

# Q1 FY26 Cardinal Health, Inc. Earnings Conference Call

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Operator: Hello, and welcome to the First Quarter Fiscal Year 2026 Cardinal Health, Incorporated Earnings Conference Call. My name is Serghei, and I will be your coordinator for today's event. Throughout today's recorded presentation all participants will be in a listen-only mode. Later, we will conduct a question-and-answer session. You may register for questions at any time by pressing star one on your telephone keypad. And now, I'd like to hand the call over to Matt Sims, Vice President, Investor Relations. Please go ahead, sir.

Matt Sims: Good morning, and welcome to Cardinal Health's First Quarter Fiscal '26 Earnings Conference Call and thank you for joining us. With me today are Cardinal Health CEO, Jason Hollar, and our CFO, Aaron Alt.

You can find this morning's earnings press release and investor presentation on the Investor Relations section of our website at [ir.cardinalhealth.com](http://ir.cardinalhealth.com). Since we will be making forward-looking statements today, let me remind you that the matters addressed in these statements are subject to risks and uncertainties that could cause our actual results to differ materially from those projected or implied. Please refer to our SEC filings and the forward-looking statement slide at the beginning of our investor presentation for a description of these risks and uncertainties.

Please note, that during our discussion today, the comments will be on a non-GAAP basis unless specifically called out as GAAP. GAAP to non-GAAP reconciliations for all relevant periods can be found in the supporting schedules attached to our press release.

For the Q&A portion of today's call, we kindly ask that you limit questions to one per participant, so that we can try and give everyone an opportunity.

With that, I will now turn the call over to Jason.

Jason Hollar: Thanks Matt, and good morning, everyone.

We are pleased to report a strong start to fiscal '26, with continued operating momentum and broad-based performance. With strong double-digit profit growth across each of our five operating segments, these results underscore our team's disciplined execution of our strategic priorities and the strength of our resilient business model.

Our performance was again led by our Pharmaceutical and Specialty Solutions segment, where we continue to benefit from a robust demand environment, along with our ongoing efforts to prioritize our core operations and deliver exceptional service for customers. We have made notable progress with our expansion in Specialty, evidenced by meaningful contributions from our MSO platforms this quarter and the expansion of our BioPharma Solutions business.

This progress will be further accelerated by the acquisition of Solaris Health, the country's largest Urology MSO with over 750 providers, which we anticipate closing shortly. We're eager to add the Solaris team's capabilities to The Specialty Alliance, our industry-leading multi-Specialty platform, to deliver even greater value for providers and patients.

With GMPD, we continue to make steady progress against the Improvement Plan initiatives, and we're pleased to deliver a strong quarter.

And our Other growth businesses, at-Home Solutions, Nuclear and Precision Health Solutions and OptiFreight® Logistics, also continue to accelerate. This performance reflects their alignment with key secular trends, leading market positions and our focused investments. We are seeing strength in demand across each business and are successfully executing our integration of ADS which is creating a powerful business serving patients in their homes.

Overall, the momentum across our business gives us confidence as we progress further into fiscal '26, and Aaron will walk you through the increases to our outlook.

Our results are driven by the dedication and focus of the Cardinal Health team and is a testament to our unique breadth of capabilities. We are the crucial link across the entire healthcare spectrum, from pharmacies to health systems to physician offices and surgery centers, all the way to the home, delivering daily to tens of thousands of locations, with product sourced from several thousand different organizations. We are constantly innovating to expand our suite of services both downstream and upstream and are deeply committed to creating value for providers, manufacturer partners and patients, while fulfilling our critical role as healthcare's most trusted partner.

With that, I will turn it over to Aaron to go through the financials.

Aaron Alt: Thanks Jason, and good morning.

We are really pleased with our first quarter performance, which exceeded our expectations across the board.

Overall, we grew operating earnings by 37% and EPS by 36%, while continuing to make strategic progress by integrating last year's acquisitions and making additional organic investments for growth across the enterprise.

As Jason signaled, we expect our acquisition of Solaris Health to close shortly. This is a significant step in accelerating our specialty growth strategy and will create long-term value for patients, providers, and shareholders as Solaris benefits from the broader strengths of the Specialty Alliance's leading multi-specialty platform.

With strong results across the board and the anticipated closing of Solaris, I'm pleased to highlight that we are raising our full year EPS guidance to a range of \$9.65 to \$9.85.

Let's review the results starting with slide 4.

Total company revenue increased 22% to \$64 billion dollars, primarily driven by continued strong demand in Pharma and reflecting growth from all five operating segments.

