

McKesson Corporation

Fiscal 2025 Financial Results Fiscal 2026 Outlook

May 8, 2025

Cautionary Statements

Cautionary Statements

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

These risk factors include, but are not limited to: we experience costly and disruptive legal disputes and settlements, including regarding our role in distributing controlled substances such as opioids; we experience losses not covered by insurance or indemnification; we are subject to frequently changing, extensive, complex, and challenging healthcare and other laws; we from time to time record significant charges from impairment to goodwill, intangibles, and other long-lived assets; we experience cybersecurity incidents that might significantly compromise our technology systems or might result in material data breaches; we experience significant problems with information systems or networks; we may be unsuccessful in achieving our strategic growth objectives; we may be unsuccessful in our efforts to implement initiatives to reduce or optimize our costs; we might be unable to successfully complete or integrate acquisitions or other strategic transactions, especially in the timeframes noted; we may not receive anticipated benefits from acquisitions or other strategic transactions; we are impacted by customer purchase reductions, contract non-renewals, payment defaults, and bankruptcies; our contracts with government entities involve future funding and compliance risks; we might be harmed by changes in our relationships or contracts with suppliers; our use of third-party data is subject to risks and limitations that could impede the growth of our data services business; we might be unable to successfully recruit and retain qualified employees; we might be adversely impacted by healthcare reform such as changes in pricing and reimbursement models; we might be adversely impacted by competition and industry consolidation; we are adversely impacted by changes or disruptions in product supply and have difficulties in sourcing or selling products due to a variety of causes; we are adversely impacted as a result of our distribution of generic pharmaceuticals; we are adversely impacted by changes in the economic environments in which we operate; changes affecting capital and credit markets might impede access to credit, increase borrowing costs, and disrupt banking services for us and our customers and suppliers and might impair the financial soundness of our customers and suppliers; we might be adversely impacted by changes in tax legislation or challenges to our tax positions; we might be adversely impacted by conditions and events outside of our control, such as widespread public health issues, natural disasters, and geopolitical factors; we may be adversely affected by global climate change or by regulatory or market responses to such change; and evolving expectations and regulatory requirements related to governance and sustainability matters, including those concerning human capital management, climate change, environmental responsibility, and social impact may have an adverse effect on our business, financial condition, and results of operations and damage our reputation.

GAAP / Non-GAAP Reconciliation

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

Accelerating the Enterprise Sustaining Long-Term Growth and Value

Our Purpose:

Advancing Health Outcomes for All®



- Integrity & Inclusion
- Customer-first
- Accountability
- Respect
- Excellence

Our Strategic Focus and Growth Pillars:

Focus
on People
& Culture



Organic Growth

Strengthen
North American
Distribution



+



Operating Leverage

Modernize
& Accelerate
the Portfolio



+

Enhance Oncology
& Biopharma
Platforms



Capital Allocation

Long-Term EPS Target: 12% - 14% growth

Fourth Quarter Fiscal 2025 Results

Disciplined execution leading to strong performance

Business Summary

- Fiscal 2025 revenues of **\$359.1 billion** increased 16%
- Earnings per Diluted Share of **\$25.72** increased \$3.33
- Adjusted Earnings per Diluted Share of **\$33.05** increased 20%
- Cash flow from operations of **\$6.1 billion** and Free Cash Flow of **\$5.2 billion**

Company Updates

- Announced its intention to separate its Medical-Surgical Solutions segment into an independent company (“NewCo”). The separation would advance McKesson and NewCo’s ability to create value for customers, partners, patients, and shareholders with increased investment and dedicated capital allocation. The separation would result in two well-capitalized, world-class companies, well-positioned to pursue their respective strategic growth priorities.
- Expansion of the Oncology and Other Specialty platforms:
 - Anticipate to close the acquisition of a controlling interest of Florida Cancer Specialists & Research Institute, LLC’s Core Ventures on June 2, 2025, subject to customary closing conditions
 - Announced the completion of the acquisition for an 80% controlling interest of PRISM Vision Holdings, LLC on April 2, 2025
- Continued to advance the biopharma platform. In the past year, McKesson’s biopharma services platform:
 - Helped patients save more than **\$10 billion** on brand and specialty medications
 - Helped to prevent **12 million** prescriptions from being abandoned due to affordability challenges
 - Helped patients access their medicine **100 million+** times

