AmerisourceBergen

Q3 FY2023 Financial Results

August 2, 2023



Cautionary note regarding forward-looking statements

Certain of the statements contained in this presentation are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"). Words such as aim," "anticipate," "believe," "can," "continue," "could,", "estimate," "expect," "intend," "may," "might," "on track," "opportunity," "plan," "possible," "potential," "predict," "project," "seek," "should," "strive," "sustain," "synergy," "target," "will," "would" and similar expressions are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances and speak only as of the date hereof. These statements are not guarantees of future performance and are based on assumptions and estimates that could prove incorrect or could cause actual results to vary materially from those indicated. Among the factors that could cause actual results to differ materially from those projected, anticipated, or implied are the following: the effect of and uncertainties related to the ongoing COVID-19 pandemic (including any government responses thereto) and any continued recovery from the impact of the COVID-19 pandemic; our ability to achieve and maintain profitability in the future; our ability to respond to general economic conditions, including elevated levels of inflation; our ability to manage our growth effectively and our expectations regarding the development and expansion of our business; the impact on our business of the regulatory environment and complexities with compliance; unfavorable trends in brand and generic pharmaceutical pricing, including in rate or frequency of price inflation or deflation; competition and industry consolidation of both customers and suppliers resulting in increasing pressure to reduce prices for our products and services; changes in the United States healthcare and regulatory environment, including changes that could impact prescription drug reimbursement under Medicare and Medicaid and declining reimbursement rates for pharmaceuticals; increasing governmental regulations regarding the pharmaceutical supply channel; continued federal and state government enforcement initiatives to detect and prevent suspicious orders of controlled substances and the diversion of controlled substances; continued prosecution or suit by federal and state governmental entities and other parties (including third-party payors, hospitals, hospital groups and individuals) of alleged violations of laws and regulations regarding controlled substances, and any related disputes, including shareholder derivative lawsuits; increased federal scrutiny and litigation, including qui tam litigation, for alleged violations of laws and regulations governing the marketing, sale, purchase and/or dispensing of pharmaceutical products or services, and associated reserves and costs; failure to comply with the Corporate Integrity Agreement; the outcome of any legal or governmental proceedings that may be instituted against us, including material adverse resolution of pending legal proceedings; the retention of key customer or supplier relationships under less favorable economics or the adverse resolution of any contract or other dispute with customers or suppliers; changes to customer or supplier payment terms, including as a result of the COVID-19 impact on such payment terms; unexpected costs, charges or expenses resulting from the acquisitions of PharmaLex and OneOncology; the integration of the Alliance Healthcare and PharmaLex businesses into the Company being more difficult, time consuming or costly than expected; the Company's, Alliance Healthcare's, PharmaLex's or OneOncology's failure to achieve expected or targeted future financial and operating performance and results; the effects of disruption from acquisitions and related strategic transactions on the respective businesses of the Company, Alliance Healthcare, PharmaLex and OneOncology, and the fact that acquisitions and related strategic transactions may make it more difficult to establish or maintain relationships with employees, suppliers and other business partners; the acquisition of businesses, including the acquisitions of the Alliance Healthcare, PharmaLex and OneOncology businesses and related strategic transactions, that do not perform as expected, or that are difficult to integrate or control, or the inability to capture all of the anticipated synergies related thereto or to capture the anticipated synergies within the expected time period; risks associated with the strategic, long-term relationship between Walgreens Boots Alliance, Inc. and the Company, including with respect to the pharmaceutical distribution agreement and/or the global generic purchasing services arrangement; managing foreign expansion, including non-compliance with the U.S. Foreign Corrupt Practices Act, anti-bribery laws, economic sanctions and import laws and regulations; our ability to respond to financial market volatility and disruption; changes in tax laws or legislative initiatives that could adversely affect the Company's tax positions and/or the Company's tax liabilities or adverse resolution of challenges to the Company's tax positions; the loss, bankruptcy or insolvency of a major supplier, or substantial defaults in payment, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer, including as a result of COVID-19; financial and other impacts of COVID-19 on our operations or business continuity; changes to the customer or supplier mix; malfunction, failure or breach of sophisticated information systems to operate as designed, and risks generally associated with cybersecurity; risks generally associated with data privacy regulation and the protection and international transfer of personal data; regulatory and legal implications relating to the March 2023 cybersecurity event sustained by one of the Company's foreign business units in one country; financial and other impacts of macroeconomic and geopolitical trends and events, including the situation in Russia and Ukraine and its regional and global ramifications; natural disasters or other unexpected events, such as additional pandemics, that affect the Company's operations; the impairment of goodwill or other intangible assets (including any additional impairments with respect to foreign operations), resulting in a charge to earnings; the Company's ability to manage and complete divestitures; the disruption of the Company's cash flow and ability to return value to its stockholders in accordance with its past practices; interest rate and foreign currency exchange rate fluctuations; declining economic conditions and increases in inflation in the United States and abroad; and other economic, business, competitive, legal, tax, regulatory and/or operational factors affecting the Company's business generally. Certain additional factors that management believes could cause actual outcomes and results to differ materially from those described in forward-looking statements are set forth (i) in Item 1A (Risk Factors), in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022 and elsewhere in that report as supplemented by the description of business risks described in Item 1A to our Form 10-Q for the fiscal quarter ended March 31, 2023, to which reference is made herein and (ii) in other reports filed by the Company pursuant to the Securities Exchange Act. The Company undertakes no obligation to publicly update or revise any forward-looking statements, except as required by the federal securities laws.

