



FOR IMMEDIATE RELEASE

Cardinal Health Reports Second Quarter Fiscal Year 2026 Results and Raises Outlook

- Revenue increased 19% to \$65.6 billion
- GAAP¹ operating earnings increased 29% to \$707 million; GAAP diluted EPS increased 19% to \$1.97
- Non-GAAP operating earnings increased 38% to \$877 million; non-GAAP diluted EPS increased 36% to \$2.63
- Cardinal Health raises fiscal year 2026 non-GAAP EPS guidance² to \$10.15 to \$10.35
- Cardinal Health completes annual baseline share repurchase of \$750 million
- Cardinal Health reaches targeted leverage range³

DUBLIN, Ohio, February 5, 2026 – Cardinal Health (NYSE: CAH) today reported second quarter fiscal year 2026 revenues of \$65.6 billion, an increase of 19% from the second quarter of fiscal year 2025. Second quarter GAAP operating earnings increased 29% to \$707 million and GAAP diluted earnings per share (EPS) increased 19% to \$1.97. Second quarter non-GAAP operating earnings increased 38% to \$877 million. Non-GAAP diluted EPS increased 36% to \$2.63, reflecting the increase in non-GAAP operating earnings and a lower share count, partially offset by an increase in interest and other expense due to financing costs related to previously announced acquisitions.

“Our strong second-quarter performance reflects at least double-digit segment profit growth across all five of our operating segments,” said Jason Hollar, CEO of Cardinal Health. “Our ongoing momentum and the team’s consistent execution against our strategic priorities gives us confidence to raise our fiscal 2026 outlook.”

Q2 FY26 summary

	Q2 FY26	Q2 FY25	Y/Y
Revenue	\$65.6 billion	\$55.3 billion	19%
Operating earnings	\$707 million	\$549 million	29%
Non-GAAP operating earnings	\$877 million	\$635 million	38%
Net earnings attributable to Cardinal Health, Inc.	\$467 million	\$400 million	17%
Non-GAAP net earnings attributable to Cardinal Health, Inc.	\$624 million	\$468 million	33%
Effective Tax Rate	25.2%	21.4%	
Non-GAAP Effective Tax Rate	21.4%	21.4%	
Diluted EPS attributable to Cardinal Health, Inc.	\$1.97	\$1.65	19%
Non-GAAP diluted EPS attributable to Cardinal Health, Inc.	\$2.63	\$1.93	36%

Segment results

Pharmaceutical and Specialty Solutions segment

	Q2 FY26	Q2 FY25	Y/Y
Revenue	\$ 60.7 billion	\$ 50.8 billion	19%
Segment profit	\$ 687 million	\$ 531 million	29%

Second quarter revenue for the Pharmaceutical and Specialty Solutions segment increased 19% to \$60.7 billion, driven by brand and specialty pharmaceutical sales growth from existing and new customers.

Pharmaceutical and Specialty Solutions segment profit increased 29% to \$687 million in the second quarter, driven by contributions from brand and specialty products, the acquisition of MSO platforms and positive generics program performance.

Global Medical Products and Distribution segment

	Q2 FY26	Q2 FY25	Y/Y
Revenue	\$ 3.3 billion	\$ 3.2 billion	3%
Segment profit	\$ 37 million	\$ 18 million	106%

Second quarter revenue for the Global Medical Products and Distribution segment increased 3% to \$3.3 billion, driven by volume growth from existing customers.

Global Medical Products and Distribution segment profit increased 106% to \$37 million in the second quarter, driven by growth from existing customers and the beneficial net impact of cost optimization initiatives, partially offset by an adverse net impact of tariffs.

Other⁴

	Q2 FY26	Q2 FY25	Y/Y
Revenue	\$ 1.7 billion	\$ 1.3 billion	34%
Segment profit	\$ 179 million	\$ 118 million	52%

Second quarter revenue for Other increased 34% to \$1.7 billion, driven by growth across the three operating segments: at-Home Solutions (including the acquisition of Advanced Diabetes Supply), Nuclear and Precision Health Solutions and OptiFreight Logistics.