Gross profit grew 22% to \$2.3 billion, while also outpacing SG&A growth, which increased 14% to \$1.5 billion. Excluding the inclusion of the ION, GIA and ADS acquisitions in our results, SG&A growth was more modest. This reflects our constant focus on cost management even as we annualize fiscal '25's customer wins and investments for growth.

This led to operating earnings growth of 37% versus the prior year.

Moving below the line, Interest and Other increased by \$43 million, to \$70 million in the quarter, due to financing costs related to our announced acquisitions.

Our first quarter effective tax rate was 21.9%, about 100 bps better than a year ago due to the timing of discrete items.

Q1 average diluted shares outstanding were 239 million shares, 2% lower than last year due to share repurchases.

The net result for Q1 was EPS of \$2.55, growth of 36%.

Now, turning to the segments, beginning with Pharmaceutical and Specialty Solutions on slide 5.

First quarter revenue increased by 23% to \$59 billion, driven by brand and specialty pharmaceutical sales growth from existing and new customers. This included approximately 6 percentage points of revenue growth from GLP-1 sales.

In Q1, we saw a continuation of strong pharmaceutical demand across the business within brand, specialty, generics and consumer health, and from our largest customers.

First quarter Pharma segment profit increased by 26% to \$667 million, driven by contributions from brand and specialty products, our MSO platforms, and positive generic program performance.

The distribution of COVID vaccines was a slight year-over-year headwind in Q1, and we expect a similar headwind in Q2.

Notwithstanding that, the strength across the business in Pharmaceutical and Specialty distribution, our MSO platforms and our upstream Biopharma Solutions provides a solid foundation as we look ahead. The acquisitions of GIA and ION contributed approximately 8 points of the first quarter segment profit growth.

Within the core, the consistent market dynamics in our Red Oak-enabled generics program continued, and we saw healthy same-store generic unit growth above our long-term expectations during the quarter.

Our results also benefited from our continuous focus on efficiency initiatives across our distribution network.

Turning to GMPD on slide 6.

Revenue increased 2% in Q1, to \$3.2 billion, driven by volume growth from existing customers. Notably, we continued to see positive trends with Cardinal Health Brand, with over 6% revenue growth in the U.S.

GMPD segment profit increased by \$38 million to \$46 million in the quarter, driven by growth from existing customers.

The GMPD team remains highly focused on mitigating the impact of tariffs and continues to take aggressive actions to control costs across the business, including various sourcing initiatives. Overall, tariffs produced a slight net headwind during Q1. As a reminder, we expect a step up in tariff costs in the second quarter, which I'll discuss shortly.

Finishing with the businesses reported in Other as seen on slide 7.

First quarter revenue increased 38% to \$1.6 billion, reflecting strong demand across all three businesses. Segment profit also increased, by 60%, to \$166 million, driven by strong growth across all three of the businesses, including the acquisition of ADS.

A few highlights. The integration of ADS into at-Home Solutions is progressing well, with earlier realization of planned synergies. In Nuclear and Precision Health Solutions, we were pleased to see continued theranostics revenue growth of over 30%. OptiFreight® continues to see volume uplift and grew Q1 revenue over 20%.

Now, turning to the balance sheet.

Our enterprise-wide focus on cash flow management continues to benefit us as we generated \$1.3 billion in adjusted free cash flow during the first quarter.

Consistent with our disciplined capital allocation approach, during Q1 we invested approximately \$110 million back into the business to fuel future growth. We retired our \$500 million bond maturity in September, and we returned \$500 million to shareholders in the form of approximately \$125 million in dividends and the launch of a \$375 million accelerated share repurchase program.

With this program, we have now completed half of our \$750 million of baseline share repurchases for fiscal year '26.

After all this, we ended the quarter with a cash position of \$4.6 billion. This includes \$1 billion raised from our August bond issuance to partially fund the Solaris Health transaction.

Now, let's talk about our improved outlook for fiscal year '26. With a strong Q1 behind us, and line of sight to the closure of the acquisition of Solaris Health, we are incorporating the benefit of both items into our guidance.

The net of all of this is a 35-cent increase to fiscal year '26 EPS giving us a new range of \$9.65 to \$9.85. This equates to 17% to 20% EPS growth from the prior year reflecting the resilient strength and growing momentum of Cardinal Health. We are also increasing our Adjusted Free Cash Flow guidance to a new range of \$3 billion to \$3.5 billion for the full year.

Drilling into the details. On the top line, we are increasing our Pharma revenue guidance to 15% to 17% growth, from 11% to 13% growth, reflecting the positive demand trends we have experienced.

Our new Pharma segment profit guidance range is for 16% to 19% growth, an increase from our prior range of 11% to 13% growth. This primarily reflects our strong first quarter performance and approximately 3 percentage points of growth from Solaris Health. As is our practice in modeling transactions, our guidance does not include potential contributions from the distribution of the Solaris drug spend.