GAAP / non-GAAP Reconciliation

In an effort to provide additional and useful information regarding AmerisourceBergen's financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials presented during this event include non-GAAP information. A reconciliation of that information to GAAP and other related information is available in the supplemental material attached as an appendix to this presentation and posted on our website, investor.amerisourcebergen.com.

AmerisourceBergen is united in our responsibility to create healthier futures.

AmerisourceBergen creates unparalleled access, efficiency, and reliability for human and animal health as a leading provider of pharmaceutical distribution services and differentiated value-added solutions for upstream and downstream partners.



Overview

Recent highlights

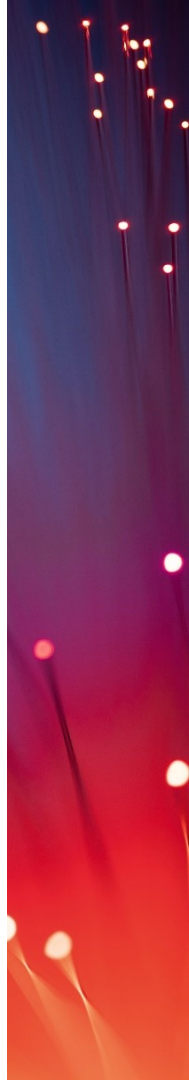
- Announced the close of OneOncology, a minority investment which will deepen relationships with community oncologists
- Announced the Cencora name change will occur August 30, 2023 and will begin trading under the ticker symbol "COR" on the New York Stock Exchange

Global healthcare leader

- Foundation of leadership in pharmaceutical distribution
- Complementary higher-margin, high-growth businesses in key markets
- Long-term sustainable growth supported by investments in people and culture and commitment to ESG

Fiscal 2023 guidance

- Updated fiscal 2023 guidance primarily reflects strong performance to date and favorable FX translation rates
- Increased adjusted free cash flow guidance



Q3 FY2023 financial results

Consolidated results

	GAAP	Adjusted (non-GAAP)[1]
Revenue *% Change (Year-over-Year)*	$66.9B 11.5%	$66.9B 11.5%
Gross profit *% Change*	$2.3B 12.4%	$2.2B 8.0%
Operating expenses *% Change*	$1.6B 4.3%	$1.4B 7.6%
Operating income *% Change*	$670M 37.5%	$822M 8.7%
Interest expense, net *% Change*	$58M 9.5%	$58M 9.5%
Effective tax rate	21.3%	21.5%
Net income attributable to AmerisourceBergen *% Change*	$480M 17.8%	$596M 7.5%
Diluted earnings per share *% Change*	$2.35 22.4%	$2.92 11.5%
Diluted shares outstanding *% Change*	204.4M (3.5)%	204.4M (3.5)%

[1]See tables at end of presentation for GAAP to non-GAAP reconciliations

Note: For more information related to non-GAAP financial measures, refer to the section titled “Supplemental Information Regarding Non-GAAP Financial Measures” in the appendix to this presentation and posted on our website, investor.amerisourcebergen.com.

