO") inventory charges or credits, such as pharmaceutical manufacturer price appreciation or deflation and year-end inventory levels (which can be meaningfully influenced by customer buying behavior immediately preceding our fiscal year-end), are largely out of our control and cannot be accurately predicted. The exclusion of LIFO charges and credits from non-GAAP metrics facilitates comparison of our current financial results to our historical financial results and to our peer group companies' financial results. We did not recognize any LIFO charges or credits during the periods presented.
- ² State opioid assessments related to prior fiscal years is the portion of state assessments for prescription opioid medications that were sold or distributed in periods prior to the period in which the expense is incurred. This portion is excluded from non-GAAP financial measures because it is retrospectively applied to sales in prior fiscal years and inclusion would obscure analysis of the current fiscal year results of our underlying, ongoing business. Additionally, while states' laws may require us to make payments on an ongoing basis, the portion of the assessment related to sales in prior periods are contemplated to be one-time, nonrecurring items. Income from state opioid assessments related to prior fiscal years represents reversals of accruals due to changes in estimates or when the underlying assessments were invalidated by a Court or reimbursed by manufacturers.
- ³ Shareholder cooperation agreement costs includes costs such as legal, consulting, and other expenses incurred in relation to the agreement (the "Cooperation Agreement") entered into among Elliott Associates, L.P., Elliott International, L.P. (together, "Elliott"), and Cardinal Health. These include costs incurred to negotiate and finalize the Cooperation Agreement and costs incurred by the Business Review Committee of the Board of Directors, formed under this Cooperation Agreement, tasked with undertaking a comprehensive review of our strategy, portfolio, capital allocation framework, and operations. We have excluded these costs from our non-GAAP metrics because they do not occur in or reflect the ordinary course of our ongoing business operations and may obscure analysis of trends and financial performance. The Cooperation Agreement expired in the second quarter of fiscal 2025.
- ⁴ Restructuring and employee severance costs are excluded because they are not part of the ongoing operations of our underlying business and include, but are not limited to, costs related to divestitures, closing and consolidating facilities, changing the way we manufacture or distribute our products, moving manufacturing of a product to another location, changes in production or business process outsourcing or insourcing, employee severance, and realigning operations.
- ⁵ <u>Amortization and other acquisition-related costs</u>, which include transaction costs, integration costs, and changes in the fair value of contingent consideration obligations, are excluded because they are not part of the ongoing operations of our underlying business and to facilitate comparison of our current financial results to our historical financial results and to our peer group companies' financial results. Additionally, costs for amortization of acquisition-related intangible assets and amortization as a result of basis differences in equity method investments are non-cash amounts, which are variable in amount and frequency and are significantly impacted by the timing and size of acquisitions, so their exclusion facilitates comparison of historical, current, and forecasted financial results. We also exclude other acquisition-related costs, which are directly related to an acquisition but do not meet the criteria to be recognized on the acquired entity's initial balance sheet as part of the purchase price allocation. These costs are also significantly impacted by the timing, complexity, and size of acquisitions.
- ⁶ <u>Acquisition-related cash and share-based compensation costs</u> are incurred in connection with contingent cash payments or the issuance of share-based payment awards, which include service requirements, as a part of certain physician practice acquisitions. These costs include fair value adjustments for liability-classified awards. These costs are excluded because they are unrelated to the underlying operating results of our business and to facilitate comparison of our current financial results to our historical financial results and to our peer group companies' financial results. In addition, the magnitude of these expenses is significantly impacted by the timing and size of the acquisitions of physician practices.
- 6 Impairments and gain or loss on disposal of assets, net are excluded because they do not occur in or reflect the ordinary course of our ongoing business operations and are inherently unpredictable in timing and amount, and in the case of impairments, are non-cash amounts, so their exclusion facilitates comparison of historical, current, and forecasted financial results.
- ⁷ <u>Litigation recoveries or charges, net</u> are excluded because they often relate to events that may have occurred in prior or multiple periods, do not occur in or reflect the ordinary course of our business, and are inherently unpredictable in timing and amount.
- ⁸ Loss on early extinguishment of debt is excluded because it does not typically occur in the normal course of business and may obscure analysis of trends and financial performance. Additionally, the amount and frequency of this type of charge is not consistent and is significantly impacted by the timing and size of debt extinguishment transactions.

The tax effect for each of the items listed above is determined using the tax rate and other tax attributes applicable to the item and the jurisdiction(s) in which the item is recorded. The gross, tax, and net impact of each item are presented with our GAAP to non-GAAP reconciliations.

Non-GAAP adjusted free cash flow: We provide this non-GAAP financial measure as a supplemental metric to assist readers in assessing the effects of items and events on our cash flow on a year-over-year basis and in comparing our performance to that of our peer group companies. In calculating this non-GAAP metric, certain items are excluded from net cash provided by operating activities because they relate to significant and unusual or non-recurring events and are inherently unpredictable in timing and amount. We believe adjusted 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, debt repayments, dividend payments, share repurchases, strategic acquisitions, or other strategic uses of cash. A reconciliation of our GAAP financial results to Non-GAAP adjusted free cash flow is provided in Schedule 6 of the financial statement tables included with this release.