Other segment profit increased 52% to \$179 million in the second quarter, driven by growth across the three operating segments: at-Home Solutions (including the acquisition of Advanced Diabetes Supply), OptiFreight Logistics and Nuclear and Precision Health Solutions.

Fiscal year 2026 outlook²

Cardinal Health is raising its fiscal year 2026 guidance for non-GAAP diluted EPS attributable to Cardinal Health, Inc. to a range of \$10.15 to \$10.35 (+23% to +26% growth). This updated guidance reflects:

- Pharmaceutical and Specialty Solutions segment profit growth raised and narrowed to 20% to 22%, from the prior range of 16% to 19%
- Global Medical Products and Distribution segment profit raised to approximately \$150 million, from the prior guidance of at least \$140 million
- Other segment profit growth raised to 33% to 35%, from the prior range of 29% to 31%
- Non-GAAP effective tax rate decreased to a range of 21% to 23%, from the prior range of 22% to 24%
- Diluted weighted average shares outstanding decreased to a range of 237 million to 238 million, from the prior outlook of ~238 million

Recent highlights

- Cardinal Health completed an additional \$375 million accelerated share repurchase program in the second quarter, bringing year-to-date share repurchases in fiscal year 2026 to \$750 million.
- Cardinal Health's The Specialty Alliance leading multi-specialty MSO platform completed the acquisition of Solaris Health, the country's leading Urology MSO with over 750 providers, on November 3rd.
- Cardinal Health's direct-to-patient at-Home Solutions business recently introduced the ContinuCare™ Pathway program, which leverages the full Cardinal Health portfolio to simplify diabetes supply management for partner pharmacies and patients, and announced a key partnership with Publix Super Markets Inc.
- Reinforcing its commitment to a world-class culture, Cardinal Health earned Great Place to Work Certification in six countries, including the U.S.

Webcast

Cardinal Health will host a webcast today at 8:30 a.m. ET to discuss second quarter results. To access the webcast and corresponding slide presentation, go to the Investor Relations page at ir.cardinalhealth.com. No access code is required.

Presentation slides and a webcast replay will be available on the Investor Relations page for 12 months.

About Cardinal Health

Cardinal Health is a distributor of pharmaceuticals and specialty products; a global manufacturer and distributor of medical and laboratory products; a supplier of home-health and direct-to-patient products and services; an operator of nuclear pharmacies and manufacturing facilities; and a provider of performance and data solutions. Our company's customer-centric focus drives continuous improvement and leads to innovative solutions that improve people's lives every day. Learn more about Cardinal Health at cardinalhealth.com and in our [Newsroom](#).

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¹GAAP refers to U.S. generally accepted accounting principles. This news release includes GAAP financial measures as well as non-GAAP financial measures, which are financial measures not calculated in accordance with GAAP. See "Use of Non-GAAP Measures" following the attached schedules for definitions of the non-GAAP financial measures presented in this news release and see the attached schedules for reconciliations of the differences between the non-GAAP financial measures and their most directly comparable GAAP financial measures.

²The company does not provide forward-looking guidance 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" following the attached schedules for additional explanation.

³The company maintains a targeted leverage range of 2.75x to 3.25x Adjusted Debt to EBITDA as defined by Moody's Ratings. The company achieved 3.2x leverage as of December 31, 2025 per internal estimates.

⁴Other 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.

Cardinal Health uses its website as a channel of distribution for material company information. Important information, including news releases, financial information, earnings and analyst presentations, and information about upcoming presentations and events is routinely posted and accessible on the Investor Relations page at ir.cardinalhealth.com. In addition, the website allows investors and other interested persons to sign up automatically to receive email alerts when the company posts news releases, SEC filings and certain other information on its website.