Consolidated adjusted financial information

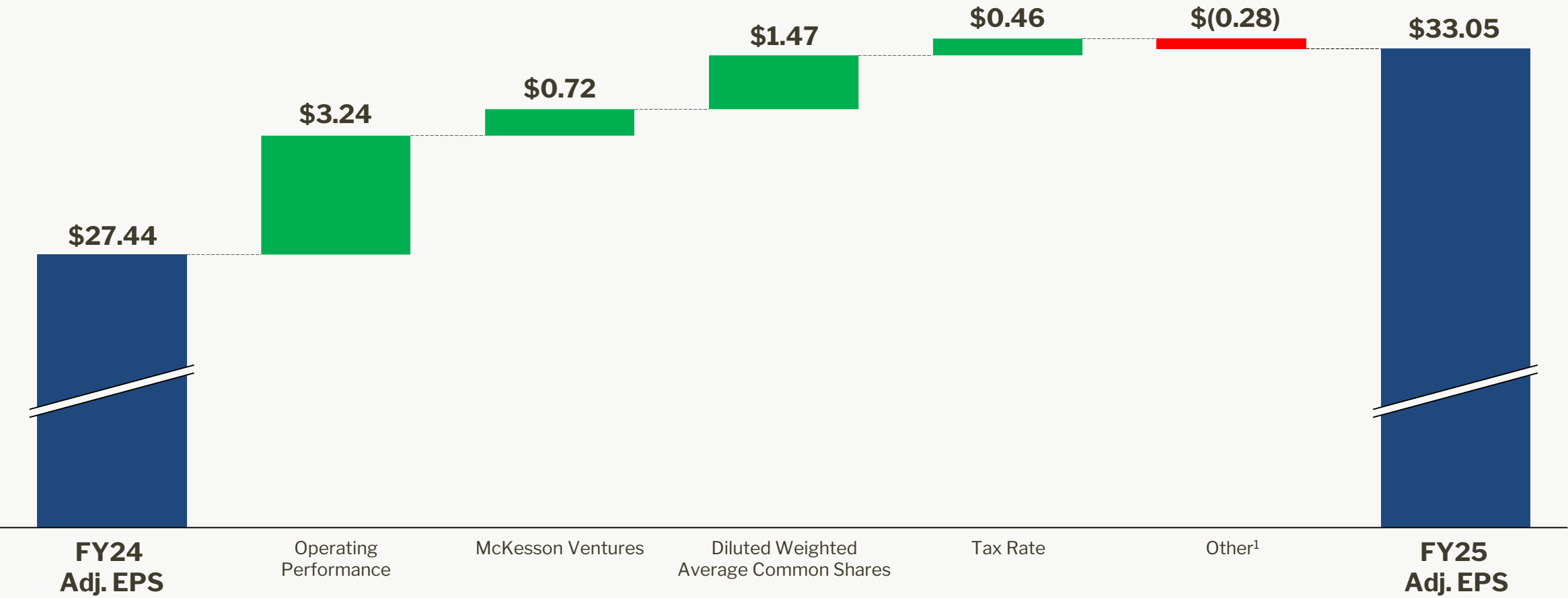
Q4 and Full Year Fiscal 2025 Results

Adjusted Results (\$ and shares in millions, except per share amounts)	Q4 FY 25	YoY Change	Full Year FY 25	YoY Change
GAAP Revenues	\$ 90,823	19 %	\$ 359,051	16 %
Gross Profit	\$ 3,388	2 %	\$ 13,036	5 %
Operating Expenses	\$ (1,885)	(10) %	\$ (7,749)	1 %
Operating Profit	\$ 1,559	24 %	\$ 5,618	15 %
Interest Expense	\$ (40)	(47) %	\$ (244)	6 %
Income Tax Expense	\$ (197)	(41) %	\$ (948)	15 %
Net Income Attributable to Noncontrolling Interests ¹	\$ (48)	20 %	\$ (192)	16 %
Earnings	\$ 1,274	57 %	\$ 4,234	15 %
Earnings per Diluted Share	\$ 10.12	64 %	\$ 33.05	20 %
GAAP Diluted weighted-average common shares	125.9	(4) %	128.1	(4) %

See endnotes for details

Adjusted Earnings Per Share Results

Fiscal 2025 year-over-year



See endnotes for details

U.S. Pharmaceutical

Q4 and Full Year Fiscal 2025 Results

Results (\$ in millions)	Q4 FY 25	YoY Change	Full Year FY 25	YoY Change
U.S. Pharmaceutical				
Revenues	\$ 83,166	21 %	\$ 327,717	18 %
Adjusted Segment Operating Profit	\$ 1,052	17 %	\$ 3,713	12 %
Adjusted Segment Operating Profit Margin	1.26 %	(5) bp	1.13 %	(6) bp

Q4 revenue growth driven by increased prescription volumes from retail national customers and growth in the distribution of specialty products, including higher volumes in oncology

Q4 Adjusted Segment Operating Profit increase driven by higher volumes from retail national customers and growth in the distribution of specialty products to providers and health systems

Prescription Technology Solutions

Q4 and Full Year Fiscal 2025 Results

Results (\$ in millions)	Q4 FY 25	YoY Change	Full Year FY 25	YoY Change
Prescription Technology Solutions				
Revenues	\$ 1,339	13 %	\$ 5,216	9 %
Adjusted Segment Operating Profit	\$ 285	34 %	\$ 961	15 %
Adjusted Segment Operating Profit Margin	21.28 %	331 bp	18.42 %	87 bp

Q4 revenue growth driven by increased prescription volumes in the third-party logistics and technology services businesses

Q4 Adjusted Segment Operating Profit increase driven by higher demand for access solutions, including the addition of new access and affordability programs

