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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO_____

Commission file number 1-16671

CENCORA, INC.
(Exact name of registrant as specified in its charter)

Delaware			**23-3079390**
(State or other jurisdiction of incorporation or organization)			(I.R.S. Employer Identification No.)
1 West First Avenue	**Conshohocken,**	**PA**	**19428-1800**
(Address of principal executive offices)			(Zip Code)

(610) 727-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common stock, par value $0.01 per share	COR	New York Stock Exchange (NYSE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock of Cencora, Inc. outstanding as of July 26, 2024 was 197,046,826.

CENCORA, INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “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"). These forward-looking statements include, without limitation, statements regarding our financial position, business strategy and the plans and objectives of management for our future operations; anticipated trends and prospects in the industries in which our business operates; and new products, services and related strategies. These statements constitute projections, forecasts and forward-looking statements, and are not guarantees of performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this Annual Report on Form 10-K, 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 beliefs and are subject to uncertainty and changes in circumstances and speak only as of the date hereof. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors that could have a material adverse effect on our financial condition, liquidity, results of operations or future prospects or which could cause actual results to differ materially from our expectations include, but are not limited to:

- our ability to achieve and maintain profitability in the future;
- the disruption of our cash flow and ability to return value to our stockholders in accordance with our past practices;
- our ability to respond to general economic conditions, including financial market volatility and disruption, elevated levels of inflation, and declining economic conditions in the United States and abroad;
- our ability to manage our growth and related expectations effectively;
- 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 mix and payment terms;
- risks associated with our strategic, long-term relationship with WBA, including with respect to the pharmaceutical distribution agreement and/or the global generic purchasing services arrangement, and WBA sales or pledges of, or related activity for, our common stock;
- the acquisitions of or investments in businesses, including the acquisitions of the Alliance Healthcare and PharmaLex, and the investment in OneOncology, that do not perform as expected, fail to achieve expected or targeted future financial and operating performance and results, or that are difficult to integrate, or the inability to capture all of the anticipated synergies related thereto or to capture the anticipated synergies within the expected time period;
- our ability to manage and complete divestitures;
- managing foreign expansion, including non-compliance with the U.S. Foreign Corrupt Practices Act, anti-bribery laws, economic sanctions and import laws and regulations;
- risks associated with our international operations, including financial and other impacts of macroeconomic and geopolitical trends and events, including the conflicts in Ukraine and between Israel and Hamas and related regional and global ramifications;
- interest rate and foreign currency exchange rate fluctuations;
- risks and costs associated with maintaining adequate insurance coverages;
- our ability to attract, recruit and maintain qualified and experienced employees;
- 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;
- 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;
- competition and industry consolidation of both customers and suppliers resulting in increasing pressure to reduce prices for our products and services;
- 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;
- our stock price and our ability to access capital markets;
- increasing governmental regulations regarding the pharmaceutical supply chain;
- 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;
- the outcome of any legal or governmental proceedings that may be instituted against us, including material adverse resolution of pending legal proceedings;
- 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;
- 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;
- our ability to protect our reputation and intellectual property rights;
- natural disasters or other unexpected events, such as 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; and
- other economic, business, competitive, legal, tax, regulatory and/or operational factors affecting the Company’s business generally.

These forward-looking statements are based on information available as of the date of this Quarterly Report on Form 10-Q and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM I. Financial Statements (Unaudited)

CENCORA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	June 30, 2024	September 30, 2023
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,306,200	$ 2,592,051
Accounts receivable, less allowances for returns and credit losses: $1,271,241 as of June 30, 2024 and $1,433,396 as of September 30, 2023	24,051,478	20,911,081
Inventories	18,301,546	17,454,768
Right to recover assets	1,143,731	1,314,857
Income tax receivable	44,645	77,120
Prepaid expenses and other	459,662	448,949
Total current assets	47,307,262	42,798,826
Property and equipment, net	2,080,879	2,135,171
Goodwill	9,613,671	9,574,117
Other intangible assets	4,010,892	4,431,783
Deferred income taxes	229,653	200,667
Other assets	3,530,066	3,418,182
TOTAL ASSETS	$ 66,772,423	$ 62,558,746
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 49,883,049	$ 45,836,037
Accrued expenses and other	2,525,710	2,353,817
Short-term debt	565,108	641,344
Total current liabilities	52,973,867	48,831,198
Long-term debt	4,165,910	4,146,113
Accrued income taxes	332,364	310,676
Deferred income taxes	1,607,661	1,657,944
Accrued litigation liability	4,697,695	5,061,795
Other liabilities	1,934,423	1,884,733
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, $0.01 par value - authorized, issued, and outstanding: 600,000,000 shares, 296,054,632 shares, and 197,008,633 shares as of June 30, 2024, respectively, and 600,000,000 shares, 294,822,962 shares, and 200,814,804 shares as of September 30, 2023, respectively	2,961	2,948
Additional paid-in capital	5,989,201	5,844,578
Retained earnings	5,514,702	4,324,187
Accumulated other comprehensive loss	(1,279,169)	(1,402,607)
Treasury stock, at cost: 99,045,999 shares as of June 30, 2024 and 94,008,158 shares as of September 30, 2023	(9,302,486)	(8,247,103)
Total Cencora, Inc. stockholders' equity	925,209	522,003
Noncontrolling interest	135,294	144,284
Total stockholders' equity	1,060,503	666,287
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 66,772,423	$ 62,558,746

See notes to consolidated financial statements.

CENCORA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)	Three months ended June 30, 2024	Three months ended June 30, 2023	Nine months ended June 30, 2024	Nine months ended June 30, 2023
Revenue	$ 74,241,353	$ 66,947,043	$ 214,908,493	$ 193,251,080
Cost of goods sold	71,830,576	64,682,397	207,490,881	186,545,039
Gross profit	2,410,777	2,264,646	7,417,612	6,706,041
Operating expenses:				
Distribution, selling, and administrative	1,383,206	1,304,141	4,170,763	3,916,156
Depreciation	107,940	104,504	318,348	304,727
Amortization	164,655	169,768	496,582	382,951
Litigation and opioid-related expenses (credit), net	14,485	(67,102)	161,553	(38,583)
Acquisition-related deal and integration expenses	25,758	19,283	69,431	99,392
Restructuring and other expenses	42,257	63,924	152,325	177,608
Operating income	672,476	670,128	2,048,610	1,863,790
Other loss (income), net	12,814	3,436	33,790	(18,612)
Interest expense, net	31,328	57,864	136,022	167,989
Income before income taxes	628,334	608,828	1,878,798	1,714,413
Income tax expense	140,740	129,615	366,991	330,817
Net income	487,594	479,213	1,511,807	1,383,596
Net (income) loss attributable to noncontrolling interests	(4,131)	368	(6,069)	11,132
Net income attributable to Cencora, Inc.	$ 483,463	$ 479,581	$ 1,505,738	$ 1,394,728
Earnings per share:				
Basic	$ 2.44	$ 2.37	$ 7.56	$ 6.87
Diluted	$ 2.42	$ 2.35	$ 7.49	$ 6.80
Weighted average common shares outstanding:				
Basic	198,260	202,349	199,253	202,908
Diluted	200,047	204,375	201,025	204,995
Cash dividends declared per share of common stock	$ 0.510	$ 0.485	$ 1.530	$ 1.455

See notes to consolidated financial statements.

CENCORA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in thousands)	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Net income	$ 487,594	$ 479,213	$ 1,511,807	$ 1,383,596
Other comprehensive (loss) income				
Foreign currency translation adjustments	(31,116)	96,999	111,731	572,217
Other, net	262	(455)	189	(1,578)
Total other comprehensive (loss) income	(30,854)	96,544	111,920	570,639
Total comprehensive income	456,740	575,757	1,623,727	1,954,235
Comprehensive loss (income) attributable to noncontrolling interests	7,842	(6,732)	5,449	44,769
Comprehensive income attributable to Cencora, Inc.	$ 464,582	$ 569,025	$ 1,629,176	$ 1,999,004

See notes to consolidated financial statements.