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Q3 FY2023 financial results

U.S. Healthcare Solutions segment

	Q3 FY2023	Q3 FY2022	YoY Change
Revenue	$59.9B	$53.4B	12.2%
Operating income	$635M	$580M	9.5%
Percentages of revenue			
Gross profit	2.36%	2.49%	
Operating expenses	1.29%	1.40%	
Operating income	1.06%	1.09%	

- Revenue increase of 12.2% due to overall market growth primarily driven by unit volume growth, including increased sales of products labeled for diabetes and/or weight loss in the GLP-1 class, which have lower profit margins, and increased sales of specialty products to physician practices and health systems, offset in part by a decrease in sales of COVID-19 treatments.
- Operating income increase of 9.5% driven by higher gross profit.

Q3 FY2023 financial results

International Healthcare Solutions segment

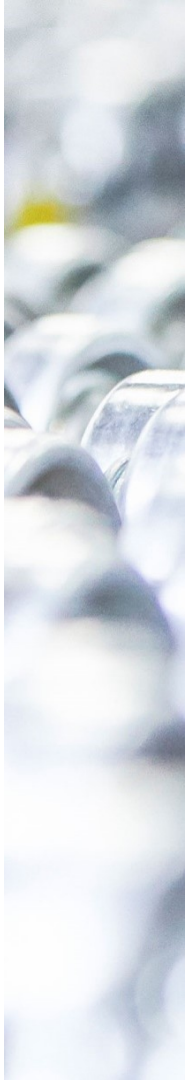
	Q3 FY2023	Q3 FY2022	YoY Change
Revenue, as reported	$7.0B	$6.7B	5.6%
Revenue, constant currency[1]			*12.4%*
Operating income, as reported	$187M	$176M	6.2%
Operating Income, constant currency[1]			*7.3%*

Percentages of revenue, as reported

Gross profit	11.65%	11.05%
Operating expenses	8.99%	8.41%
Operating income	2.66%	2.64%

- Revenue increase of 5.6% due to increased revenue across our businesses, partially offset by the June 2022 divestiture of our Brazilian specialty business in the prior year period.
- Operating income increase of 6.2% primarily due to our global specialty logistics business and the January 2023 acquisition of PharmaLex.

[1]The financial results presented on a constant currency basis are non-GAAP financial measures. For more information related to non-GAAP financial measures, refer to the section titled “Supplemental Information Regarding Non-GAAP Financial Measures” in the appendix to this presentation and posted on our website, investor.amerisourcebergen.com.



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Consolidated FY2023 guidance

Updated guidance primarily reflects strong performance to date and updated FX translation rates

	As reported	Constant currency[1]	As reported excluding COVID-19 contributions	Constant currency[1] excluding COVID
Revenue	**At least 8%**	**At least 9%**		
Adjusted operating income[1]	**3%** to 4%	**~6%**	**6%** to 7%	**8%** to 9%
Adjusted effective tax rate[1]	~20% to 21%			
Diluted weighted average shares outstanding	~205 million shares			
Adjusted diluted earnings per share[1]	**$11.85 to $11.95**			
EPS Growth	***7%** to 8%*	***9%** to 10%*	***12%** to 13%*	***13% to 14%***
Adjusted free cash flow[1]	**At least $2 billion**			
Capital expenditures	~$500 million			

Bold numbers indicate updates to FY2023 guidance

[1]The Company does not provide forward-looking guidance on a GAAP basis as certain information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. Please refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" in the appendix to this presentation and posted on our website, investor.amerisourcebergen.com.

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Segment level FY2023 guidance

Updated guidance primarily reflects strong performance to date and updated FX translation rates

U.S. Healthcare Solutions	As reported	Excluding COVID-19 contributions
Revenue	**At least 9%**	
Adjusted operating income[1]	**4%** to 5%	**7%** to 8%

International Healthcare Solutions	As reported	Constant currency[1]	As reported excluding COVID-19[1]	Constant currency[1] excluding COVID-19	As reported excluding M&A[2]	Constant currency[1] excluding M&A[2]
Revenue	**1% to 4%**	8% to 12%				
Adjusted operating income[1]	**0% to 4%**	7% to 11%	**2% to 6%**	9% to 13%	**-5% to -1%**	1% to 5%