In terms of the expected phasing of our growth throughout the year, we continue to expect stronger profit growth in the first half of this year versus the back half, with the \$7 billion of new customer revenue primarily in the first half. In the second half of the year, we are annualizing the ION and GIA acquisitions, while benefitting from anticipated Solaris contributions. All-in, we expect M&A to add approximately 8 percentage points to Pharma's profit growth in fiscal year '26.

In GMPD, we continue to expect 2% to 4% revenue growth and at least \$140 million in segment profit. While net tariff costs are anticipated near the high end of our \$50 million to \$75 million range, the business' core operational performance continues to improve, and we are holding to our annual guidance.

Looking at GMPD's second quarter, while we project the segment will continue its profitability, we do not expect to see year-over-year profit growth as we realize a larger portion of the tariff costs incurred in previous quarters. We continue to expect Q4 to be GMPD's highest profit dollar quarter, as in recent years.

In Other, our revenue guidance remains unchanged at 26% to 28% growth while our segment profit guidance is up 4 percentage points to 29% to 31%, driven by the strong performance across all three growth businesses in the year to date.

Below the line, Interest and Other is \$50 million higher than originally guided, at approximately \$325 million, reflecting the financing costs for Solaris Health. Of course, this is more than offset by Solaris' profit contribution within the Pharma segment, which together, produces EPS accretion of about \$0.05 for the partial year.

We are also increasing our expectations for capex from approximately \$600 million to a range of \$600 to \$650 million for planned investments into the Specialty Alliance platform. Finally, we are lowering

our diluted weighted average shares outlook to approximately 238 million shares, from the prior range of 238 to 240 million shares, reflecting our Q1 and anticipated baseline share repurchases.

In closing, we're kicking off fiscal '26 with continued momentum. We are highly focused on continuing to do what we've said we would do, and I look forward to updating you on our progress in the coming months.

With that, I will turn it back over to Jason.

Jason Hollar: Thanks Aaron.

In Pharmaceutical and Specialty Solutions, our disciplined execution of our strategy has enabled us to deliver meaningful progress across the business and ensure we're well-positioned to take advantage of future growth in what continues to be a robust demand environment.

We continue to prioritize our core, making strategic investments to further expand and modernize our national pharmaceutical distribution network, driving greater operational execution and delivering even greater efficiency and service levels.

We recently announced the opening of our state-of-the-art Consumer Health Logistics Center, which serves as a vital link in our supply chain, efficiently distributing over-the-counter medications, treatments and diagnostic solutions to our network and serving customers nationwide. This investment creates an additional 20% in overall network capacity, which will support the strong double-digit growth we're seeing, and allow us to move products faster, more accurately and more reliably for our customers. We also unveiled plans for a new 230,000-square-foot flagship forward distribution center in Indianapolis, outfitted with advanced automation and the latest technological advancements, in addition to modernizing and optimizing several other DCs to add capacity and storage for specialty drugs.

Going deeper into Specialty, our expansion across our MSO platforms, our BioPharma Solutions business and Specialty distribution, including with biosimilars, has helped lay the groundwork for sustainable growth.

With respect to our MSO platforms, we are well-positioned to broaden our impact across our three high-priority areas: autoimmune, urology and oncology.

The addition of Solaris Health further enhances our progress in building The Specialty Alliance's multi-specialty MSO platform, adding significant scale and reach to better meet the comprehensive needs of community urologists across an even wider network of communities. Upon closing, our MSO platform will serve approximately 3,000 specialty providers across 32 states. Our teams have prioritized integration efforts, with a clear and thorough plan to bring together these platforms and create meaningful synergies that will unlock opportunities to deliver greater value for the community physicians we're serving. This work is already underway, with teams collaborating to develop how The Specialty Alliance can further partner on solutions that bring together the breadth of our enterprise capabilities, including areas like Nuclear and Precision Health Solutions where we have a

leading role supporting Urologists with prostate cancer treatments and deep knowledge of the fast-emerging field of theranostics.

Moving upstream, we continue to see growing demand across our BioPharma Solutions business, reflecting both the depth of our manufacturer partnerships and our investments to enhance our capabilities. Earlier this month, we hosted our annual Business Partners Conference, which drew record attendance from our manufacturer partners. As the industry continues to evolve, we remain steadfast in our commitment to being a trusted partner to our suppliers. As an example, our Sonexus™ Access and Patient Support business has recently won substantial new business, underpinned by the implementation of our next generation hub. These wins in our Sonexus™ business are a key component of our over 30% growth that we expect from our BioPharma Solutions business in fiscal year '26.