CENCORA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

(in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interest	Total
March 31, 2024	$ 2,959	$ 5,953,642	$ 5,133,770	$ (1,260,288)	$ (8,746,941)	$ 143,880	$ 1,227,022
Net income	—	—	483,463	—	—	4,131	487,594
Other comprehensive loss	—	—	—	(18,881)	—	(11,973)	(30,854)
Cash dividends, $0.510 per share	—	—	(102,531)	—	—	—	(102,531)
Exercises of stock options	2	12,929	—	—	—	—	12,931
Share-based compensation expense	—	22,178	—	—	—	—	22,178
Purchases of common stock	—	—	—	—	(555,510)	—	(555,510)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(35)	—	(35)
Other, net	—	452	—	—	—	(744)	(292)
June 30, 2024	$ 2,961	$ 5,989,201	$ 5,514,702	$ (1,279,169)	$ (9,302,486)	$ 135,294	$ 1,060,503

(in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total
March 31, 2023	$ 2,944	$ 5,770,242	$ 3,691,314	$ (1,316,138)	$ (7,866,676)	$ 229,451	$ 511,137
Net income (loss)	—	—	479,581	—	—	(368)	479,213
Other comprehensive income	—	—	—	89,444	—	7,100	96,544
Cash dividends, $0.485 per share	—	—	(98,934)	—	—	—	(98,934)
Exercises of stock options	2	18,364	—	—	—	—	18,366
Share-based compensation expense	—	20,567	—	—	—	—	20,567
Purchases of common stock	—	—	—	—	(100,000)	—	(100,000)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(3,105)	—	(3,105)
Other, net	1	(1,588)	—	—	—	(157)	(1,744)
June 30, 2023	$ 2,947	$ 5,807,585	$ 4,071,961	$ (1,226,694)	$ (7,969,781)	$ 236,026	$ 922,044

See notes to consolidated financial statements.

CENCORA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

(in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interest	Total
September 30, 2023	$ 2,948	$ 5,844,578	$ 4,324,187	$ (1,402,607)	$ (8,247,103)	$ 144,284	$ 666,287
Net income	—	—	1,505,738	—	—	6,069	1,511,807
Other comprehensive income (loss)	—	—	—	123,438	—	(11,518)	111,920
Cash dividends, $1.53 per share	—	—	(315,223)	—	—	—	(315,223)
Exercises of stock options	4	31,556	—	—	—	—	31,560
Share-based compensation expense	—	113,410	—	—	—	—	113,410
Purchases of common stock	—	—	—	—	(995,262)	—	(995,262)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(60,121)	—	(60,121)
Other, net	9	(343)	—	—	—	(3,541)	(3,875)
June 30, 2024	$ 2,961	$ 5,989,201	$ 5,514,702	$ (1,279,169)	$ (9,302,486)	$ 135,294	$ 1,060,503

(in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total
September 30, 2022	$ 2,927	$ 5,658,733	$ 2,977,646	$ (1,830,970)	$ (7,019,895)	$ 282,832	$ 71,273
Net income (loss)	—	—	1,394,728	—	—	(11,132)	1,383,596
Other comprehensive income (loss)	—	—	—	604,276	—	(33,637)	570,639
Cash dividends, $1.455 per share	—	—	(300,413)	—	—	—	(300,413)
Exercises of stock options	6	50,072	—	—	—	—	50,078
Share-based compensation expense	—	99,699	—	—	—	—	99,699
Purchases of common stock	—	—	—	—	(878,827)	—	(878,827)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(71,059)	—	(71,059)
Other, net	14	(919)	—	—	—	(2,037)	(2,942)
June 30, 2023	$ 2,947	$ 5,807,585	$ 4,071,961	$ (1,226,694)	$ (7,969,781)	$ 236,026	$ 922,044

See notes to consolidated financial statements.

CENCORA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	Nine months ended June 30, 2024	2023
OPERATING ACTIVITIES		
Net income	$ 1,511,807	$ 1,383,596
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, including amounts charged to cost of goods sold	336,955	307,345
Amortization, including amounts charged to interest expense	502,136	389,843
Provision for credit losses	30,216	21,264
Benefit for deferred income taxes	(106,076)	(89,968)
Share-based compensation expense	113,410	99,699
LIFO (credit) expense	(64,441)	114,272
Turkey highly inflationary impact	44,664	66,022
Loss on remeasurement of equity investment	24,752	—
Other, net	15,717	(8,674)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts receivable	(3,085,563)	(2,249,881)
Inventories	(835,633)	(1,369,977)
Income taxes receivable	32,475	140,310
Prepaid expenses and other assets	126,998	95,435
Accounts payable	4,112,542	3,513,686
Accrued expenses	(87,271)	(163,660)
Income taxes payable and other liabilities	(97,896)	(158,031)
Long-term accrued litigation liability	(90,486)	(6,758)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,484,306	2,084,523
INVESTING ACTIVITIES		
Capital expenditures	(304,849)	(282,862)
Cost of acquired companies, net of cash acquired	(24,487)	(1,409,681)
Cost of equity investments	(14,981)	(737,025)
Non-customer note receivable	(50,000)	—
Other, net	18,106	10,544
NET CASH USED IN INVESTING ACTIVITIES	(376,211)	(2,419,024)
FINANCING ACTIVITIES		
Senior notes and loan borrowings	688,321	157,547
Senior notes and loan repayments	(659,255)	(759,593)
Borrowings under revolving and securitization credit facilities	56,683,347	49,810,302
Repayments under revolving and securitization credit facilities	(56,744,334)	(49,789,813)
Purchases of common stock	(986,388)	(907,214)
Exercises of stock options	31,560	50,078
Cash dividends on common stock	(315,223)	(300,413)
Employee tax withholdings related to restricted share vesting	(60,121)	(71,059)
Other, net	(11,641)	(5,099)
NET CASH USED IN FINANCING ACTIVITIES	(1,373,734)	(1,815,264)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(10,854)	104,479
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	723,507	(2,045,286)
Cash, cash equivalents, and restricted cash at beginning of period	2,752,889	3,593,539
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	$ 3,476,396	$ 1,548,253

See notes to consolidated financial statements.

CENCORA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements present the consolidated financial position, results of operations, and cash flows of Cencora, Inc. and its subsidiaries, including less-than-wholly-owned subsidiaries in which Cencora, Inc. has a controlling financial interest (the "Company"), as of the dates and for the periods indicated. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q, and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments (consisting only of normal recurring accruals, except as otherwise disclosed herein) considered necessary to present fairly the financial position as of June 30, 2024 and the results of operations and cash flows for the interim periods ended June 30, 2024 and 2023 have been included. Certain information and disclosures normally included in financial statements presented in accordance with U.S. GAAP, but which are not required for interim reporting purposes, have been omitted. The accompanying unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimated amounts.

Restricted Cash

The Company is required to maintain certain cash deposits with banks mainly consisting of deposits restricted under contractual agency agreements and cash restricted by law and other obligations.

The following represents a reconciliation of cash and cash equivalents in the Consolidated Balance Sheets to cash, cash equivalents, and restricted cash used in the Consolidated Statements of Cash Flows:

(amounts in thousands)	June 30, 2024	September 30, 2023	June 30, 2023	September 30, 2022
	(unaudited)		(unaudited)	
Cash and cash equivalents	$ 3,306,200	$ 2,592,051	$ 1,389,345	$ 3,388,189
Restricted cash (included in Prepaid Expenses and Other)	104,463	97,722	96,623	144,980
Restricted cash (included in Other Assets)	65,733	63,116	62,285	60,370
Cash, cash equivalents, and restricted cash	$ 3,476,396	$ 2,752,889	$ 1,548,253	$ 3,593,539

Recently Adopted Accounting Pronouncements

As of June 30, 2024, there were no recently-adopted accounting standards that had a material impact on the Company's financial position, results of operations, cash flows, or notes to the financial statements upon their adoption.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07")." ASU 2023-07 requires public entities to disclose significant segment expenses on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss that are currently required annually. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024. Early adoption is permitted. The guidance should be applied retrospectively to all periods presented in the financial statements. The Company is currently evaluating the impact of adopting this new accounting guidance.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09")." ASU 2023-09 requires entities to provide additional information in their tax rate reconciliation

and additional disclosures about income taxes paid by jurisdiction. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The guidance should be applied prospectively, but entities have the option to apply it retrospectively for each period presented. The Company is currently evaluating the impact of adopting this new accounting guidance.

Note 2. Acquisition

PharmaLex Acquisition

The Company acquired and assumed control of PharmaLex Holding GmbH ("PharmaLex") effective January 1, 2023 for $1.473 billion, subject to customary adjustments, including a $29.3 million cash holdback. PharmaLex is a leading provider of specialized services for the life sciences industry. PharmaLex's services include regulatory affairs, development consulting and scientific affairs, pharmacovigilance, and quality management and compliance. PharmaLex is headquartered in Germany and operates in over 30 countries. The acquisition advances the Company's role as a partner of choice for biopharmaceutical partners across the pharmaceutical development and commercialization journey. PharmaLex is a component of the Company's International Healthcare Solutions reportable segment.