Medical-Surgical Solutions

Q4 and Full Year Fiscal 2025 Results

Results (\$ in millions)	Q4 FY 25	YoY Change	Full Year FY 25	YoY Change
Medical-Surgical Solutions				
Revenues	\$ 2,853	1 %	\$ 11,386	1 %
Adjusted Segment Operating Profit	\$ 285	15 %	\$ 1,022	— %
Adjusted Segment Operating Profit Margin	9.99 %	125 bp	8.98 %	(3) bp

Q4 revenue increase driven by higher volumes of specialty pharmaceuticals, partially offset by lower volumes, customer mix, and product demand shifts across the primary care channel

Q4 Adjusted Segment Operating Profit increase driven by operational efficiencies from the cost optimization initiatives

International

Q4 and Full Year Fiscal 2025 Results

Results (\$ in millions)	Q4 FY 25	YoY Change	Full Year FY 25	YoY Change
International				
Revenues	\$ 3,461	(2) %	\$ 14,721	4 %
Adjusted Segment Operating Profit	\$ 102	9 %	\$ 428	13 %
Adjusted Segment Operating Profit Margin	2.95 %	30 bp	2.91 %	23 bp

Q4 revenue decrease driven by the divestiture of the Canada-based Rexall and Well.ca retail businesses, partially offset by higher pharmaceutical distribution volumes in the Canadian business

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

Corporate

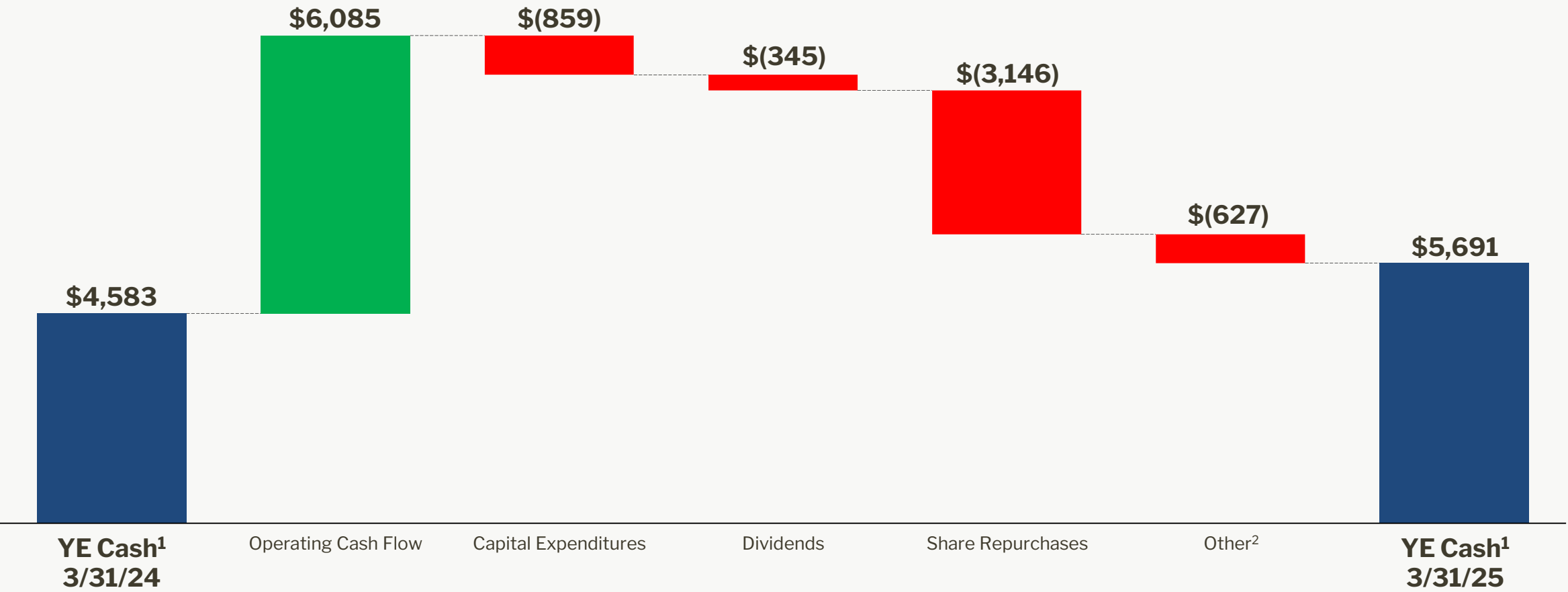
Q4 and Full Year Fiscal 2025 Results

Results (\$ in millions)	Q4 FY 25	YoY Change	Full Year FY 25	YoY Change
<u>Corporate</u>				
Revenues	\$ 4	— %	\$ 11	— %
Adjusted Corporate Expenses	\$ (165)	(15) %	\$ (506)	(22) %

Q4 Adjusted Corporate Expenses decrease driven by disciplined cost management and environmental reserve in the fourth quarter of fiscal 2024

Consistent cash flow + capital allocation driving shareholder value

(\$ in millions)



See endnotes for details

Fiscal 2026 Outlook

On the following slides, McKesson presents an overview of its fiscal 2026 Outlook and assumptions. The Company does not provide forward-looking guidance on a GAAP basis as McKesson is unable to provide a quantitative reconciliation of forward-looking Non-GAAP measures to the most directly comparable forward-looking GAAP measure, without unreasonable effort. McKesson cannot reasonably forecast LIFO inventory-related adjustments, certain litigation loss and gain contingencies, restructuring, impairment and related charges, and other adjustments, which are difficult to predict and estimate. These items are generally uncertain and depend on various factors, many of which are beyond the company's control, and as such, any associated estimate and its impact on GAAP performance could vary materially.