Bold numbers indicate updates to FY2023 guidance

[1]The Company does not provide forward-looking guidance on a GAAP basis as certain information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. Please refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" in the appendix to this presentation and posted on our website, investor.amerisourcebergen.com.
[2]Excludes expected contribution from PharmaLex acquisition and Profarma Specialty contribution for first 8 months of fiscal 2022

AmerisourceBergen

Creating differentiated value for our stakeholders

Our long-term, sustainable growth is supported by investments in our people and culture and commitment to ESG

Why we exist

We are united in our responsibility to create healthier futures

Our areas of focus

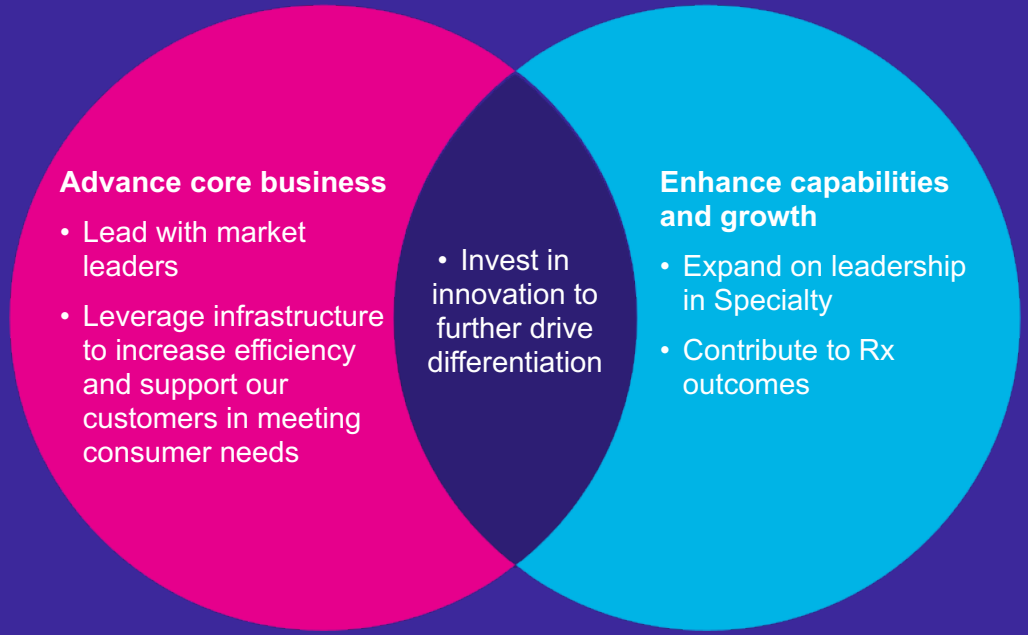
Specialty medicine and services

Community providers

Customer partnerships

Global access and opportunity

Our 5 Strategic Imperatives



Advancing environmental, social, and governance initiatives to create healthier futures around the world

ENVIRONMENTAL

Adapting to a changing climate

- Near-term Science-Based Target validated by the Science Based Target initiative
- Robust disaster preparedness plans and climate risk assessments in place to ensure supply chain resiliency with nearly 400 locations assessed across 24 countries
- Began global renewable energy assessment to evaluate renewable energy options to expand renewable energy portfolio

SOCIAL

Investing in our people and communities

- Launched a Global Inclusion Index to measure inclusion across the enterprise
- Enhanced benefits offering to support team members including with additional healthcare benefit offerings and enhanced paid family leave policies
- AmerisourceBergen and the AmerisourceBergen Foundation formed partnerships and contributed more than $14.5 million in financial contributions and product donations to community-based organizations and non-profits over the course of fiscal 2022

GOVERNANCE

Embracing a culture of transparency, ethics and integrity

- Published 7th ESG report, aligned with GRI, SASB, TCFD, UN SDGs, and WEF Stakeholder Capitalism Metrics select metrics were externally assured
- Board oversight of ESG strategy, which is embedded in business
- Established ESG executive compensation metric for fiscal 2023
- Chief Financial Officer and Chief Communications & Administration Officer serve as executive sponsors of company's Global ESG Council



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Appendix

AMERISOURCEBERGEN CORPORATION
GAAP TO NON-GAAP RECONCILIATIONS
(in thousands, except per share data) (unaudited)