The Company completed the purchase price allocations as of December 31, 2023. The purchase price was allocated to the underlying assets acquired, including $37.4 million of cash and cash equivalents, and liabilities assumed based upon their estimated fair values as of the date of the acquisition.

The purchase price exceeded the estimated fair value of the net tangible and intangible assets acquired by $1,010.2 million, which was allocated to goodwill. Goodwill resulting from this acquisition is not deductible for income tax purposes.

The estimated fair value of the intangible assets acquired of $558.9 million, and the estimated useful lives are as follows:

(in thousands, except useful lives)	Fair Value	Useful Lives
Customer relationships	$ 522,634	12
Trade names	30,931	5
Software technology	5,333	6
Total	$ 558,898	

The Company established an estimated deferred tax liability of $146.0 million primarily in connection with the intangible assets acquired.

Note 3. Variable Interest Entity

The Company has substantial governance rights over Profarma Distribuidora de Produtos Farmacêuticos S.A. ("Profarma"), which allow it to direct the activities that significantly impact Profarma's economic performance. As such, the Company consolidates the operating results of Profarma in its consolidated financial statements. The Company is not obligated to provide future financial support to Profarma.

The following assets and liabilities of Profarma are included in the Company's Consolidated Balance Sheets:

(in thousands)	June 30, 2024	September 30, 2023
Cash and cash equivalents	$ 17,084	$ 33,256
Accounts receivables, net	210,990	253,419
Inventories	256,024	255,801
Prepaid expenses and other	67,360	63,327
Property and equipment, net	46,221	42,759
Other intangible assets	59,179	62,384
Other long-term assets	77,805	77,889
Total assets	$ 734,663	$ 788,835
Accounts payable	$ 257,445	$ 300,875
Accrued expenses and other	48,589	56,280
Short-term debt	65,013	73,650
Long-term debt	96,305	74,132
Deferred income taxes	24,099	22,701
Other long-term liabilities	55,532	54,691
Total liabilities	$ 546,983	$ 582,329

Profarma's assets can only be used to settle its obligations, and its creditors do not have recourse to the general credit of the Company.

Note 4. Income Taxes

The Company files income tax returns in U.S. federal, state, and various foreign jurisdictions. As of June 30, 2024, the Company had unrecognized tax benefits, defined as the aggregate tax effect of differences between tax return positions and the benefits recognized in the Company's financial statements, of $580.6 million ($501.8 million, net of federal benefit). If recognized, $488.1 million of these tax benefits would have reduced income tax expense and the effective tax rate. Included in this amount is $33.9 million of interest and penalties, which the Company records in Income Tax Expense in the Company's Consolidated Statements of Operations. In the nine months ended June 30, 2024, unrecognized tax benefits increased by $28.8 million. Over the next 12 months, tax authority audit resolutions and the expiration of statutes of limitations are not expected to materially impact unrecognized tax benefits.

The Company's effective tax rates were 22.4% and 19.5% for the three and nine months ended June 30, 2024, respectively. The Company's effective tax rates were 21.3% and 19.3% for the three and nine months ended June 30, 2023, respectively. The effective tax rates for the three months ended June 30, 2024 and 2023 were higher than the U.S. statutory rate primarily due to U.S. state income taxes, offset in part by the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate. The effective tax rate for the nine months ended June 30, 2024 was lower than the U.S. statutory rate primarily due to discrete tax benefits associated with foreign valuation allowance adjustments, the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate, and tax benefits associated with equity compensation, offset in part by U.S. state incomes taxes. The effective tax rate for the nine months ended June 30, 2023 was lower than the U.S. statutory rate primarily due to the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate, benefits from tax authority audit resolutions, and tax benefits associated with equity compensation, offset in part by U.S. state income taxes.

Note 5. Goodwill and Other Intangible Assets

The following is a summary of the changes in the carrying value of goodwill, by reportable segment, for the nine months ended June 30, 2024:

(in thousands)	U. S. Healthcare Solutions	International Healthcare Solutions	Total
Goodwill as of September 30, 2023	$ 6,282,417	$ 3,291,700	$ 9,574,117
Purchase accounting adjustments	—	(12,904)	(12,904)
Goodwill recognized in connection with acquisitions	—	2,421	2,421
Foreign currency translation	988	49,049	50,037
Goodwill as of June 30, 2024	$ 6,283,405	$ 3,330,266	$ 9,613,671

The following is a summary of other intangible assets:

		June 30, 2024			September 30, 2023		
(in thousands)	Weighted Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived trade names		$ 17,000	$ —	$ 17,000	$ 17,000	$ —	$ 17,000
Finite-lived:							
Customer relationships	13 years	4,919,430	(1,439,163)	3,480,267	4,845,091	(1,213,200)	3,631,891
Trade names and other	4 years	1,239,158	(725,533)	513,625	1,224,795	(441,903)	782,892
Total other intangible assets		$ 6,175,588	$ (2,164,696)	$ 4,010,892	$ 6,086,886	$ (1,655,103)	$ 4,431,783

Amortization expense for finite-lived intangible assets was $164.7 million and $169.8 million in the three months ended June 30, 2024 and 2023, respectively. Amortization expense for finite-lived intangible assets was $496.6 million and $383.0 million in the nine months ended June 30, 2024 and 2023, respectively. Amortization expense for finite-lived intangible assets is estimated to be $662.0 million in fiscal 2024, $535.8 million in fiscal 2025, $361.3 million in fiscal 2026, $303.4 million in fiscal 2027, $292.2 million in fiscal 2028, and $2,335.8 million thereafter.

Note 6. Debt

Debt consisted of the following:

(in thousands)	June 30, 2024	September 30, 2023
Multi-currency revolving credit facility due 2028	$ —	$ —
Receivables securitization facility due 2026	350,000	350,000
Money market facility	—	—
$500,000, 3.400% senior notes due 2024	—	499,677
$500,000, 3.250% senior notes due 2025	499,567	499,026
$750,000, 3.450% senior notes due 2027	747,095	746,464
$500,000, 2.800% senior notes due 2030	496,412	495,959
$1,000,000, 2.700% senior notes due 2031	992,438	991,600
$500,000, 5.125% senior notes due 2034	494,367	—
$500,000, 4.250% senior notes due 2045	495,540	495,378
$500,000, 4.300% senior notes due 2047	493,753	493,554
Alliance Healthcare debt	528	68,017
Nonrecourse debt	161,318	147,782
Total debt	4,731,018	4,787,457
Less Cencora, Inc. current portion	499,567	499,677
Less Alliance Healthcare current portion	528	68,017
Less nonrecourse current portion	65,013	73,650
Total, net of current portion	$ 4,165,910	$ 4,146,113

Multi-Currency Revolving Credit Facility

The Company has a $2.4 billion multi-currency senior unsecured revolving credit facility ("Multi-Currency Revolving Credit Facility") with a syndicate of lenders, which is scheduled to expire in October 2028. Interest on borrowings under the Multi-Currency Revolving Credit Facility accrues at specified rates based upon the Company's debt rating. The Company also pays facility fees to maintain the availability under the Multi-Currency Revolving Credit Facility at specified rates based on its debt rating. The Company may choose to repay or reduce its commitments under the Multi-Currency Revolving Credit Facility at any time. The Multi-Currency Revolving Credit Facility contains covenants, including compliance with a financial leverage ratio test, as well as others that impose limitations on, among other things, indebtedness of subsidiaries and asset sales, with which the Company was compliant as of June 30, 2024.

Commercial Paper Program

The Company has a commercial paper program whereby it may from time to time issue short-term promissory notes in an aggregate amount of up to $2.4 billion at any one time. Amounts available under the program may be borrowed, repaid, and re-borrowed from time to time. The maturities on the notes will vary, but may not exceed 365 days from the date of issuance. The notes will bear interest, if interest bearing, or will be sold at a discount from their face amounts. The commercial paper program does not increase the Company's borrowing capacity as it is fully backed by the Company's Multi-Currency Revolving Credit Facility. There were no borrowings outstanding under the commercial paper program as of June 30, 2024.