Fiscal 2026 Adjusted EPS outlook

\$36.75 to \$37.55

Strong Business Performance

Fiscal 2026 Adjusted Operating Profit growth of 8% to 12% compared to prior year

Fiscal 2026 Adjusted Earnings per Diluted Share guidance range indicates 11% to 14% growth compared to prior year

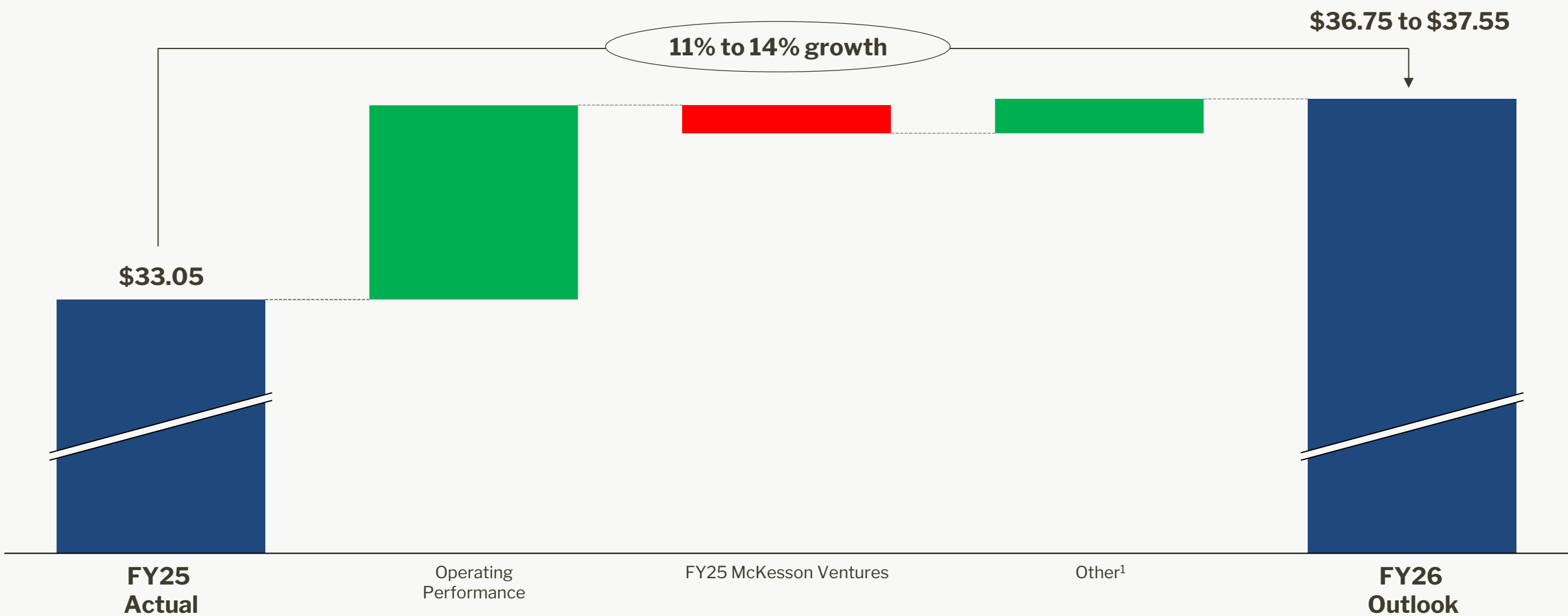
Fiscal 2026 Adjusted Earnings per Diluted Share guidance excluding net gains associated with McKesson Ventures' equity investments indicates 13% to 16% growth compared to prior year

Capital Deployment

Anticipate approximately \$2.5 billion in share repurchases in Fiscal 2026

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

Fiscal 2026 Adjusted EPS outlook



See endnotes for details

Fiscal 2026 adjusted outlook

Consolidated metrics

Metric	Fiscal 2026 Outlook	Fiscal 2025 Actual
Earnings per Diluted Share	\$36.75 to \$37.55	\$33.05
GAAP Revenues	11% to 15% growth	16% growth
Operating Profit	8% to 12% growth	15% growth
Corporate Expenses	\$570 to \$630 million	\$506 million
Interest Expense	\$255 to \$275 million	\$244 million
Income Attributable to Noncontrolling Interests ¹	\$215 to \$235 million	\$192 million
Effective Tax Rate	17% to 19%	17.6 %
Free Cash Flow	\$4.4 to \$4.8 billion	\$5.2 billion
Share repurchases	Approximately \$2.5 billion	\$3.1 billion
GAAP Diluted weighted average common shares	124 to 125 million	128.1 million