Cautions Concerning Forward-Looking Statements

This release 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 our ability to manage uncertainties associated with the pricing of branded pharmaceuticals and to navigate uncertainties arising from proposed or final regulatory changes, including those related to pharmaceutical pricing and tariffs the risk that we may fail to achieve our strategic objectives, including the ongoing integration of recent acquisitions and the continued execution of the GMPD Improvement Plan initiatives; 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 Department of Justice investigations 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 delays or shortages that impact our cost and ability to fulfill customer demand; and the performance of our generics program, including the amount or rate of generic deflation and 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. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8K reports and exhibits to those reports. This release reflects management's views as of February 5, 2026. 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

Cardinal Health, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings (Unaudited)

(in millions, except per common share amounts)	Second Quarter			Year-to-Date		
	2026	2025	% Change	2026	2025	% Change
Revenue	\$ 65,627	\$ 55,264	19 %	\$ 129,636	\$ 107,541	21 %
Cost of products sold	63,230	53,323	19 %	124,920	103,698	20 %
Gross margin	2,397	1,941	23 %	4,716	3,843	23 %
Operating expenses:						
Distribution, selling, general and administrative expenses	1,504	1,306	15 %	2,965	2,583	15 %
Restructuring and employee severance	21	9		41	33	
Amortization and other acquisition-related costs	130	105		234	179	
Acquisition-related cash and share-based compensation costs	67	—		131	—	
Impairments and (gain)/loss on disposal of assets, net	(14)	3		(12)	2	
Litigation (recoveries)/charges, net	(18)	(31)		(18)	(71)	
Operating earnings	707	549	29 %	1,375	1,117	23 %
Other (income)/expense, net	(11)	3		(21)	(2)	
Interest expense, net	88	35	N.M.	168	67	N.M.
Earnings before income taxes	630	511	23 %	1,228	1,052	17 %
Provision for income taxes	159	110	45 %	303	234	29 %
Net earnings	471	401	17 %	925	818	13 %
Less: Net earnings attributable to noncontrolling interests	(4)	(1)		(8)	(2)	
Net earnings attributable to Cardinal Health, Inc.	\$ 467	\$ 400	17 %	\$ 917	\$ 816	12 %
Earnings per common share attributable to Cardinal Health, Inc.:						
Basic	\$ 1.98	\$ 1.65	20 %	\$ 3.87	\$ 3.37	15 %
Diluted	1.97	1.65	19 %	3.85	3.35	15 %
Weighted-average number of common shares outstanding:						
Basic	236	242		237	242	
Diluted	237	243		238	243	

Cardinal Health, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

(in millions)	Assets	December 31, 2025 (Unaudited)	June 30, 2025
Current assets:			
Cash and equivalents		\$ 2,777	\$ 3,874
Trade receivables, net		13,662	13,242
Inventories, net		20,116	16,831
Prepaid expenses and other		2,675	2,414
Assets held for sale		—	12
Total current assets		39,230	36,373
Property and equipment, net		2,877	2,858
Goodwill and other intangibles, net		13,978	12,177
Other assets		1,998	1,714
Total assets		\$ 58,083	\$ 53,122
Liabilities and Shareholders' Deficit			
Current liabilities:			
Accounts payable		\$ 38,996	\$ 34,713
Current portion of long-term obligations and other short-term borrowings		680	550
Other accrued liabilities		3,638	3,634
Total current liabilities		43,314	38,897
Long-term obligations, less current portion		8,347	7,977
Deferred income taxes and other liabilities		9,122	8,882
Total shareholders' deficit		(2,700)	(2,634)
Total liabilities and shareholders' deficit		\$ 58,083	\$ 53,122