Receivables Securitization Facility

The Company has a $1,450 million receivables securitization facility ("Receivables Securitization Facility"), which was scheduled to expire in October 2025. In April 2024, the Company amended the Receivables Securitization Facility to extend the expiration to October 2026. The Company has available to it an accordion feature whereby the commitment on the Receivables Securitization Facility may be increased by up to $250 million, subject to lender approval, for seasonal needs during the December and March quarters. Interest rates are based on prevailing market rates for short-term commercial paper or 30-day Term SOFR, plus a program fee. The Company pays a customary unused fee at prevailing market rates, annually, to maintain the availability under the Receivables Securitization Facility. The Receivables Securitization Facility contains similar covenants to the Multi-Currency Revolving Credit Facility, with which the Company was compliant as of June 30, 2024.

Revolving Credit Note, Overdraft Facility, and Money Market Facility

The Company had a $75 million uncommitted, unsecured line of credit available to it pursuant to a revolving credit note that was terminated in April 2024. The Company also had a £10 million uncommitted U.K. overdraft facility, which expired in February 2024, to fund short-term normal trading cycle fluctuations related to its MWI Animal Health business. The Company has an uncommitted, unsecured line of credit available to it pursuant to a money market credit agreement ("Money Market Facility"). The Money Market Facility provides the Company with the ability to request short-term, unsecured revolving credit loans from time to time in a principal amount not to exceed $100 million. The Money Market Facility may be decreased or terminated by the bank or the Company at any time without prior notice.

Senior Notes

In February 2024, the Company issued $500 million of 5.125% senior notes due in February 2034 (the "2034 Notes"). The 2034 Notes were sold at 99.867% of the principal amount with an effective yield of 5.132%. Interest on the 2034 Notes is payable semi-annually in arrears on February 15 and August 15 beginning on August 15, 2024. The 2034 Notes rank pari passu to the Company's other senior notes, the Multi-Currency Revolving Credit Facility, and the Money Market Facility. In May 2024, the Company used the proceeds from the 2034 Notes to repay the $500 million of 3.400% senior notes that matured.

Alliance Healthcare Debt

Alliance Healthcare debt is comprised of uncommitted revolving credit facilities in various currencies with various rates. These facilities are used to fund its working capital needs.

Nonrecourse Debt

Nonrecourse debt is comprised of short-term and long-term debt belonging to the Brazil subsidiary and is repaid solely from the Brazil subsidiary's cash flows and such debt agreements provide that the repayment of the loans (and interest thereon) is secured solely by the capital stock, physical assets, contracts, and cash flows of the Brazil subsidiary.

Note 7. Stockholders' Equity and Earnings per Share

In March 2023, the Company's Board of Directors authorized a share repurchase program allowing the Company to purchase up to $1.0 billion of its outstanding shares of common stock, subject to market conditions. During the nine months ended June 30, 2024, the Company purchased 3.9 million shares of its common stock for a total of $809.0 million, including 2.5 million shares from Walgreens Boots Alliance, Inc. ("WBA") for $522.6 million, to complete its authorization under this program.

In March 2024, the Company's Board of Directors authorized a new share repurchase program allowing the Company to purchase up to $2.0 billion of its outstanding shares of common stock, subject to market conditions. In the nine months ended June 30, 2024, the Company purchased 0.8 million shares of its common stock for a total of $177.4 million, all of which was purchased from WBA. As of June 30, 2024, the Company had $1,822.6 million of availability under this program.

Basic earnings per share is computed by dividing net income attributable to Cencora, Inc. by the weighted average number of shares of common stock outstanding during the periods presented. Diluted earnings per share is computed by dividing net income attributable to Cencora, Inc. by the weighted average number of shares of common stock outstanding, plus the dilutive effect of restricted stock units and stock options during the periods presented.

The following illustrates the components of diluted weighted average shares outstanding for the periods indicated:

	Three months ended June 30,		Nine months ended June 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Weighted average common shares outstanding - basic	198,260	202,349	199,253	202,908
Dilutive effect of restricted stock units and stock options	1,787	2,026	1,772	2,087
Weighted average common shares outstanding - diluted	200,047	204,375	201,025	204,995

There were no potentially dilutive restricted stock units that were antidilutive for the three months ended June 30, 2024 and 2023. The potentially dilutive restricted stock units that were antidilutive for the nine months ended June 30, 2024 and 2023 were 110 thousand and 125 thousand, respectively.

Note 8. Related Party Transactions

WBA owns more than 10% of the Company's outstanding common stock and is, therefore, considered a related party. The Company operates under various agreements and arrangements with WBA, including a pharmaceutical distribution agreement pursuant to which the Company distributes pharmaceutical products to WBA and an agreement that provides the Company the ability to access favorable economic pricing and generic products through a generic purchasing services arrangement with Walgreens Boots Alliance Development GmbH (both through 2029), as well as a distribution agreement pursuant to which it will supply branded and generic pharmaceutical products to WBA's Boots UK Ltd. subsidiary (through 2031).

Revenue from the various agreements and arrangements with WBA was $18.8 billion and $55.7 billion in the three and nine months ended June 30, 2024, respectively. Revenue from the various agreements and arrangements with WBA was $17.4 billion and $50.4 billion in the three and nine months ended June 30, 2023, respectively. The Company's receivable from WBA, net of incentives, was $7.9 billion and $8.1 billion as of June 30, 2024 and September 30, 2023, respectively.

Note 9. Restructuring and Other Expenses

The following illustrates the expenses incurred by the Company for Restructuring and Other Expenses for the periods indicated:

	Three months ended June 30,		Nine months ended June 30,	
(in thousands)	2024	2023	2024	2023
Restructuring and employee severance costs	$ 18,840	$ 38,209	$ 41,865	$ 85,060
Business transformation efforts	20,646	23,384	79,096	52,007
Other, net	2,771	2,331	31,364	40,541
Total restructuring and other expenses	$ 42,257	$ 63,924	$ 152,325	$ 177,608

Restructuring and employee severance costs in the three and nine months ended June 30, 2024 primarily included expenses incurred related to facility closures in connection with the Company's office optimization plan and workforce reductions in both of its reportable segments. Restructuring and employee severance costs in the three and nine months ended June 30, 2023 primarily included expenses incurred in connection with workforce reductions in both the Company's reportable segments.

Business transformation efforts in the three and nine months ended June 30, 2024 and 2023 included rebranding costs associated with the Company's name change to Cencora and non-recurring expenses related to significant strategic initiatives to improve operational efficiency, including certain technology initiatives. The majority of these costs related to services provided by third-party consultants.

As previously disclosed in the March 2024 quarter, the Company experienced a cybersecurity event where data from its information systems was exfiltrated. In connection with this event, the Company incurred costs that were recorded in Other, net in the above table. The majority of the costs included in Other, net in the three and nine months ended June 30, 2024 related to this cybersecurity event.

In the nine months ended June 30, 2023, one of the Company's foreign business units experienced a cybersecurity event that impacted a standalone legacy information technology platform in one country and the foreign business unit's ability to operate in that country for approximately two weeks. In connection with this event, the Company incurred costs to restore the foreign business unit's operations in that country, which were recorded in Other, net in the above table. The majority of the costs included in Other, net in the three and nine months ended June 30, 2023 related to this cybersecurity event.

Note 10. Legal Matters and Contingencies

In the ordinary course of its business, the Company becomes involved in lawsuits, administrative proceedings, government subpoenas, government investigations, stockholder demands, and other disputes, including antitrust, commercial, product liability, intellectual property, regulatory, employment discrimination, and other matters. Significant damages or penalties may be sought from the Company in some matters, and some matters may require years for the Company to resolve. The Company records a reserve for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

For those matters for which the Company has not recognized a liability, the Company cannot predict the outcome of their impact on the Company as uncertainty remains with regard to whether such matters will proceed to trial, whether settlements will be reached, and the amount and terms of any such settlements. Outcomes may include settlements in significant

amounts that are not currently estimable, limitations on the Company's conduct, the imposition of corporate integrity agreement obligations, consent decrees, and/or other civil and criminal penalties. From time to time, the Company is also involved in disputes with its customers, which the Company generally seeks to resolve through commercial negotiations. If negotiations are unsuccessful, the parties may litigate the dispute or otherwise attempt to settle the matter.

With respect to the specific legal proceedings and claims described below, unless otherwise noted, the amount or range of possible losses is not reasonably estimable. There can be no assurance that the settlement, resolution, or other outcome of one or more matters, including the matters set forth below, during any subsequent reporting period will not have a material adverse effect on the Company's results of operations or cash flows for that period or on the Company's financial condition.