	Three Months Ended June 30, 2023							
	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Loss (Income) Attributable to Noncontrolling Interests[1]	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 2,264,646	$ 1,594,518	$ 670,128	$ 608,828	$ 129,615	$ 368	$ 479,581	$ 2.35
Gains from antitrust litigation settlements	(118,611)	—	(118,611)	(118,611)	(27,518)	—	(91,093)	(0.45)
LIFO expense	34,952	—	34,952	34,952	8,037	—	26,915	0.13
Turkey highly inflationary impact	50,580	—	50,580	57,581	—	—	57,581	0.28
Acquisition-related intangibles amortization	—	(169,154)	169,154	169,154	39,087	(969)	129,098	0.63
Litigation and opioid-related credit, net [1]	—	67,102	(67,102)	(67,102)	3,750	—	(70,852)	(0.35)
Acquisition-related deal and integration expenses	—	(19,283)	19,283	19,283	4,393	—	14,890	0.07
Restructuring and other expenses	—	(63,924)	63,924	63,924	14,733	—	49,191	0.24
Recovery of non-customer note receivable	—	—	—	(3,000)	—	—	(3,000)	(0.01)
Tax reform [2]	—	—	—	(4,823)	(8,748)	—	3,925	0.02
Adjusted Non-GAAP	$ 2,231,567	$ 1,409,259	$ 822,308	$ 760,186	$ 163,349	$ (601)	$ 596,236	$ 2.92 [3]
Adjusted Non-GAAP % change vs. prior year	8.0 %	7.6 %	8.7 %	8.6 %	15.5 %		7.5 %	11.5 %

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	3.38%	3.33%
Operating expenses	2.38%	2.11%
Operating income	1.00%	1.23%

[1] Includes the receipt of $83.4 million from the H.D. Smith opioid litigation indemnity escrow.
[2] Includes tax expense relating to 2020 Swiss tax reform and a gain on the currency remeasurement of the related deferred tax assets, the latter of which is recorded within Other Loss (Income), Net.
[3] The sum of the components does not equal the total due to rounding.
Note: For more information related to non-GAAP financial measures, refer to the section titled “Supplemental Information Regarding Non-GAAP Financial Measures” in the appendix to this presentation and posted on our website, investor.amerisourcebergen.com

AMERISOURCEBERGEN CORPORATION
GAAP TO NON-GAAP RECONCILIATIONS
(in thousands, except per share data) (unaudited)

	Three Months Ended June 30, 2022							
	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Loss (Income) Attributable to Noncontrolling Interests[1]	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 2,015,369	$ 1,528,072	$ 487,297	$ 476,323	$ 113,120	$ 43,761	$ 406,964	$ 1.92
Gains from antitrust litigation settlements	—	—	—	—	(60)	—	60	—
LIFO expense	23,070	—	23,070	23,070	4,142	—	18,928	0.09
Turkey highly inflationary impact	27,618	—	27,618	33,423	—	—	33,423	0.16
Acquisition-related intangibles amortization	—	(74,408)	74,408	74,408	24,894	(538)	48,976	0.23
Litigation and opioid-related expenses	—	(23,442)	23,442	23,442	7,795	—	15,647	0.07
Acquisition-related deal and integration expenses	—	(36,570)	36,570	36,570	10,791	—	25,779	0.12
Restructuring and other expenses	—	(7,858)	7,858	7,858	2,853	—	5,005	0.02
Goodwill impairment	—	(75,936)	75,936	75,936	—	(47,004)	28,932	0.14
Gain on sale of businesses	—	—	—	(59,973)	(13,193)	—	(46,780)	(0.22)
Tax reform [1]	—	—	—	8,886	(8,954)	—	17,840	0.08
Adjusted Non-GAAP	$ 2,066,057	$ 1,309,858	$ 756,199	$ 699,943	$ 141,388	$ (3,781)	$ 554,774	$ 2.62 [2]

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	3.36%	3.44%
Operating expenses	2.54%	2.18%
Operating income	0.81%	1.26%

[1] Includes tax expense relating to 2020 Swiss tax reform and a loss on the currency remeasurement of the related deferred tax assets, which is recorded within Other Loss (Income), Net.
[2] The sum of the components does not equal the total due to rounding.