Cardinal Health, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Second Quarter		Year-to-Date	
	2026	2025	2026	2025
Cash flows from operating activities:				
Net earnings	\$ 471	\$ 401	\$ 925	\$ 818
Adjustments to reconcile net earnings to net cash provided by/(used in) operating activities:				
Depreciation and amortization	234	192	467	374
Impairments and loss on sale of other investments	—	1	5	2
Impairments and (gain)/loss on disposal of assets, net	(14)	3	(12)	2
Share-based compensation	87	30	180	60
Provision for bad debts	14	12	27	28
Change in operating assets and liabilities, net of effects from acquisitions and divestitures:				
(Increase)/decrease in trade receivables	341	(541)	(198)	(253)
Increase in inventories	(2,543)	(1,289)	(3,279)	(1,967)
Increase/(decrease) in accounts payable	2,029	924	4,176	(470)
Repurchases of liability-classified Specialty Alliance Units	(6)	—	(22)	—
Other accrued liabilities and operating items, net	73	(129)	(610)	(637)
Net cash provided by/(used in) operating activities	686	(396)	1,659	(2,043)
Cash flows from investing activities:				
Acquisition of subsidiaries, net of cash acquired	(1,884)	(1,076)	(1,925)	(1,076)
Additions to property and equipment	(131)	(99)	(239)	(189)
Proceeds from the disposal of property and equipment	31	—	31	—
Proceeds from short-term investment in time deposit	—	200	—	200
Other investing items, net	4	(1)	11	1
Net cash used in investing activities	(1,980)	(976)	(2,122)	(1,064)
Cash flows from financing activities:				
Proceeds from long-term obligations, net of issuance costs	—	2,869	989	2,869
Reduction of long-term obligations	(12)	(414)	(524)	(423)
Payments of noncontrolling interests, net	(1)	(4)	(4)	(4)
Net tax proceeds/(withholding) from share-based compensation	(1)	13	(81)	(15)
Dividends on common shares	(122)	(122)	(251)	(250)
Purchase of treasury shares, net	(383)	(15)	(758)	(390)
Net cash provided by/(used in) financing activities	(519)	2,327	(629)	1,787
Effect of exchange rate changes on cash and equivalents	(3)	(12)	(5)	(3)
Net increase/(decrease) in cash and equivalents	(1,816)	943	(1,097)	(1,323)
Cash and equivalents at beginning of period	4,593	2,867	3,874	5,133
Cash and equivalents at end of period	\$ 2,777	\$ 3,810	\$ 2,777	\$ 3,810

Cardinal Health, Inc. and Subsidiaries
Segment Information

Second Quarter

(in millions)	Pharmaceutical and Specialty Solutions		Global Medical Products and Distribution		Other	
	2026	2025	2026	2025	2026	2025
Revenue						
Amount	\$ 60,669	\$ 50,849	\$ 3,259	\$ 3,154	\$ 1,724	\$ 1,283
Growth rate	19 %	(4)%	3 %	1 %	34 %	13 %
Segment profit						
Amount	\$ 687	\$ 531	\$ 37	\$ 18	\$ 179	\$ 118
Growth rate	29 %	7 %	106 %	N.M.	52 %	11 %
Segment profit margin	1.13 %	1.04 %	1.14 %	0.57 %	10.38 %	9.20 %

Year-to-Date

(in millions)	Pharmaceutical and Specialty Solutions		Global Medical Products and Distribution		Other	
	2026	2025	2026	2025	2026	2025
Revenue						
Amount	\$ 119,874	\$ 98,839	\$ 6,443	\$ 6,277	\$ 3,365	\$ 2,469
Growth rate	21 %	(5)%	3 %	2 %	36 %	13 %
Segment profit						
Amount	\$ 1,354	\$ 1,061	\$ 83	\$ 26	\$ 345	\$ 222
Growth rate	28 %	12 %	N.M.	13 %	55 %	10 %
Segment profit margin	1.13 %	1.07 %	1.29 %	0.41 %	10.25 %	8.99 %