Turning to GMPD, our Improvement Plan initiatives are yielding results. We are encouraged by the positive trends within our Cardinal Health branded portfolio, particularly with our more clinically differentiated products, which delivered another quarter of strong volume growth in the United States.

A critical focus of the team continues to be ensuring our customers have the right products when and where they need them. Our success here was recently recognized by the Healthcare Industry Reliance Collaborative with an award for our supply chain resilience and transparency, which is consistent with our observed network improvements in service levels near an all-time high.

And with respect to tariffs, we remain focused on mitigating this impact for our customers and delivering on our financial commitments for the business.

Now turning to our Other growth businesses, where we delivered fantastic results, demonstrating the increasingly important role these higher margin and faster growing businesses play in our long-term strategy. We are seeing positive performance across all three businesses, supported by both strong demand and disciplined execution.

Nuclear and Precision Health Solutions continues to decisively outpace the market, backed by our differentiated offerings and team's deep expertise. This performance is driven by strong demand for theranostics, which again delivered over 30% revenue growth in the quarter. The growth of these transformative products is a game-changer for patients and particularly notable in the area of prostate cancer, which also creates future opportunity for our business.

To meet increasing demand for PET products, we are expanding production of key radiodiagnostics for the detection of cancer, coronary artery disease and Alzheimer's. To continue this momentum and advance our leadership position, we are making progress on our \$150 million of investments over the next 3 years to expand our PET network across 11 key markets and our Center for Theranostics Advancement.

Within at-Home Solutions, the demand environment is strong, and we see favorable long-term secular trends in home healthcare. Those factors, coupled with the synergies from our ADS integration, position us for sustainable growth.

We have already moved the majority of the ADS volume into our network with minimal utilization of our capacity. Our focus is now turning to integrating back-office operations and systems, which is critical to our goal of building the best customer experience in the industry.

To accelerate this momentum, we continue to invest in our distribution network to drive productivity and reach even more customers. We recently opened our newest distribution center in Fort Worth, Texas and will break ground this fiscal year on our next one in Sacramento, California, which is expected to be fully operational in Summer 2027. Both facilities are equipped with the latest robotics and automation technology, a key component of our long-term investment strategy to drive efficiency and service levels.

OptiFreight® Logistics continues to demonstrate its leading value proposition. With ongoing investments in our proprietary technology-driven platform TotalVue Insights, we continue to see long-term potential to deliver cost savings, transparency and operational efficiency for our customers, as an extension of their teams. As we outlined during Investor Day, we are expanding OptiFreight's® offerings in new areas, such as supporting the needs of outbound shipping for hospital-embedded pharmacies.

Wrapping up, I'll note that we continue to monitor the dynamic legislative and regulatory environment closely. Across the enterprise, we have confidence in the resilience of our business model, as evidenced by our increased guidance and our unique position to safely and efficiently deliver the products and solutions that our customers and patients need. Our essential role in healthcare has never been more critical, and we will continue to deliver our unmatched breadth of capabilities to meet the evolving needs of our customers and patients.

In closing, this quarter's results are a clear demonstration of our strategy in action and the broad-based momentum of our business. We remain focused on executing with discipline, consistently advancing our priorities and delivering sustainable value creation.

And with that, we will take your questions.

Operator: Thank you. As a reminder, to ask a question, please signal by pressing star one. If you wish to cancel your request, please press star two. And please, make sure your mute function is switched off to allow your signal to reach our equipment. We kindly ask you to please limit yourselves to one question per person. Thank you. The first question is from Erin Wright from Morgan Stanley. Please go ahead.

Erin Wright: Great. Thanks for taking my question. So, at your June Investor Day, you've raised that long-term Pharma and Specialty Solutions profit growth, but you obviously continue to track well ahead of that. I guess, how should we be thinking about just the broader momentum going forward and what's embedded in your assumptions? You gave some quarterly cadence in there, but has anything surprised you like on an intra-quarter basis that really drove the upside maybe relative to your internal expectations in the quarter? And then maybe you could unpack a little bit of the M&A contribution. I think you gave overall M&A contribution, but if you could unpack Solaris embedded in the guidance for the balance of year, that would be great. Thanks.

Jason Hollar: Thanks, Erin. There's a lot there, so I think it's going to require both Aaron and I to contribute to that answer. So let me start connected some of the Investor Day commentary then that certainly still holds true now. As I step back and think at the highest level specific to our Pharma business, but I think it's largely true across the enterprise, what we've been doing and executing is there's broad-based industry utilization trends that continue to be positive, but we're translating that through very specific Cardinal Health performance into a great financial results. So, both have been true. Let me just start with kind of the utilization picture, but not so satisfying answer is that we're seeing strength really across the board. But I do think that's consistent with our Investor Day messages. When you think about those key trends and themes that we walked through, demographics are clearly in our favor for the aging of America. More and more pharmaceutical products, coupled with the innovation that we continue to see in our industry. Innovation not just in new branded and specialty products, but that innovation that goes into, of course, the loss of exclusivity eventually when those branded products go to generics or, of course, even more and more biosimilars. So that overall utilization remains strong. We've translated that well, its a testament to the team's performance.