Note: For more information related to non-GAAP financial measures, refer to the section titled “Supplemental Information Regarding Non-GAAP Financial Measures” in the appendix to this presentation and posted on our website, investor.amerisourcebergen.com

Supplemental Information Regarding Non-GAAP Financial Measures

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses the non-GAAP financial measures described below. The non-GAAP financial measures should be viewed in addition to, and not in lieu of, financial measures calculated in accordance with GAAP. These supplemental measures may vary from, and may not be comparable to, similarly titled measures by other companies.

The non-GAAP financial measures are presented because management uses non-GAAP financial measures to evaluate the Company's operating performance, to perform financial planning, and to determine incentive compensation. Therefore, the Company believes that the presentation of non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. The presented non-GAAP financial measures exclude items that management does not believe reflect the Company's core operating performance because such items are outside the control of the Company or are inherently unusual, non-operating, unpredictable, non-recurring, or non-cash. We have included the following non-GAAP earnings-related financial measures:

- *Adjusted gross profit and adjusted gross profit margin:* Adjusted gross profit is a non-GAAP financial measure that excludes gains from antitrust litigation settlements, Turkey highly inflationary impact, and LIFO expense (credit). Adjusted gross profit margin is the ratio of adjusted gross profit to total revenue. Management believes that these non-GAAP financial measures are useful to investors as a supplemental measure of the Company's ongoing operating performance. Gains from antitrust litigation settlements, Turkey highly inflationary impact, and LIFO expense (credit) are excluded because the Company cannot control the amounts recognized or timing of these items. Gains from antitrust litigation settlements relate to the settlement of lawsuits that have been filed against brand pharmaceutical manufacturers alleging that the manufacturer, by itself or in concert with others, took improper actions to delay or prevent generic drugs from entering the market. LIFO expense (credit) is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences.

- *Adjusted operating expenses and adjusted operating expense margin:* Adjusted operating expenses is a non-GAAP financial measure that excludes acquisition-related intangibles amortization; litigation and opioid-related expenses (credit); acquisition-related deal and integration expenses; restructuring and other expenses; impairment of assets; and goodwill impairment. Adjusted operating expense margin is the ratio of adjusted operating expenses to total revenue. Acquisition-related intangibles amortization is excluded because it is a non-cash item and does not reflect the operating performance of the acquired companies. We exclude acquisition-related deal and integration expenses and restructuring and other expenses that relate to unpredictable and/or non-recurring business activities. We exclude the amount of litigation and opioid-related expenses (credit), and the impairment of assets, including goodwill, that are unusual, non-operating, unpredictable, non-recurring or non-cash in nature because we believe these exclusions facilitate the analysis of our ongoing operational performance.

- *Adjusted operating income and adjusted operating income margin:* Adjusted operating income is a non-GAAP financial measure that excludes the same items that are described above and excluded from adjusted gross profit and adjusted operating expenses. Adjusted operating income margin is the ratio of adjusted operating income to total revenue. Management believes that these non-GAAP financial measures are useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.

Supplemental Information Regarding Non-GAAP Financial Measures (Cont.)

- *Adjusted income before income taxes*: Adjusted income before income taxes is a non-GAAP financial measure that excludes the same items that are described above and excluded from adjusted operating income. In addition, the recovery of a non-customer note receivable, a foreign currency gain, the gain (loss) on the currency remeasurement of the deferred tax asset relating to 2020 Swiss tax reform, and the gain on the sale of businesses are excluded from adjusted income before income taxes because these amounts are unusual, non-operating, and non-recurring. Management believes that this non-GAAP financial measure is useful to investors because it facilitates the calculation of the Company's adjusted effective tax rate.

- *Adjusted effective tax rate:* Adjusted effective tax rate is a non-GAAP financial measure that is determined by dividing adjusted income tax expense by adjusted income before income taxes. Management believes that this non-GAAP financial measure is useful to investors because it presents an effective tax rate that does not reflect unusual, non-operating, unpredictable, non-recurring, or non-cash amounts or items that are outside the control of the Company.

- *Adjusted income tax expense*: Adjusted income tax expense is a non-GAAP financial measure that excludes the income tax expense associated with the same items that are described above and excluded from adjusted income before income taxes. Certain discrete tax expense (benefits) primarily attributable to foreign valuation allowance adjustments for the nine months ended June 30, 2022 are also excluded from adjusted income tax expense. Further, certain expenses relating to 2020 Swiss tax reform are excluded from adjusted income tax expense for the nine months ended June 30, 2023 and 2022. Management believes that this non-GAAP financial measure is useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.