See endnotes for details

Fiscal 2026 adjusted outlook

Segment metrics

	U.S. Pharmaceutical	Prescription Technology Solutions	Medical-Surgical Solutions	International
Revenues	12% to 16% growth	4% to 8% growth	2% to 6% growth	2% decline to 2% growth
Adjusted Operating Profit	12% to 16% growth	9% to 13% growth	2% to 6% growth	Flat to 5% decline

Long-term growth targets

	Long-Term Adjusted Segment Operating Profit Growth Targets		FY26 Outlook	FY20 to FY25 CAGR
	Previous	Updated		
U.S. Pharmaceutical	5% to 7% growth	6% to 8% growth	12% to 16% growth	7%
Prescription Technology Solutions	11% to 12% growth	11% to 12% growth	9% to 13% growth	15%

Reaffirming long-term Adjusted Earnings per Diluted Share growth target of 12% to 14%

Endnotes

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

Slide 3 – Accelerating the Enterprise; Sustaining Long-Term Growth and Value

1. Long-Term EPS Target refers to Long-Term Adjusted EPS Growth which excludes gains or losses associated with McKesson Venture's portfolio investments

Slide 6 – Consolidated adjusted financial information

1. Non-GAAP measure representing Net income attributable to noncontrolling interests adjusted for the proportionate share of acquisition-related intangibles amortization and transaction-related expenses of \$2 million in the fourth quarter of fiscal 2025 and \$6 million in the year ended March 31, 2025

Slide 7 – Adjusted Earnings Per Share Results (Fiscal 2025 year-over-year)

1. Includes Adjusted Net Income Attributable to Non-Controlling Interests and Adjusted Interest Expense

Slide 13 – Consistent cash flow + capital allocation driving shareholder value

1. Cash comprises cash and cash equivalents
2. Includes Other non-capital expenditure investing; net cash movement in Long-Term Debt; net proceeds from short-term borrowings; Common Stock Issuances; Other Financing; the effect of exchange rate changes on cash, cash equivalents, and restricted; and impact of increases in restricted cash

Slide 16 – Fiscal 2026 Adjusted EPS outlook

1. Includes Adjusted Effective Tax Rate; Adjusted Net Income Attributable to Non-Controlling Interests; Adjusted Interest Expense; Diluted weighted average common shares; and discontinued recording of depreciation and amortization on Canada based businesses, which were divested in the third quarter of fiscal 2025

Slide 17 – Fiscal 2026 adjusted outlook (Consolidated metrics)

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

Appendix

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2025 and Q4 Fiscal 2024

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

Schedule 2

	Three Months Ended March 31,			Change	Year Ended March 31,			Change
	2025	2024			2025	2024		
Net income (GAAP)	\$ 1,306	\$ 830		57 %	\$ 3,481	\$ 3,160		10 %
Net income attributable to noncontrolling interests (GAAP)	(46)	(39)		18	(186)	(158)		18
Net income attributable to McKesson Corporation (GAAP)	1,260	791		59	3,295	3,002		10
Pre-tax adjustments:								
Amortization of acquisition-related intangibles	50	63		(21)	226	249		(9)
Transaction-related expenses and adjustments ^{(1) (2)}	49	17		188	761	10		—
LIFO inventory-related adjustments	(3)	(246)		(99)	82	(157)		152
Gains from antitrust legal settlements	(260)	(24)		983	(444)	(244)		82
Restructuring, impairment, and related charges, net ⁽³⁾	68	31		119	344	115		199
Claims and litigation charges, net ⁽⁴⁾	—	149		(100)	108	147		(27)
Other adjustments, net ^{(5) (6) (7)}	100	27		270	(62)	762		(108)
Income tax effect on pre-tax adjustments	12	6		100	(70)	(198)		(65)
Net income attributable to noncontrolling interests effect on pre-tax adjustments	(2)	(1)		100	(6)	(7)		(14)
Adjusted Earnings (Non-GAAP)	\$ 1,274	\$ 813		57 %	\$ 4,234	\$ 3,679		15 %

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2025 and Q4 Fiscal 2024

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

Schedule 2
(Continued)