And even then when you double-click into some of those broader industry trends and strength, we position the business appropriately to take advantage of the secular trends, more investments into that home business to be able to support those patients in the home. Or the trends with more and more innovation in precision health like the nuclear radiotheronastics businesses that we have. So, these are all ways in which we position the business to take advantage of where the industry is going. But now let me turn it over to Aaron to actually go through the more specific questions and answers.

Aaron Alt: Great. Thanks, Jason. Look, as Jason said, we're really pleased with the results in Q1, and they are a continuation of the momentum we've seen across the business. Jason highlighted the strong demand we were seeing, stronger-than-expected demand certainly in the first quarter. Some of the key drivers in the quarter carry into our drivers from a guidance perspective. So let me highlight those. The specialty business in Q1 was trending at above historical levels. It was a strong performer for us, particularly in our areas of strength, autoimmune, urology, oncology, and we're also seeing good progress in BioPharma Solutions. I'm really pleased with the MSO platform as Jason was referencing as well. They contributed as expected, and they add about 8% of the growth in Q1. Generics was a positive performance story for us with volume above our expectations. And there's no substitute for good execution. The team certainly delivered on that in the quarter.

So now as we think about the guide for the year, and Erin, to your point of the raise to our guide. We are guiding profit up 17% to 19% for the year, all in, inclusive of our M&A. Key assumptions underlying that strong demand. We are not assuming outsized demand, as you've heard me say before, but we are assuming continued strong demand. We are assuming continued generics performance. We're assuming a double-digit growth from Specialty. That's going to come both upstream and our BioPharma Solutions business, including our Sonexus™ business and downstream in the MSOs as we carry forward. And the M&A is going to add 8 percentage points to the year. In my prepared remarks, I think I commented that Solaris will be 3% of that 8%. Of course, we also have the benefit of strong customer wins that we're adding in, particularly in the first half of the year, most of the \$7 billion of incremental customer wins come in the first half. So, as we think about the cadence as well, H1 we do expect to be stronger than H2 from a growth perspective driven by those

new customers. We, of course, are annualizing our acquisitions in the second half. But overall, we're expecting a good year carrying forward.

Jason Hollar: And I think you might have said 17%-19% guidance. Our guidance is 16% to 19%.

Matt Sims: Thanks for the question. Next question, please.

Operator: Next question is from Elizabeth Anderson from Evercore. Please go ahead.

Elizabeth Anderson: Hi, guys. Thanks so much for the question and congrats on the really nice quarter. Maybe just a follow-on to Aaron's two parts. One, does the assumptions now include Rite Aid from CVS closing that? Obviously, you've aligned with a high-growth customer there, and that's amazing. So one, I just want to make sure that's an expectation? And then two, you alluded to some of the policy changes in D.C. And I was wondering if you could just sort of maybe more specifically, help us think through where are some of the opportunities within some of these political changes and regulatory changes given your diverse business mix? Thank you.

Jason Hollar: Sure. Yes, Rite Aid is a tough one to see through where that volume is going. Certainly, you've heard a big customer of ours talk about their same-store sales growth, which is certainly a part of that. And of course, we support that customer and other customers. We do not support Rite Aid. So that volume has gone somewhere, and we're likely picking up a greater share of that because we started with 0%, and we're now getting a portion of that. So that's a component of it. Given the broad-based strength that we're seeing across different customers and different classes of trade, I don't think it's the primary driver by any sense. But it's one of a number different items. As it relates to policy changes, broadly speaking, I would step back and say that we're very much aligned with the administration's intent to ensure that Americans have access to affordable, innovative healthcare. And those policy changes, which are still in the works, in some cases, being more defined than others. As long as it's achieving those objectives, that is neutral to positive for the patient and for the industry and for us, because it drives utilization, the right type of utilization to solve and serve those patients and their needs. And so that's how we look at it. And it's hard to define exactly what utilization does. At the other end, whatever policy changes occur and of course, if price points come down and access affordability that improve, then that may be good for us, but I think largely speaking, we're seeing a fairly solid utilization environment. And there's nothing we see at this moment that says that these policy changes will materially change that, but hopefully continue on in serving those patient needs as we go forward.

Matt Sims: Next question, please.