Opioid Lawsuits and Investigations

A significant number of counties, municipalities, and other governmental entities in a majority of U.S. states and Puerto Rico, as well as numerous states and tribes, filed lawsuits in various federal, state and other courts against pharmaceutical wholesale distributors (including the Company and certain subsidiaries, such as AmerisourceBergen Drug Corporation ("ABDC") and H.D. Smith, LLC ("H.D. Smith")), pharmaceutical manufacturers, retail pharmacy chains, medical practices, and physicians relating to the distribution of prescription opioid pain medications.

Starting in December 2017, more than 2,000 cases were transferred to Multidistrict Litigation ("MDL") proceedings before the United States District Court for the Northern District of Ohio (the "MDL Court"). Since then, several cases filed by government and tribal plaintiffs that were selected as bellwether cases in the MDL have been resolved through trial or settlement. Following trial in two consolidated cases in West Virginia federal court, the court entered judgment in favor of the defendants, including the Company. The plaintiffs filed an appeal of the court's decision on August 2, 2022, which remains pending. The MDL Court selected four cases filed by third-party payors to serve as additional litigation bellwethers. On May 31, 2024, the MDL Court severed and stayed these four cases against the Company and the two other national pharmaceutical distributors, pursuant to the settlement discussions to resolve litigation filed by a class of third-party payors, as discussed further below.

On July 21, 2021, the Company announced that it and the two other national pharmaceutical distributors had negotiated a Distributor Settlement Agreement that, if all conditions were satisfied, would result in the resolution of a substantial majority of opioid lawsuits filed by state and local governmental entities. The Distributor Settlement Agreement became effective on April 2, 2022, and as of September 30, 2023, it included 48 of 49 eligible states (the "Settling States"), as well as 99% by population of the eligible political subdivisions in the Settling States. Pursuant to the Distributor Settlement Agreement and related agreements with Settling States, the Company will pay up to approximately $6.4 billion over 18 years and comply with other requirements, including establishment of a clearinghouse that will consolidate data from all three national pharmaceutical distributors. The exact payment amount will depend on several factors, including the extent to which states take action to foreclose opioid lawsuits by subdivisions (e.g., laws barring opioid lawsuits by subdivisions). West Virginia and its subdivisions and Native American tribes are not a part of the Distributor Settlement Agreement, and the Company has reached separate agreements with those groups. The State of Alabama also did not participate in the Distributor Settlement Agreement and was pursuing a case against the Company (and another national pharmaceutical distributor) in Alabama state court, which was scheduled to begin trial on February 26, 2024. On February 28, 2024, the Company and another national distributor executed an agreement with the State of Alabama and all its participating subdivisions to resolve opioid-related claims. Pursuant to the agreement, the two distributors will pay approximately $245 million, including attorneys' fees and costs, to the State of Alabama and its participating subdivisions. The Company's 50% share of the $245 million settlement amount is a component of its overall $5.1 billion total liability accrual as of June 30, 2024. On July 1, 2024, the Court entered a Final Consent Judgment and Dismissal with Prejudice pursuant to the terms of the settlement agreement. In Maryland, a trial is scheduled for September 16, 2024 in a case filed by the Mayor and City Council of Baltimore.

The Company's accrued litigation liability related to the Distributor Settlement Agreement, the State of Alabama, and non-participating government subdivisions (with whom the Company has not reached a settlement agreement), as well as other opioid-related litigation for which it has reached settlement agreements, as described above, was $5.1 billion as of June 30, 2024 and $5.5 billion as of September 30, 2023. The Company currently estimates that $431.1 million will be paid prior to June 30, 2025, which is recorded in Accrued Expenses and Other on the Company's Consolidated Balance Sheet. In January 2024, the Company prepaid the net present value of a future obligation as permitted under its settlement agreements. The discount on the future obligation resulted in a $0.1 billion reduction of its accrued litigation liability. The remaining long-term liability of $4.7 billion is recorded in Accrued Litigation Liability on the Company's Consolidated Balance Sheet. While the Company has accrued its estimated liability for opioid litigation, it is unable to estimate the range of possible loss associated with the matters that are not included in the accrual. Because loss contingencies are inherently unpredictable and unfavorable developments or resolutions can occur, the assessment is highly subjective and requires judgments about future events. The Company regularly reviews opioid litigation matters to determine whether its accrual is adequate. The amount of ultimate loss may differ materially from the amount accrued to date. Until such time as otherwise resolved, the Company will continue to litigate and prepare for

trial and to vigorously defend itself in all such matters. Since these matters are still developing, the Company is unable to predict the outcome, but the result of these lawsuits could include excessive monetary verdicts and/or injunctive relief that may affect the Company's operations.

During the March 31, 2024 quarter and in the month of April 2024, the Company and two other national pharmaceutical distributors engaged in settlement discussions to resolve litigation filed by hospitals and third-party payors, and as a result, the Company recorded a liability of $214 million, representing the Company's expected share of those potential class action settlements. This amount is incremental to the $5.1 billion liability accrual noted above and is recorded in Accrued Expenses and Other on the Company's Consolidated Balance Sheet. Pursuant to these settlement discussions, a case in Alabama that involved up to eight plaintiff hospitals, and that was scheduled to begin trial on July 8, 2024, has now been severed and stayed as to the Company.

Additional lawsuits regarding the distribution of prescription opioid pain medications have been filed and may continue to be filed by a variety of types of plaintiffs, including lawsuits filed by non-governmental or non-political entities and individuals, among others. The Company is vigorously defending itself in the pending lawsuits and intends to vigorously defend itself against any threatened lawsuits or enforcement proceedings.

Since July 2017, the Company has received subpoenas from several U.S. Attorney's Offices, including grand jury subpoenas from the U.S. Attorney's Office for the District of New Jersey ("USAO-NJ") and the U.S. Attorney's Office for the Eastern District of New York ("USAO-EDNY"). Those subpoenas requested the production of a broad range of documents pertaining to the Company's distribution of controlled substances through its various subsidiaries, including ABDC, and its diversion control programs. The Company produced documents in response to the subpoenas and engaged in discussions with the various U.S. Attorney's Offices, including the Health Care and Government Fraud Unit of the Criminal Division of the USAO-NJ, the U.S. Department of Justice Consumer Protection Branch and the U.S. Drug Enforcement Administration, in an attempt to resolve these matters. On December 29, 2022, the Department of Justice filed a civil Complaint against the Company, ABDC, and Integrated Commercialization Services, LLC ("ICS"), a subsidiary of the Company, alleging violations of the Controlled Substances Act. Specifically, the Complaint alleges that the Company negligently failed to report suspicious orders to the Drug Enforcement Administration. In the Complaint, the Department of Justice seeks civil penalties and injunctive relief. This Complaint relates to the aforementioned and previously-disclosed investigations. On March 30, 2023, the Company filed a motion to dismiss the Complaint in its entirety on behalf of itself, ABDC, and ICS. On November 6, 2023, the United States District Court for the Eastern District of Pennsylvania granted in part and denied in part the motion, dismissing with prejudice all claims for civil penalties for Defendants' alleged violations of the suspicious order reporting requirement prior to October 24, 2018, but otherwise denying the motion. On December 18, 2023, the Company, ABDC and ICS filed an Answer and Affirmative Defenses to the Complaint. On January 23, 2024, the Court entered a Scheduling Order setting the fact discovery deadline as January 9, 2026 and the expert discovery deadline as September 18, 2026. The Company denies the allegations in the Complaint and intends to defend itself vigorously in the litigation.

Shareholder Securities Litigation

On October 11, 2019, Teamsters Local 443 Health Services & Insurance Plan, St. Paul Electrical Construction Pension Plan, St. Paul Electrical Construction Workers Supplemental Pension Plan (2014 Restatement), Retirement Medical Funding Plan for the St. Paul Electrical Workers, and San Antonio Fire & Police Pension Fund filed a complaint for a purported derivative action in the Delaware Court of Chancery against the Company and certain of its current and former officers and directors (collectively, "Defendants"). The complaint alleges that the Defendants breached their fiduciary duties by failing to oversee the compliance by certain of the Company's subsidiaries (including the Company's former subsidiary Medical Initiatives, Inc. ("MII")) with federal regulations, allegedly resulting in the payment of fines and penalties in connection with the settlements with the USAO-EDNY in fiscal 2017 and 2018 that resolved claims arising from MII's pre-filled syringe program. In December 2019, Defendants filed a motion to dismiss the complaint. After briefing and oral argument, on August 24, 2020 the Delaware Court of Chancery denied Defendants' motion to dismiss. On September 24, 2020, the Company's Board of Directors established a Special Litigation Committee to conduct an investigation concerning the plaintiffs' allegations, and on November 10, 2020, the Delaware Court of Chancery granted the Special Litigation Committee's motion to stay the litigation pending its investigation. On September 22, 2021, the Special Litigation Committee filed its report under seal and moved to dismiss the case. The Delaware Court of Chancery granted the Special Litigation Committee's motion to dismiss on November 17, 2023, and entered an Order and Final Judgement on December 8, 2023. On January 5, 2024, the plaintiffs filed a notice of appeal to the Delaware Supreme Court from the Delaware Court of Chancery's November 17, 2023 decision granting the motion to dismiss and December 8, 2023 Order and Final Judgement. The appeal has been fully briefed and is scheduled for oral argument before the Delaware Supreme Court on September 11, 2024.