	Three Months Ended March 31,			Year Ended March 31,		
	2025	2024	Change	2025	2024	Change
Earnings per diluted common share attributable to McKesson Corporation (GAAP) ^(a)	\$ 10.01	\$ 6.02	66 %	\$ 25.72	\$ 22.39	15 %
After-tax adjustments:						
Amortization of acquisition-related intangibles	0.28	0.37	(24)	1.29	1.42	(9)
Transaction-related expenses and adjustments	0.32	0.11	191	5.81	0.15	—
LIFO inventory-related adjustments	(0.02)	(1.38)	(99)	0.47	(0.86)	155
Gains from antitrust legal settlements	(1.53)	(0.13)	—	(2.57)	(1.35)	90
Restructuring, impairment, and related charges, net	0.40	0.19	111	1.98	0.66	200
Claims and litigation charges, net	—	0.85	(100)	0.62	0.82	(24)
Other adjustments, net	0.66	0.15	340	(0.27)	4.21	(106)
Adjusted Earnings per Diluted Share (Non-GAAP) ^(a)	<u>\$ 10.12</u>	<u>\$ 6.18</u>	64	<u>\$ 33.05</u>	<u>\$ 27.44</u>	20 %
Diluted weighted-average common shares outstanding	<u>125.9</u>	<u>131.6</u>	(4) %	<u>128.1</u>	<u>134.1</u>	(4) %

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2025 and Q4 Fiscal 2024

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

Schedule 2
(Continued)

	Three Months Ended March 31,			Year Ended March 31,		
	2025	2024	Change	2025	2024	Change
Gross profit (GAAP)	\$ 3,639	\$ 3,585	2 %	\$ 13,323	\$ 12,828	4 %
Pre-tax adjustments:						
LIFO inventory-related adjustments	(3)	(246)	(99)	82	(157)	152
Gains from antitrust legal settlements	(260)	(24)	983	(444)	(244)	82
Restructuring, impairment, and related charges, net ⁽³⁾	(5)	—	—	58	—	—
Other adjustments, net	17	—	—	17	—	—
Adjusted Gross Profit (Non-GAAP)	<u>\$ 3,388</u>	<u>\$ 3,315</u>	2 %	<u>\$ 13,036</u>	<u>\$ 12,427</u>	5 %
Total operating expenses (GAAP)	\$ (2,048)	\$ (2,369)	(14) %	\$ (8,901)	\$ (8,919)	— %
Pre-tax adjustments:						
Amortization of acquisition-related intangibles	50	63	(21)	226	249	(9)
Transaction-related expenses and adjustments ^{(1) (2)}	44	12	267	741	(12)	—
Restructuring, impairment, and related charges, net ⁽³⁾	73	31	135	286	115	149
Claims and litigation charges, net ⁽⁴⁾	—	149	(100)	108	147	(27)
Other adjustments, net ⁽⁵⁾	(4)	27	(115)	(209)	762	(127)
Adjusted Operating Expenses (Non-GAAP)	<u>\$ (1,885)</u>	<u>\$ (2,087)</u>	(10) %	<u>\$ (7,749)</u>	<u>\$ (7,658)</u>	1 %
Other income (loss), net (GAAP)	\$ (31)	\$ 34	(191) %	\$ 202	\$ 132	53 %
Pre-tax adjustments:						
Transaction-related expenses and adjustments	—	—	—	(1)	—	—
Other adjustments, net ^{(6) (7)}	87	—	—	130	—	—
Adjusted Other Income (Non-GAAP)	<u>\$ 56</u>	<u>\$ 34</u>	65 %	<u>\$ 331</u>	<u>\$ 132</u>	151 %

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2025 and Q4 Fiscal 2024

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

Schedule 2
(Continued)

	Three Months Ended March 31,			Year Ended March 31,		
	2025	2024	Change	2025	2024	Change
Interest expense (GAAP)	\$ (45)	\$ (80)	(44) %	\$ (265)	\$ (252)	5 %
Pre-tax adjustments:						
Transaction-related expenses and adjustments	5	5	—	21	22	(5)
Adjusted Interest Expense (Non-GAAP)	<u>\$ (40)</u>	<u>\$ (75)</u>	(47) %	<u>\$ (244)</u>	<u>\$ (230)</u>	6 %
Income tax expense (GAAP)	\$ (209)	\$ (340)	(39) %	\$ (878)	\$ (629)	40 %
Tax adjustments:						
Amortization of acquisition-related intangibles	(12)	(13)	(8)	(55)	(53)	4
Transaction-related expenses and adjustments ^{(1) (2)}	(8)	(2)	300	(16)	12	(233)
LIFO inventory-related adjustments	—	64	(100)	(22)	41	(154)
Gains from antitrust legal settlements	67	6	—	115	63	83
Restructuring, impairment, and related charges, net ⁽³⁾	(18)	(6)	200	(90)	(27)	233
Claims and litigation charges, net ⁽⁴⁾	—	(37)	(100)	(28)	(37)	(24)
Other adjustments, net ^{(5) (6) (7)}	(17)	(6)	183	26	(197)	113
Adjusted Income Tax Expense (Non-GAAP)	<u>\$ (197)</u>	<u>\$ (334)</u>	(41) %	<u>\$ (948)</u>	<u>\$ (827)</u>	15 %

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2025 and Q4 Fiscal 2024

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

Schedule 2
(Continued)

(a) Certain computations may reflect rounding adjustments.