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

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

(in millions, except per common share amounts)	Gross		SG&A ²		Operating		Earnings	Provision	Net	Net		Diluted		
	Margin	Growth	Growth	Operating	Growth	Before	Income	for	Earnings	Earnings ³	Effective	Diluted	EPS ³	
	Margin	Rate	Rate	Earnings	Rate	Income	Taxes	Income	to Non-	Net	Rate	EPS ³	Rate	
Second Quarter 2026														
GAAP	\$ 2,397	23 %	\$ 1,504	15 %	\$ 707	29 %	\$ 630	\$ 159	\$ (4)	\$ 467	17 %	25.2 %	\$ 1.97	19 %
State opioid assessments related to prior fiscal years	—		17		(17)		(17)	(4)		(13)			(0.05)	
Restructuring and employee severance	—		—		21		21	5		16			0.07	
Amortization and other acquisition-related costs	—		—		130		130	20		110			0.46	
Acquisition-related cash & share-based compensation costs	—		—		67		67	4		63			0.27	
Impairments and (gain)/loss on disposal of assets, net	—		—		(14)		(14)	(3)		(11)			(0.06)	
Litigation (recoveries)/charges,	—		—		(18)		(18)	(8)		(10)			(0.04)	
Non-GAAP	\$ 2,398	24 %	\$ 1,520	16 %	\$ 877	38 %	\$ 799	\$ 171	\$ (4)	\$ 624	33 %	21.4 %	\$ 2.63	36 %
Second Quarter 2025														
GAAP	\$ 1,941	5 %	\$ 1,306	3 %	\$ 549	9 %	\$ 511	\$ 110	\$ (1)	\$ 400	9 %	21.4 %	\$ 1.65	10 %
Restructuring and employee severance	—		—		9		9	2		7			0.03	
Amortization and other acquisition-related costs	—		—		105		105	27		78			0.32	
Impairments and (gain)/loss on disposal of assets, net	—		—		3		3	1		2			0.01	
Litigation (recoveries)/charges,	—		—		(31)		(31)	(12)		(19)			(0.08)	
Non-GAAP	\$ 1,941	5 %	\$ 1,306	3 %	\$ 635	9 %	\$ 597	\$ 127	\$ (1)	\$ 468	1 %	21.4 %	\$ 1.93	2 %

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

² Distribution, selling, general and administrative expenses.

³ Attributable to Cardinal Health, Inc.

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.

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

(in millions, except per common share amounts)	Gross Margin		SG&A ² Growth Rate		Operating Earnings Growth Rate		Earnings Before Income Taxes		Provision for Income Taxes		Net Earnings ³ Growth Rate		Effective Tax Rate		Diluted EPS ³ Growth Rate	
	Gross Margin	Growth Rate	SG&A ²	Growth Rate	Operating Earnings	Growth Rate	Income Taxes	Growth Rate	Income Taxes	Growth Rate	Net Earnings ³	Growth Rate	Tax Rate	Diluted EPS ³	Growth Rate	
	Year-to-Date 2026															
GAAP	\$ 4,716	23 %	\$ 2,965	15 %	\$ 1,375	23 %	\$ 1,228	\$ 303	\$ (8)	\$ 917	12 %	24.7 %	\$ 3.85	15 %		
State opioid assessments related to prior fiscal years	—		17		(17)		(17)		(4)		(13)			(0.05)		
Restructuring and employee severance	—		—		41		41		9		32			0.13		
Amortization and other acquisition-related costs	—		—		234		234		49		185			0.78		
Acquisition-related cash & share-based compensation costs	—		—		131		131		5		126			0.53		
Impairments and (gain)/loss on disposal of assets, net	—		—		(12)		(12)		(3)		(9)			(0.03)		
Litigation (recoveries)/charges,	—		—		(18)		(18)		(14)		(4)			(0.02)		
Non-GAAP	\$ 4,716	23 %	\$ 2,982	15 %	\$ 1,734	38 %	\$ 1,587	\$ 344	\$ (8)	\$ 1,235	33 %	21.7 %	\$ 5.18	36 %		
Year-to-Date 2025																
GAAP	\$ 3,843	7 %	\$ 2,583	5 %	\$ 1,117	N.M.	\$ 1,052	\$ 234	\$ (2)	\$ 816	N.M.	22.2 %	\$ 3.35	N.M.		
Restructuring and employee severance	—		—		33		33		8		25			0.10		
Amortization and other acquisition-related costs	—		—		179		179		47		132			0.54		
Impairments and (gain)/loss on disposal of assets, net	—		—		2		2		—		2			0.01		
Litigation (recoveries)/charges,	—		—		(71)		(71)		(24)		(47)			(0.19)		
Non-GAAP	\$ 3,843	7 %	\$ 2,583	5 %	\$ 1,260	10 %	\$ 1,195	\$ 266	\$ (2)	\$ 927	4 %	22.2 %	\$ 3.81	6 %		

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

² Distribution, selling, general and administrative expenses.