On December 30, 2021, Lebanon County Employees' Retirement Fund and Teamsters Local 443 Health Services & Insurance Plan filed a complaint for a purported derivative action in the Delaware Court of Chancery against the Company and certain of its current officers and directors. The complaint alleges claims for breach of fiduciary duty allegedly arising from the

Board’s and certain officers' oversight of the Company’s controlled substance diversion control programs. The defendants moved to dismiss the complaint on March 29, 2022. On December 22, 2022, the Delaware Court of Chancery granted the motion to dismiss. On January 9, 2023, the Plaintiffs filed a Motion for Relief from Judgment and Order Pursuant to Rule 60(b) from the Delaware Chancery Court’s judgment. On January 20, 2023, the Plaintiffs also appealed the ruling to the Delaware Supreme Court. On March 21, 2023 the Delaware Court of Chancery denied the Plaintiffs' Motion for Relief from Judgement and Order Pursuant to Rule 60(b). On December 18, 2023, the Delaware Supreme Court reversed the dismissal and remanded the case to the Delaware Court of Chancery for further proceedings. On January 12, 2024, the Company's Board of Directors established a Special Litigation Committee ("SLC") and delegated to the SLC the Board's full authority with respect to the litigation. On March 4, 2024, the Delaware Court of Chancery granted the SLC’s consented-to motion to stay the action pending its investigation of the allegations of the complaint.

Subpoenas, Ongoing Investigations, and Other Contingencies

From time to time, the Company receives subpoenas or requests for information from various government agencies relating to the Company’s business or to the business of a customer, supplier, or other industry participant. The Company’s responses often require time and effort and can result in considerable costs being incurred. Most of these matters are resolved without incident; however, such subpoenas or requests can lead to the assertion of claims or the commencement of civil or criminal legal proceedings against the Company and other members of the healthcare industry, as well as to substantial settlements.

In January 2017, U.S. Bioservices Corporation, a former subsidiary of the Company, received a subpoena for information from the USAO-EDNY relating to its activities in connection with billing for products and making returns of potential overpayments to government payers. A filed qui tam complaint related to the investigation was unsealed in April 2019 and the relator filed an amended complaint under seal in the U.S. District Court for the Eastern District of New York. In December 2019, the government filed a notice that it was declining to intervene. The court ordered that the relator's complaint against the Company and other defendants, including AmerisourceBergen Specialty Group, LLC, be unsealed. The relator's complaint alleged violations of the federal False Claims Act and the false claims acts of various states. The relator filed a second amended complaint, removing one state false claims act count. The Company filed a motion to dismiss the second amended complaint and all briefs on the motion were filed with the court on October 9, 2020. The motion to dismiss was granted on December 22, 2022. The False Claims Act claims were dismissed with prejudice, and the state claims were dismissed without prejudice. On January 24, 2023, the relator filed Motions to Reconsider Dismissal and For Leave to Amend the Complaint. Response briefs on those motions were filed by the Company and all briefing was completed on February 15, 2023.

In December 2019, Reliable Pharmacy, together with other retail pharmacies and North Sunflower Medical Center, filed a civil antitrust complaint against multiple generic drug manufacturers, and also included claims against ABDC and H.D. Smith, and other drug distributors and industry participants. The case is filed as a putative class action and plaintiffs purport to represent a class of drug purchasers including other retail pharmacies and healthcare providers. The case has been consolidated for multidistrict litigation proceedings before the United States District Court for the Eastern District of Pennsylvania. The complaint alleges that ABDC, H.D. Smith, and others in the industry participated in a conspiracy to fix prices, allocate markets and rig bids regarding generic drugs. In March 2020, the plaintiffs filed a further amended complaint. On July 15, 2020, the defendants filed a motion to dismiss the complaint. On May 25, 2022, the Court granted the motion to dismiss without prejudice. On July 1, 2022, the plaintiffs filed an amended complaint, again including claims against ABDC, H.D. Smith, and other drug distributors and industry participants. On August 21, 2022, the Company and other industry participants filed a motion to dismiss the amended complaint. All briefs on the motion were filed with the court on November 22, 2022.

On March 3, 2022, the United States Attorney’s Office for the Western District of Virginia notified the Company of the existence of a criminal investigation into MWI Veterinary Supply Co., the Company’s animal health subsidiary, in connection with grand jury subpoenas relating to compliance with state and federal regulatory requirements governing wholesale shipments of animal health products to customers. The Company is cooperating with the investigation.

Note 11. Antitrust Settlements

Numerous lawsuits have been filed against certain 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. These lawsuits are generally brought as class actions. The Company has not been named as a plaintiff in these lawsuits, but has been a member of the direct purchasers' class (i.e., those purchasers who purchase directly from these pharmaceutical manufacturers). None of the lawsuits has gone to trial, but some have settled in the past with the Company receiving proceeds from the settlement funds. The Company recognized gains related to these lawsuits of $51.6 million and $118.6 million in the three months ended June 30, 2024 and 2023, respectively. The Company recognized gains related to these lawsuits of $108.6 million and $168.5 million in the nine months ended June 30, 2024 and 2023, respectively. These gains, which are net of attorney fees

and estimated payments due to other parties, were recorded as reductions to cost of goods sold in the Company's Consolidated Statements of Operations.

Note 12. Fair Value of Financial Instruments

The recorded amounts of the Company's cash and cash equivalents, accounts receivable, and accounts payable as of June 30, 2024 and September 30, 2023 approximate fair value based upon the relatively short-term nature of these financial instruments. Within Cash and Cash Equivalents, the Company had $1,532.0 million investments in money market accounts as of June 30, 2024 and had $1,489.0 million of investments in money market accounts as of September 30, 2023. The fair value of the money market accounts was determined based upon unadjusted quoted prices in active markets for identical assets, otherwise known as Level 1 inputs.

The recorded amount of long-term debt (see Note 6) and the corresponding fair value as of June 30, 2024 were $4,165.9 million and $3,781.3 million, respectively. The recorded amount of long-term debt and the corresponding fair value as of September 30, 2023 were $4,146.1 million and $3,572.6 million, respectively. The fair value of long-term debt was determined based upon inputs other than quoted prices, otherwise known as Level 2 inputs.

Note 13. Business Segment Information

The Company is organized geographically based upon the products and services it provides to its customers and reports its results under two reportable segments: U.S. Healthcare Solutions and International Healthcare Solutions.

The following illustrates reportable and operating segment disaggregated revenue as required by Accounting Standards Codification 606, "Revenue from Contracts with Customer," for the periods indicated:

	Three months ended June 30,		Nine months ended June 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
U.S. Healthcare Solutions:				
Human Health	$ 65,821,863	$ 58,583,385	$ 189,704,387	$ 169,113,962
Animal Health	1,369,735	1,316,814	3,963,910	3,716,272
Total U.S. Healthcare Solutions	67,191,598	59,900,199	193,668,297	172,830,234
International Healthcare Solutions:				
Alliance Healthcare	5,641,912	5,698,635	17,122,456	16,720,262
Other Healthcare Solutions	1,409,964	1,349,142	4,123,032	3,703,728
Total International Healthcare Solutions	7,051,876	7,047,777	21,245,488	20,423,990
Intersegment eliminations	(2,121)	(933)	(5,292)	(3,144)
Revenue	$ 74,241,353	$ 66,947,043	$ 214,908,493	$ 193,251,080

The following illustrates reportable segment operating income information for the periods indicated:

	Three months ended June 30,		Nine months ended June 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
U.S. Healthcare Solutions	$ 698,305	$ 635,176	$ 2,237,493	$ 1,963,729
International Healthcare Solutions	179,391	187,132	559,706	524,405
Total segment operating income	$ 877,696	$ 822,308	$ 2,797,199	$ 2,488,134

The following reconciles total segment operating income to income before income taxes for the periods indicated:

(in thousands)	Three months ended June 30, 2024	Three months ended June 30, 2023	Nine months ended June 30, 2024	Nine months ended June 30, 2023
Total segment operating income	$ 877,696	$ 822,308	$ 2,797,199	$ 2,488,134
Gains from antitrust litigation settlements	51,605	118,611	108,567	168,510
LIFO (expense) credit	(6,839)	(34,952)	64,441	(114,272)
Turkey highly inflationary impact	(3,636)	(50,580)	(43,915)	(59,019)
Acquisition-related intangibles amortization	(163,850)	(169,154)	(494,373)	(381,146)
Litigation and opioid-related (expenses) credit, net	(14,485)	67,102	(161,553)	38,583
Acquisition-related deal and integration expenses	(25,758)	(19,283)	(69,431)	(99,392)
Restructuring and other expenses	(42,257)	(63,924)	(152,325)	(177,608)
Operating income	672,476	670,128	2,048,610	1,863,790
Other loss (income), net	12,814	3,436	33,790	(18,612)
Interest expense, net	31,328	57,864	136,022	167,989
Income before income taxes	$ 628,334	$ 608,828	$ 1,878,798	$ 1,714,413

Segment operating income is evaluated by the Chief Operating Decision Maker of the Company before gains from antitrust litigation settlements; LIFO (expense) credit; Turkey highly inflationary impact; acquisition-related intangibles amortization; litigation and opioid-related (expenses) credit, net; acquisition-related deal and integration expenses; and restructuring and other expenses. All corporate office expenses are allocated to the operating segment level.

Litigation and opioid-related (expenses) credit, net in the nine months ended June 30, 2024 includes a $214.0 million litigation accrual for ongoing litigation related to the distribution of prescription opioid medications (see Note 10). The nine-month period ended June 30, 2024 also includes a net $92.2 million opioid litigation settlement accrual reduction primarily as a result of the Company's prepayment of the net present value of a future obligation as permitted under its settlement agreements.

Litigation and opioid-related (expenses) credit, net in the three and nine months ended June 30, 2023 includes the receipt of $83.4 million from the H.D. Smith opioid litigation indemnity escrow.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

This executive summary provides highlights from the results of operations that follow:

- Revenue increased by $7.3 billion, or 10.9%, and $21.7 billion, or 11.2%, from the prior year quarter and nine-month period, respectively, primarily due to growth in the U.S. Healthcare Solutions segment. The U.S. Healthcare Solutions segment grew its revenue by $7.3 billion, or 12.2%, and $20.8 billion, or 12.1%, from the prior year quarter and nine-month period, respectively, 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 glucagon-like peptide-1, or "GLP-1," class, increased sales of specialty products to physician practices and health systems, and increased sales of COVID-19 vaccines. International Healthcare Solutions' revenue was flat compared to the prior year quarter and increased by $0.8 billion, or 4.0%, from the prior year nine-month period. The increase from the prior year nine-month period is primarily due to increased sales at Alliance Healthcare, our European distribution business, and increased sales in our Canadian business.

- Gross profit increased by $146.1 million, or 6.5%, and $711.6 million, or 10.6%, from the prior year quarter and nine-month period, respectively. The increase from the prior year quarter was primarily due to the increase in gross profit in the U.S. Healthcare Solutions segment and a lower Turkey highly inflationary impact on inventory, offset in part by lower gains from antitrust litigation settlements. The increase from the prior year nine-month period was primarily due to the increase in gross profit in both reportable segments and a LIFO credit in the current year period in comparison to LIFO expense in the prior year period, offset in part by lower gains from antitrust litigation settlements. U.S. Healthcare Solutions' gross profit increased by $136.2 million, or 9.7%, and $449.9 million, or 10.3%, from the prior year quarter and nine-month period, respectively, primarily due to increased sales. Gross profit in International Healthcare Solutions increased by $3.1 million, or 0.4%, and $129.5 million, or 5.5%, from the prior year quarter and nine-month period, respectively. The increase from the prior year nine-month period was due to growth at all of its businesses.

- Total operating expenses increased by $143.8 million, or 9.0%, and $526.8 million, or 10.9%, from the prior year quarter and nine-month period, respectively. The increase from the prior year quarter was largely due to increases in distribution, selling, and administrative expenses, and litigation and opioid-related expenses, which was a credit in the prior year quarter due to the receipt of funds previously held in an opioid indemnity escrow account. The increase from the prior year nine-month period is primarily a result of increases in distribution, selling, and administrative expenses, amortization expense, and litigation and opioid-related expenses, which was a credit in the prior year nine-month period due to the receipt of funds previously held in an opioid indemnity escrow account.

- Total segment operating income increased by $55.4 million, or 6.7%, and $309.1 million, or 12.4%, from the prior year quarter and nine-month period, respectively. U.S. Healthcare Solutions' operating income increased by $63.1 million and $273.8 million from prior year quarter and nine-month period, respectively, and International Healthcare Solutions' operating income decreased by $7.7 million and increased by $35.3 million from the prior year quarter and nine-month period, respectively.

- Our effective tax rates were 22.4% and 19.5% for the three and nine months ended June 30, 2024, respectively. Our effective tax rates were 21.3% and 19.3% for the three and nine months ended June 30, 2023, respectively. Our effective tax rates for the three months ended June 30, 2024 and 2023 were higher than the U.S. statutory rate primarily due to U.S. state income taxes, offset in part by the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate. Our effective tax rate for the nine months ended June 30, 2024 was lower than the U.S. statutory rate primarily due to discrete tax benefits associated with foreign valuation allowance adjustments, the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate, and tax benefits associated with equity compensation, offset in part by U.S. state incomes taxes. Our effective tax rate for the nine months ended June 30, 2023 was lower than the U.S. statutory rate primarily due to the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate, benefits from tax authority audit resolutions, and tax benefits associated with equity compensation, offset in part by U.S. state income taxes.

Results of Operations

Revenue

(dollars in thousands)	Three months ended June 30, 2024	2023	Change	Nine months ended June 30, 2024	2023	Change
U.S. Healthcare Solutions:						
Human Health	$ 65,821,863	$ 58,583,385	12.4%	$ 189,704,387	$ 169,113,962	12.2%
Animal Health	1,369,735	1,316,814	4.0%	3,963,910	3,716,272	6.7%
Total U.S. Healthcare Solutions	67,191,598	59,900,199	12.2%	193,668,297	172,830,234	12.1%
International Healthcare Solutions:						
Alliance Healthcare	5,641,912	5,698,635	(1.0)%	17,122,456	16,720,262	2.4%
Other Healthcare Solutions	1,409,964	1,349,142	4.5%	4,123,032	3,703,728	11.3%
Total International Healthcare Solutions	7,051,876	7,047,777	0.1%	21,245,488	20,423,990	4.0%
Intersegment eliminations	(2,121)	(933)		(5,292)	(3,144)	
Revenue	$ 74,241,353	$ 66,947,043	10.9%	$ 214,908,493	$ 193,251,080	11.2%

Our future revenue growth will continue to be affected by various factors, such as industry growth trends, including drug utilization (e.g., products labeled for diabetes and/or weight loss in the GLP-1 class), the introduction of new, innovative brand therapies and vaccines, the likely increase in the number of generic drugs and biosimilars that will be available over the next few years as a result of the expiration of certain drug patents held by brand-name pharmaceutical manufacturers and the rate of conversion from brand products to those generic drugs and biosimilars, price inflation and price deflation, general economic conditions in the United States and Europe, currency exchange rates, competition within the industry, customer consolidation, changes in pharmaceutical manufacturer pricing and distribution policies and practices, increased downward pressure on government and other third-party reimbursement rates to our customers, and changes in government rules and regulations.

Revenue increased by $7.3 billion, or 10.9%, and $21.7 billion, or 11.2%, from the prior year quarter and nine-month period, respectively, primarily due to growth in the U.S. Healthcare Solutions segment.

The U.S. Healthcare Solutions segment grew its revenue by $7.3 billion, or 12.2%, and $20.8 billion, or 12.1%, from the prior year quarter and nine-month period, respectively, due to overall market growth primarily driven by unit volume growth, including increased sales of $2.1 billion and $5.5 billion of products labeled for diabetes and/or weight loss in the GLP-1 class from the prior year quarter and nine-month period, respectively, increased sales of specialty products to physician practices and health systems, and increased sales of COVID-19 vaccines (primarily in the nine-month period). Sales, including GLP-1 products and COVID-19 vaccines, to our two largest customers increased by $2.0 billion and $7.8 billion in comparison to the prior year quarter and nine-month period, respectively.