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

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

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

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2025 and Q4 Fiscal 2024

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

Schedule 3

	Three Months Ended March 31,						Change	
	2025			2024				
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)
REVENUES								
U.S. Pharmaceutical	\$ 83,166	\$ —	\$ 83,166	\$ 68,790	\$ —	\$ 68,790	21 %	21 %
Prescription Technology Solutions	1,339	—	1,339	1,180	—	1,180	13	13
Medical-Surgical Solutions	2,853	—	2,853	2,837	—	2,837	1	1
International	3,461	—	3,461	3,548	—	3,548	(2)	(2)
Corporate	4	—	4	—	—	—	—	—
Revenues	<u>\$ 90,823</u>	<u>\$ —</u>	<u>\$ 90,823</u>	<u>\$ 76,355</u>	<u>\$ —</u>	<u>\$ 76,355</u>	19 %	19 %
OPERATING PROFIT								
U.S. Pharmaceutical ⁽³⁾	\$ 1,292	\$ (240)	\$ 1,052	\$ 1,059	\$ (158)	\$ 901	22 %	17 %
Prescription Technology Solutions	248	37	285	188	24	212	32	34
Medical-Surgical Solutions ⁽³⁾	227	58	285	213	35	248	7	15
International	94	8	102	70	24	94	34	9
Subtotal	1,861	(137)	1,724	1,530	(75)	1,455	22	18
Corporate expenses, net ^{(3) (7)}	(301)	136	(165)	(280)	87	(193)	8	(15)
Income before interest expense and income taxes	<u>\$ 1,560</u>	<u>\$ (1)</u>	<u>\$ 1,559</u>	<u>\$ 1,250</u>	<u>\$ 12</u>	<u>\$ 1,262</u>	25 %	24 %
OPERATING PROFIT AS A % OF REVENUES								
U.S. Pharmaceutical	1.55 %		1.26 %	1.54 %		1.31 %	1 bp	(5) bp
Prescription Technology Solutions	18.52		21.28	15.93		17.97	259	331
Medical-Surgical Solutions	7.96		9.99	7.51		8.74	45	125
International	2.72		2.95	1.97		2.65	75	30

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

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

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

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2025 and Q4 Fiscal 2024

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

Schedule 3
(Continued)

	Year Ended March 31,						Change	
	2025			2024				
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)
REVENUES								
U.S. Pharmaceutical	\$ 327,717	\$ —	\$ 327,717	\$ 278,739	\$ —	\$ 278,739	18 %	18 %
Prescription Technology Solutions	5,216	—	5,216	4,769	—	4,769	9	9
Medical-Surgical Solutions	11,386	—	11,386	11,313	—	11,313	1	1
International	14,721	—	14,721	14,130	—	14,130	4	4
Corporate	11	—	11	—	—	—	—	—
Revenues	<u>\$ 359,051</u>	<u>\$ —</u>	<u>\$ 359,051</u>	<u>\$ 308,951</u>	<u>\$ —</u>	<u>\$ 308,951</u>	16 %	16 %
OPERATING PROFIT								
U.S. Pharmaceutical ^{(3) (4) (5) (6)}	\$ 4,002	\$ (289)	\$ 3,713	\$ 2,786	\$ 529	\$ 3,315	44 %	12 %
Prescription Technology Solutions ⁽²⁾	875	86	961	835	2	837	5	15
Medical-Surgical Solutions ⁽³⁾	773	249	1,022	952	67	1,019	(19)	—
International	(213)	641	428	319	59	378	(167)	13
Subtotal	5,437	687	6,124	4,892	657	5,549	11	10
Corporate expenses, net ^{(1) (3) (4) (7) (8)}	(813)	307	(506)	(851)	203	(648)	(4)	(22)
Income before interest expense and income taxes	<u>\$ 4,624</u>	<u>\$ 994</u>	<u>\$ 5,618</u>	<u>\$ 4,041</u>	<u>\$ 860</u>	<u>\$ 4,901</u>	14 %	15 %
OPERATING PROFIT AS A % OF REVENUES								
U.S. Pharmaceutical	1.22 %		1.13 %	1.00 %		1.19 %	22 bp	(6) bp
Prescription Technology Solutions	16.78		18.42	17.51		17.55	(73)	87
Medical-Surgical Solutions	6.79		8.98	8.42		9.01	(163)	(3)
International	(1.45)		2.91	2.26		2.68	(371)	23

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

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

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

GAAP to Non-GAAP Reconciliation

Q4 Fiscal 2025 and Q4 Fiscal 2024

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

Schedule 6

	Year Ended March 31,		
	2025	2024	Change
GAAP CASH FLOW CATEGORIES			
Net cash provided by operating activities	\$ 6,085	\$ 4,314	41 %
Net cash used in investing activities	(733)	(1,072)	(32)
Net cash used in financing activities	(3,965)	(3,342)	19
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(16)	6	(367)
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>\$ 1,371</u>	<u>\$ (94)</u>	— %
FREE CASH FLOW (NON-GAAP)			
Net cash provided by operating activities	\$ 6,085	\$ 4,314	41 %
Payments for property, plant, and equipment	(537)	(431)	25
Capitalized software expenditures	(322)	(256)	26
Free Cash Flow (Non-GAAP)	<u>\$ 5,226</u>	<u>\$ 3,627</u>	44 %