Operator: Michael Cherny from Leerink Partners. Please go ahead

Michael Cherny: Good morning. Thanks for taking the question. Congrats on a nice quarter. Sorry, just to keep harping on this. But as you think about what's embedded in your new growth outlook for the year for the Pharmaceutical and Specialty Solutions segment in particular. How do you feel about the, call it, build between what you can control i.e., driving better penetration to your customers versus what you can't, i.e., just the market being incredibly strong. The growth has been so

significant. Obviously, you put a lot of operational improvements in place in order to get you there. Just trying to further bifurcate out some of the dynamics that's leading to this significant outperformance. Appreciate it.

Jason Hollar: Yeah. Let me start and see if I leave anything else that Aaron can pile on. I think you asked the question the right way, Michael. We stay focused on what we can control, no doubt about it. We believe strongly that utilization is going to continue to be positive. To what degree, we're not assuming that outsized level of growth that Aaron had referenced, but we expect it to be strong. Stronger than what it has historically been, but not quite as strong as what it's been more recently. So, we are anticipating it's going to be strong, but our objective is to ensure that whatever that volume is, which we anticipate it still to be a very growthy type of volume, that we translate that into fantastic service for customers, fantastic service ultimately to the patient and growing the business financially. So, we are focused, to your point, when you see a lot of what we talked about in our prepared comments this morning and more recent press releases, we're investing heavily into our business organically and inorganically to ensure that we're satisfying filling those needs to ensure that we have the capacity, the service levels, quality, and the safety for our team of best-in-class in how we operate. And with that, we think that's attractive to customers. We think customers want to work with us because we really focus on the core of the business that is their core of their business. And when they see that, I think that's an opportunity for us to continue to maintain and grow share.

So, we are going to continue to stay focused on that and what we can control, and we think that will ultimately result in a positive outcome. To what degree, that's where we need to see exactly what happens with the underlying utilization.

Matt Sims: Next question, please.

Operator: The next question is from George Hill from Deutsche Bank. Please go ahead.

George Hill: Good morning, guys. Thanks for taking the question. And Aaron, I'm going to take sources of the beat for \$300. So, the implied growth rate in the core for quarter, it looked like it was about 15% or 16%, I'm sorry, that's for the year. I guess my question is, it seems like you're actually assuming a deceleration in the balance of the year. And I guess there's the M&A component of that. But I guess I'd like you to talk about the sustainability of the beat. And Jason, as kind of a sub-question to that, I'd love you to talk about what we call Part B growth versus Part D growth. And if you can spend any time on the differences between kind of like that provider-facing specialty business versus the regular YRx business.

Aaron Alt: Good morning. I appreciate question. Look, what I can observe is we have a lot going on as a business. And Jason just highlighted the fact that we're very focused on executing its specific plans. You look at measured gets done. We're very careful to tell you what we're going to do and then we get to go do it. Within the portfolio as well, we have the demand strength that we've called out that we're going to be very careful to not get ahead of ourselves on, and we've been consistent in our approach there. But we also have the acquisitions coming as well. We'll be closing on Solaris shortly. We'll be lapping GIA and ION as we move into the back-half. And so, all I can really tell you from a cadence perspective is that we are comfortable and confident in the momentum we've seen,

comfortable and confident in the guidance that we've provided and we're going to do what we have to deliver against that effort. Jason?

Jason Hollar: Yes. We've already provided a lot of insight into the drivers, George, and I think it's safe to say broadly speaking with [indiscernible]. But nonetheless, it's safe to say we've seen strength in all aspects there.

Matt Sims: Next question, please.

Operator: Next question is from Eric Percher from Nephron Research. Please go ahead.

Eric Percher: Thank you. Let's shift to the Other segment. And if I'm reading you right, we're hearing here that there's both strength across all three businesses, and then some earlier synergy realization as well as what you expected from ADS. So similar to what you walked through on the other businesses, help us understand maybe some of the cadence you saw in Q1 that pull through and then expectation for the remainder of the year?

Aaron Alt: Look, it's hard not to be proud of what other businesses have done during Q1 with 60% profit growth with the strong double-digit profit growth across the businesses. You'll see in our Q that revenue was up dramatically across all three of the businesses. at-Home was up 51%, inclusive of the acquisition of ADSG. Nuclear is up 17%, Opti is up 21%. And that really goes to the fact that the businesses are both positioned well, and performing well. And to your point, the at-Home acquisition of ADSG, they have leaned into the integration, and we're very pleased with the synergies they are achieving quickly. I think Jason talked on our last earnings call about the fact that we are quickly moving volume from their third-party provider into our network. Our revenues will go up 33%, but only using 2% of our capacity. And we've commented that we have a detailed integration plan that is reasonable to achieve with potential upside, and we're starting to see the benefit in that across Other. I also should point out that within the at-Home business, we're seeing strength in areas that are core to who we are. Urology, CGM, the [indiscernible] categories, those are parts of the business that Cardinal is very focused on overall and nuclear precision health certainly is seeing strong growth in the theranostics part of its portfolio, which Jason referenced in his prepared remarks. Jason, anything you want to add?