- *Adjusted net income/loss attributable to noncontrolling interests:* Adjusted net income/loss attributable to noncontrolling interests excludes the non-controlling interest portion of the same items described above. Management believes that this non-GAAP financial measure is useful to investors because it facilitates the calculation of adjusted net income attributable to the Company.

- *Adjusted net income attributable to the Company:* Adjusted net income attributable to the Company is a non-GAAP financial measure that excludes the same items that are described above. Management believes that this non-GAAP financial measure is useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.

Supplemental Information Regarding Non-GAAP Financial Measures (Cont.)

- *Adjusted diluted earnings per share:* Adjusted diluted earnings per share excludes the per share impact of adjustments including gains from antitrust litigation settlements; Turkey highly inflationary impact; LIFO expense (credit); acquisition-related intangibles amortization; litigation and opioid-related expenses (credit); acquisition-related deal and integration expenses; restructuring and other expenses; recovery of a non-customer note receivable; a foreign currency gain; impairment of assets, including goodwill; the gain on the sale of businesses; and the gain (loss) on the currency remeasurement related to 2020 Swiss tax reform, in each case net of the tax effect calculated using the applicable effective tax rate for those items. In addition, the per share impact of certain discrete tax expense primarily attributable to foreign valuation allowance adjustments for the nine months ended June 30, 2022, and the per share impact of certain expenses relating to 2020 Swiss tax reform for the nine months ended June 30, 2023 and 2022 are also excluded from adjusted diluted earnings per share. Management believes that this non-GAAP financial measure is useful to investors because it eliminates the per share impact of the items that are outside the control of the Company or that we consider to not be indicative of our ongoing operating performance due to their inherent unusual, non-operating, unpredictable, non-recurring, or non-cash nature.

- *Adjusted Free Cash Flow:* Adjusted free cash flow is a non-GAAP financial measure defined as net cash provided by operating activities, excluding significant unpredictable or non-recurring cash payments or receipts relating to legal settlements, minus capital expenditures. Adjusted free cash flow is used internally by management for measuring operating cash flow generation and setting performance targets and has historically been used as one of the means of providing guidance on possible future cash flows. The Company does not provide forward looking guidance on a GAAP basis for free cash flow because the timing and amount of favorable and unfavorable settlements excluded from this metric, the probable significance of which cannot be determined, are unavailable and cannot be reasonably estimated.

The Company also presents certain information related to current period operating results in “constant currency,” which is a non-GAAP financial measure. These amounts are calculated by translating current period results at the foreign currency exchange rates used in the comparable period in the prior year. The Company presents such constant currency financial information because it has significant operations outside of the United States reporting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations. For the third quarter of fiscal 2023, (i) revenue of $66.9 billion was negatively impacted by foreign currency translation of $457 million, resulting in revenue on a constant currency basis of $67.4 billion, and (ii) operating income of $822 million was negatively impacted by foreign currency translation of $2 million, resulting in operating income on a constant currency basis of $824 million. For the third quarter of fiscal 2023 in the International Healthcare Solutions segment, (i) revenue of $7.0 billion was negatively impacted by foreign currency translation of $457 million, resulting in revenue on a constant currency basis of $7.5 billion, and (ii) operating income of $187 million was negatively impacted by foreign currency translation of $2 million, resulting in operating income on a constant currency basis of $189 million.

In addition, the Company has provided non-GAAP fiscal year 2023 guidance for diluted earnings per share, operating income, effective income tax rate, and free cash flows that excludes the same or similar items as those that are excluded from the historical non-GAAP financial measures, as well as significant items that are outside the control of the Company or inherently unusual, non-operating, unpredictable, non-recurring or non-cash in nature. The Company does not provide forward looking guidance on a GAAP basis for such metrics because certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. For example, LIFO expense (credit) is largely dependent upon the future inflation or deflation of brand and generic pharmaceuticals, which is out of the Company’s control, and acquisition-related intangibles amortization depends on the timing and amount of future acquisitions, which cannot be reasonably estimated. Similarly, the timing and amount of favorable and unfavorable settlements, the probable significance of which cannot be determined, are unavailable and cannot be reasonably estimated.

AmerisourceBergen

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