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

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

Financial Statement Notes

McKESSON CORPORATION FINANCIAL STATEMENT NOTES

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1. Transaction-related expenses and adjustments for the year ended March 31, 2025 includes a net loss of \$667 million (pre-tax and after-tax), respectively, to remeasure assets and liabilities held for sale to fair value less costs to sell related to an agreement to sell certain of our Canadian businesses. Net charges (pre-tax and after-tax) of \$605 million included within International, and \$62 million included within Corporate expenses, net. These net charges are primarily to remeasure assets and liabilities held for sale to fair value less costs to sell, including the effect of accumulated other comprehensive income balances associated with the disposal group, and are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
2. Transaction-related expenses and adjustments for the year ended March 31, 2024 includes a pre-tax gain of \$78 million (\$58 million after-tax) related to fair value remeasurement of the contingent consideration liability recognized as part of our acquisition of Rx Savings Solutions, LLC. The gain, within Prescription Technology Solutions, resulted from remeasurement of the liability to fair value at the end of each reporting period based on the estimated amount and timing of projected operational and financial information and the probability of achievement of performance milestones. This gain is included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables
3. Restructuring, impairment, and related charges, net for the three months and year ended March 31, 2025 includes pre-tax charges of \$68 million (\$50 million after-tax) and \$344 million (\$254 million after-tax), respectively, primarily within Medical-Surgical Solutions, U.S. Pharmaceutical, and Corporate expenses, net. The three months and year ended March 31, 2024 includes pre-tax charges of \$31 million (\$25 million after-tax) and \$115 million (\$88 million after-tax), respectively, primarily within Corporate expenses, net, International, and U.S. Pharmaceutical. These charges are included under "gross profit" and "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
4. Claims and litigation charges, net for the year ended March 31, 2025 includes pre-tax charges of \$114 million (\$86 million after-tax) related to our estimated liability for opioid-related claims of a nationwide group of certain third-party payors. We recorded charges of \$57 million (\$43 million after-tax) within Corporate expenses, net and \$57 million (\$43 million after-tax) within U.S. Pharmaceutical. The three months and year ended March 31, 2024 includes pre-tax charges of \$149 million (\$112 million after-tax) related to our estimated liability for opioid-related claims of a nationwide class of acute care hospitals. We recorded charges of \$75 million (\$56 million after-tax) within Corporate expenses, net and \$74 million (\$56 million after-tax) within U.S. Pharmaceutical. These charges are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

Financial Statement Notes

FINANCIAL STATEMENT NOTES (continued)

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5. Other adjustments, net for the year ended March 31, 2025 includes a pre-tax credit of \$206 million (\$152 million after-tax), and for the year ended March 31, 2024 includes pre-tax charges of \$725 million (\$536 million after-tax) within U.S. Pharmaceutical related to the bankruptcy petition filing of our customer, Rite Aid Corporation (including certain of its subsidiaries, "Rite Aid") filed in October 2023. The charge within the second quarter of fiscal 2024 represents the remaining uncollected trade accounts receivable balance as of September 30, 2023 due to us from Rite Aid. After Rite Aid successfully emerged from bankruptcy in August 2024, we reassessed our initial estimates made in conjunction with the previously reserved prepetition balances including cash received during the period, resulting in the credit recorded in the second quarter of fiscal 2025. Management believes the credit and charge are not reflective of allowances and estimated recoveries recorded in the normal course of operations and are related to Rite Aid's bankruptcy reorganization, and therefore are excluded from the determination of our adjusted results (Non-GAAP). These amounts are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
6. Other adjustments, net for the year ended March 31, 2025 includes a pre-tax charge of \$43 million (\$31 million after-tax) within U.S. Pharmaceutical related to a loss from one of the Company's investments in equity securities. This charge is included under "other income, net" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
7. Other adjustments, net for three months and year ended March 31, 2025 includes a pre-tax charge of \$87 million and (\$73 million after-tax) representing settlement charges, including the effect of accumulated other comprehensive income balances, related to our frozen U.K. defined benefit pension plan, within Corporate expenses, net. This charge is included under "other income, net" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.
8. During the year ended March 31, 2025, the Company recognized a pre-tax net gain of \$100 million (\$74 million after-tax) within Corporate expenses, net related to a recapitalization event of one of our investments in equity securities, which resulted in an increase to the carrying value of this investment. This gain was recorded in "other income, net" in the Condensed Consolidated Statements of Operations (GAAP) provided in Schedule 1 of the accompanying financial statement tables.

Supplemental Non-GAAP Financial Information

McKESSON CORPORATION SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

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

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

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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

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

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

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

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

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

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

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

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

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

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

- **Free Cash Flow (Non-GAAP):** We define free cash flow as net cash provided by (used in) operating activities less payments for property, plant, and equipment and capitalized software expenditures, as disclosed in our condensed consolidated statements of cash flows. A reconciliation of McKesson's GAAP financial results to Free Cash Flow (Non-GAAP) is provided in Schedule 6 of the financial statement tables included with this presentation.

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

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