³ Attributable to Cardinal Health, Inc.

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.

Cardinal Health, Inc. and Subsidiaries

GAAP / Non-GAAP Reconciliation - GAAP Cash Flow to Non-GAAP Adjusted Free Cash Flow

(in millions)	Second Quarter		Year-to-Date	
	2026	2025	2026	2025
GAAP - Cash Flow Categories				
Net cash provided by/(used in) operating activities	\$ 686	\$ (396)	\$ 1,659	\$ (2,043)
Net cash used in investing activities	(1,980)	(976)	(2,122)	(1,064)
Net cash provided by/(used in) financing activities	(519)	2,327	(629)	1,787
Effect of exchange rates changes on cash and equivalents	(3)	(12)	(5)	(3)
Net increase/(decrease) in cash and equivalents	\$ (1,816)	\$ 943	\$ (1,097)	\$ (1,323)
Non-GAAP Adjusted Free Cash Flow				
Net cash provided by/(used in) operating activities	\$ 686	\$ (396)	\$ 1,659	\$ (2,043)
Repurchases of liability-classified Specialty Alliance Units	6	—	22	—
Additions to property and equipment	(131)	(99)	(239)	(189)
Payments related to matters included in litigation (recoveries)/charges, net	(18)	245	386	621
Non-GAAP Adjusted Free Cash Flow	\$ 543	\$ (250)	\$ 1,828	\$ (1,611)

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

Cardinal Health, Inc. and Subsidiaries

Use of Non-GAAP Measures

This earnings release contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). In addition to analyzing our business based on financial information prepared in accordance with GAAP, we use these non-GAAP financial measures internally to evaluate our performance, engage in financial and operational planning, and determine incentive compensation because we believe that these measures provide additional perspective on and, in some circumstances are more closely correlated to, the performance of our underlying, ongoing business. We provide these non-GAAP financial measures to investors as supplemental metrics to assist readers in assessing the effects of items and events on our financial and operating results on a year-over-year basis and in comparing our performance to that of our competitors. However, the non-GAAP financial measures that we use may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. The non-GAAP financial measures disclosed by us should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations to those financial statements set forth below should be carefully evaluated.

Exclusions from Non-GAAP Financial Measures

Management believes it is useful to exclude the following items from the non-GAAP measures presented in this report for its own and for investors' assessment of the business for the reasons identified below:

- LIFO charges and credits 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.
- 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.
- 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.
- Amortization and other acquisition-related costs, 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.
- Acquisition-related cash and share-based compensation costs 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.
- 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.

- Litigation recoveries or charges, net 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.

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.

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 2026 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 charge related to the goodwill impairment charge for the GMPD segment in fiscal 2022.

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) restructuring and employee severance, (4) amortization and other acquisition-related costs, (5) acquisition-related cash and share-based compensation costs, (6) impairments and (gain)/loss on disposal of assets, net, and (7) 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) restructuring and employee severance, (4) amortization and other acquisition-related costs, (5) acquisition-related cash and share-based compensation costs, (6) impairments and (gain)/loss on disposal of assets, net, and (7) litigation (recoveries)/charges, net.

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) restructuring and employee severance, (4) amortization and other acquisition-related costs, (5) acquisition-related cash and share-based compensation costs, (6) impairments and (gain)/loss on disposal of assets, net, and (7) litigation (recoveries)/charges, net, 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) restructuring and employee severance, (4) amortization and other acquisition-related costs, (5) acquisition-related cash and share-based compensation costs, (6) impairments and (gain)/loss on disposal of assets, net, and (7) litigation (recoveries)/charges, net, 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) restructuring and employee severance, (4) amortization and other acquisition-related costs, (5) acquisition-related cash and share-based compensation costs, (6) impairments and (gain)/loss on disposal of assets, net, and (7) litigation (recoveries)/charges, net, 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 plus repurchases of liability-classified Specialty Alliance Units, 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.