Jason Hollar: Yeah, that's well said. And at the high level, I think, answered the question. I guess when you think about the 38% revenue growth in the quarter and the 60% segment profit growth in quarter, while we're not breaking out specifically ADS, what we are saying is that both the core as well as the acquisition are significant contributors to both of those numbers. It's not just the acquisition driving either one of those metrics. They're both very strong because of the acquisition as well as our core performance. And as Aaron highlighted, within the Other segment, each of the three businesses is performing strongly, growing strongly. So overall, what I think is just so fantastic about this quarter for the Other segment is that, that broad strength that we're seeing across those businesses, executing to the plans, strategies and actions that we laid out in Investor Day.

Aaron Alt: Yes. And I did fail to mention the OptiFreight® business, which continues to fire on all cylinders.

Matt Sims: Next question, please.

Operator: Allen Lutz from Bank of America. Please go ahead.

Allen Lutz: Good morning, and thanks for taking the question. One for Aaron. Cardinal Health Brand growth in the quarter was over 6%. That's really nice growth. Can you talk a little bit about the types of products where demand is high and the runway to drive outsized growth within that growing part of the business? Thanks.

Aaron Alt: Sure. We're really pleased with the continued strength in the Cardinal Health Brand business. The GMPD management team has invested significant efforts in that area, and the strength we're seeing is in our clinically differentiated products. Which, of course, is part of the Five-Point Plan that Steve Mason walked through at our Investor Day. And we're looking to continue to invest in those areas as we carry forward. So, I'm talking about compression, electrocardiography, surgical kitting, syringes, et cetera. That's really where we're seeing the growth with our existing customers.

Matt Sims: Next question, please.

Operator: Next question from Kevin Caliendo from UBS. Please go ahead.

Kevin Caliendo: Thanks. Thanks for taking my question. I want to dive a little bit more into what was driving the same sort of generic unit growth. Is there a particular category that moved more? Is there prescribing habits that are changing? Or are you getting better spreads for some reason? I'm just trying to understand a little bit what made it incrementally better for you? If this was purely generics oral into pharmacies, or were there some biosimilar part of this as well?

Aaron Alt: The perspective I would start with is that we saw consistent market dynamics within our generic portfolio. As you often hear us talk about, we're managing the buy-sell spread in that way and always seeking to achieve that consistent market dynamics the generic success here is really driven by volume, right? And so, consistent with the demand we saw strong volume in the generic portfolio, and that certainly contributed to the portfolio.

Jason Hollar: Yes. And I'd add, we walked through at Investor Day that the next 3 years, we see somewhat higher new loss of exclusivity and branded products, new items launched. So that's something that we anticipate being a component of this. As a component of the \$7 billion of carryover, new customer revenue that we are projecting for this year. A component of that, a small component of the revenue more [indiscernible] would be the side of that. So, it's really a combination of that.

Matt Sims: Next question, please.

Operator: Eric Coldwell from Baird. Please go ahead, es, sir.

Eric Coldwell: Well, the timing there is perfect because I think every one of my questions have been asked right before now. I guess we'll come back to the biosimilar topic because yesterday, there was

a Washington presser on getting the regulatory environment and the industry more in line with investing in biosimilars, I think, of well over 100 biologics coming off patent in the next handful of years. There's only a small percentage of those that actually have biosimilars in development. Are you thinking at all about the potential for many more of these biologics to actually start to see R&D and advancement of biosimilars based on some of the things happening in D.C.? Is that at all factored into your long-term vision? I know this is some more recent news from Washington, but I think it's been part of the policy chatter now for the better part of the year. So, I'm just I'm curious how exciting that might be for you.

Jason Hollar: Well, that's a pretty good question, Eric, for how deep the lineup you had to pull and get behind some of those other good questions. So yes, biosimilars is definitely something that we have highlighted and stressed before as a contributor to our long-term plans and actions we see kind of irrespective yesterday's announcement, we certainly see that biosimilars we will be a continued tailwind for the industry, and for us as we go forward. It's important to the access and affordability point that I made in some of my opening comments there. So it's, I guess, not too much of a surprise administration is working on some additional actions to further facilitate that to further improve that access and affordability. And just like any other type of improvements there, anything that they can do to improve that, could be an opportunity for us, but it is way too early to tell. I would like more than 24 hours to really understand better exactly what that means. Conceptually, it's definitely not bad. Conceptually, it could be an opportunity. But to what degree we need to understand not only the details behind what exactly this is, but more importantly, how will the industry react. Because it does require companies to make continued investments and that is something that this should improve some of those barriers and all things being equal, should be more positive. But let me come back at an appropriate time as we understand some of the details better.

Matt Sims: Next question, please.

Operator: Daniel Grosslight from Citi. Please go ahead.

Daniel Grosslight: Hi, guys. Thanks for taking question and congrats on the quarter here. I wanted to focus back on the onboarding of distribution businesses of your MSO acquisitions. First, just a clarifying question here. When you talk about the accretion from ION and GIA, are you also including the accretion from onboarding the distribution businesses? Or do you view that as separately? And my real question is, you previously mentioned that you're onboarding the distribution business of ION this quarter, starting in October, I think you mentioned, and then GIA onboarded in April 2026. I assume that's all baked into the guidance here? Can you just talk about how that's going versus your expectations? And then as we think about Solaris' distribution, what do you think that could potentially come on board? Thanks.

Aaron Alt: A couple of great questions. Let me seek to provide some clarity. In previous calls, we did provide an update on us gaining the distribution over the course of this fiscal year with respect to the ION and GI portfolio, but that is going well. There no one date per se. But us taking on that distribution for ION and GIA, in particular, is included in the guidance updates that we've provided today. The contrast is in connection with the Solaris transaction, which we've not quite yet closed, and the update to guidance we provided today. We're not yet complete in that process. And while we

expect the opportunity to be available to us later this fiscal year, we are not in a position yet to provide an update to guidance inclusive of Cardinal Health gaining the distribution on Solaris [indiscernible] spend.

Matt Sims: Next question, please.

Operator: Steven Valiquette from Mizuho Securities. Please go ahead.

Steven Valiquette: Yeah, thanks. Good morning, everybody. Congrats on the results as well. I think all the questions on the Pharma side have been pretty thoroughly addressed at this point. I guess just on GMPD, one of your competitors kind of divested their business recently. I'm wondering, if that creates any opportunity for you that changes the competitive landscape one way or other? Just curious to get any quick thoughts on that, if that has any impact from your perspective. Thanks.

Jason Hollar: Well, it certainly doesn't hurt because we've been very consistent with our customers and with the marketplace that we're going to put service level and performance above and beyond anything else. And we continue to invest in this business appropriately so, but also recognizing that it's still a turnaround. So, we're investing in areas that are good for good for customers, but also us. And just like my commentary earlier on the Pharma business, I think what we continue to do is focus on what we can influence the most level of performance, the level of quality such that we are the supplier of choice, the partner of choice for each and every one of those customers.

Matt Sims: Next question please.

Operator: And the last question today will be from Brian Tanquilut from Jefferies. Please go ahead.

Jack Slevin: Hey, thanks for the question. Congrats on the quarter. It's Jack Slevin on for Brian. Maybe a quick one just to dive deeper, given all the talk on Pharma. So just thinking about the MSO assets, is there any color you can give on where Pharma spending within the MSO, or drug spending with the MSO and trending, or anything in terms of growth rates and color on how that might have moved recently? Understanding that sort of deeper penetration on those in sort of the other ologies or non-oncology specialties is sort of core to the thesis? Thanks.

Jason Hollar: Yes. Well, as Aaron has highlighted, we're seeing broad specialty growth across many different therapeutic areas, specifically to your question on MSOs. What we've indicated before is that there's very diverse revenue streams. And so, while the drug spend is a relevant point, it's still only a third of the MSO revenue combined with then [indiscernible]. Our priorities on the MSO continue to be autoimmune, neurology and oncology. Those are all areas that fairly strong underlying volume and revenue growth. But there are not quite unique to the industry either because the specialty strength is broad. We're very pleased with the team and the progress that we're making to provide the capabilities and the services necessary for our physician partners to be successful, and we're really pleased with the Specialty Alliance, in particular, and in the investments that we're making there. But we're just going to keep at it.

Operator: Thank you. It appears that there are no further questions. With this, I'll hand the call back over to Jason Hollar for closing remarks.

Jason Hollar: Great. Thanks, everyone, for all the questions this morning and for your continued interest in Cardinal Health. Obviously, we're really pleased with the quarter. But as I highlighted before, really pleased with the breadth of the strength that we saw this quarter by the each and every one of our five operating segments. Great start to the year, and we're going to keep focused on the continued execution of our strategy. So, look forward to keeping you updated on our progress. Thanks again, and have a great day.

Operator: Thank you. This concludes today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.