International Healthcare Solutions' revenue was flat compared to the prior year quarter and increased $0.8 billion, or 4.0%, from the prior year nine-month period. The increase from the prior year nine-month period is primarily due to increased sales of $0.4 billion at our European distribution business and increased sales of $0.3 billion in our Canadian business.

A number of our contracts with customers, including group purchasing organizations, are typically subject to expiration each year. We may lose a significant customer if an existing contract with such customer expires without being extended, renewed, or replaced. During the nine months ended June 30, 2024, no significant contracts expired. Over the next twelve months, there are no significant contracts scheduled to expire. Additionally, from time to time, significant contracts may be terminated in accordance with their terms or extended, renewed, or replaced prior to their expiration dates. If those contracts are extended, renewed, or replaced at less favorable terms, they may also negatively impact our revenue, results of operations, and cash flows.

Gross Profit

(dollars in thousands)	Three months ended June 30, 2024	2023	Change	Nine months ended June 30, 2024	2023	Change
U.S. Healthcare Solutions	$ 1,547,022	$ 1,410,822	9.7%	$ 4,797,786	$ 4,347,841	10.3%
International Healthcare Solutions	823,796	820,745	0.4%	2,492,450	2,362,981	5.5%
Intersegment eliminations	(1,171)	—		(1,717)	—	
Gains from antitrust litigation settlements	51,605	118,611		108,567	168,510	
LIFO (expense) credit	(6,839)	(34,952)		64,441	(114,272)	
Turkey highly inflationary impact	(3,636)	(50,580)		(43,915)	(59,019)	
Gross profit	$ 2,410,777	$ 2,264,646	6.5%	$ 7,417,612	$ 6,706,041	10.6%

Gross profit increased by $146.1 million, or 6.5%, and $711.6 million, or 10.6%, from the prior year quarter and nine-month period, respectively. The increase from the prior year quarter was primarily due to the increase in gross profit in the U.S. Healthcare Solutions segment and a lower Turkey highly inflationary impact on inventory, offset in part by lower gains from antitrust litigation settlements. The increase from the prior year nine-month period was primarily due to the increase in gross profit in both reportable segments and a LIFO credit in the current year period in comparison to LIFO expense in the prior year period, offset in part by lower gains from antitrust litigation settlements.

U.S. Healthcare Solutions' gross profit increased by $136.2 million, or 9.7%, and $449.9 million, or 10.3%, from the prior year quarter and nine-month period, respectively, primarily due to increased sales. As a percentage of revenue, U.S. Healthcare Solutions' gross profit margins were 2.30% and 2.48% in the current year quarter and nine-month period, respectively, and represented declines of 6 basis points and 4 basis points from the prior year quarter and nine-month period, respectively, primarily due to higher sales of GLP-1 products, which have lower gross profit margins, offset in part by higher sales of COVID-19 vaccines (primarily in the nine-month period), which have higher gross profit margins.

Gross profit in International Healthcare Solutions increased by $3.1 million, or 0.4%, and $129.5 million, or 5.5%, from the prior year quarter and nine-month period, respectively. The increase from the prior year nine-month period was due to growth at all of its businesses.

We recognized gains from antitrust litigation settlements with pharmaceutical manufacturers of $51.6 million and $118.6 million in the three months ended June 30, 2024 and 2023, respectively, and $108.6 million and $168.5 million in the nine months ended June 30, 2024 and 2023, respectively. The gains were recorded as reductions to Cost of Goods Sold (see Note 11 of the Notes to Consolidated Financial Statements).

Our cost of goods sold for interim periods includes a LIFO provision that is recorded ratably on a quarterly basis and is based on our estimated annual LIFO provision. The annual LIFO provision, which we estimate on a quarterly basis, is affected by manufacturer pricing practices, which may be impacted by market and other external influences, expected changes in inventory quantities, and product mix, many of which are difficult to predict. Changes to any of the above factors may have a material impact on our annual LIFO provision. Based on estimates in our current fiscal year LIFO provision, the LIFO credit in the current year nine-month period in comparison to the LIFO expense in the prior year nine-month period was primarily driven by lower brand pharmaceutical inflation largely due to price decreases by manufacturers of wholesale acquisition costs of certain products.

We recognized expenses in Cost of Goods Sold of $3.6 million and $50.6 million in the three months ended June 30, 2024 and 2023, respectively, and $43.9 million and $59.0 million in the nine months ended June 30, 2024 and 2023, respectively, related to the impact of Turkey highly inflationary accounting. These expenses were driven by the weakening of the Turkish Lira.

Operating Expenses

(dollars in thousands)	Three months ended June 30, 2024	Three months ended June 30, 2023	Change	Nine months ended June 30, 2024	Nine months ended June 30, 2023	Change
Distribution, selling, and administrative	$ 1,383,206	$ 1,304,141	6.1%	$ 4,170,763	$ 3,916,156	6.5%
Depreciation and amortization	272,595	274,272	(0.6)%	814,930	687,678	18.5%
Litigation and opioid-related expenses (credit), net	14,485	(67,102)		161,553	(38,583)	
Acquisition-related deal and integration expenses	25,758	19,283		69,431	99,392	
Restructuring and other expenses	42,257	63,924		152,325	177,608	
Total operating expenses	$ 1,738,301	$ 1,594,518	9.0%	$ 5,369,002	$ 4,842,251	10.9%

Distribution, selling, and administrative expenses increased by $79.1 million, or 6.1%, and $254.6 million, or 6.5%, compared to prior year quarter and nine-month period, respectively, primarily to support revenue growth. As a percentage of revenue, distribution, selling, and administrative expenses were 1.86% and 1.94% in the current year quarter and nine-month period, respectively, which represented declines of 9 basis points compared to the prior year quarter and nine-month period as initiatives taken in fiscal 2023 improved operating efficiency across many of our businesses and administrative functions and the 10.9% and 11.2% revenue growth in the current fiscal quarter and nine-month period, respectively, improved our operating leverage.

Depreciation expense increased 3.3% and 4.5% from the prior year quarter and nine-month period, respectively. Amortization expense decreased 3.0% from the prior year quarter and increased 29.7% from the prior year nine-month period. The increase from the prior year nine-month period was primarily due to accelerated amortization expense, which we began recording in February 2023, in connection with the shortened useful lives of certain trade names resulting from our company name change and gradual transition away from other tradenames used, which were acquired through prior acquisitions.

Litigation and opioid-related expenses, net in the three months ended June 30, 2024 included legal fees in connection with opioid lawsuits and investigations. Litigation and opioid-related expenses, net in the nine months ended June 30, 2024 included a $214.0 million litigation accrual for ongoing litigation related to the distribution of prescription opioid medications (see Note 10 of the Notes to Consolidated Financial Statements) and $39.7 million of legal fees in connection with opioid lawsuits and investigations, offset in part by a net $92.2 million opioid litigation settlement accrual reduction primarily as a result of our prepayment of the net present value of a future obligation as permitted under our opioid settlement agreements. Litigation and opioid-related credit in the three and nine months ended June 30, 2023 included the receipt of $83.4 million from the H.D. Smith opioid indemnity escrow and was offset in part by $16.3 million and $44.8 million of legal fees in connection with opioid lawsuits and investigations in three and nine months ended June 30, 2023, respectively.

Acquisition-related deal and integration expenses in the three and nine months ended June 30, 2024 and 2023 primarily related to the continued integration of Alliance Healthcare and PharmaLex.

Restructuring and other expenses are comprised of the following for the periods indicated:

(in thousands)	Three months ended June 30, 2024	Three months ended June 30, 2023	Nine months ended June 30, 2024	Nine months ended June 30, 2023
Restructuring and employee severance costs	$ 18,840	$ 38,209	$ 41,865	$ 85,060
Business transformation efforts	20,646	23,384	79,096	52,007
Other, net	2,771	2,331	31,364	40,541
Total restructuring and other expenses	$ 42,257	$ 63,924	$ 152,325	$ 177,608

Restructuring and employee severance costs in the three and nine months ended June 30, 2024 primarily included expenses incurred related to facility closures in connection with our office optimization plan and workforce reductions in both of our reportable segments. Restructuring and employee severance costs in the three and nine months ended June 30, 2023 primarily included expenses incurred in connection with workforce reductions in both of our reportable segments.

Business transformation efforts in the three and nine months ended June 30, 2024 and 2023 included rebranding costs associated with our name change to Cencora and non-recurring expenses related to significant strategic initiatives to improve

operational efficiency, including certain technology initiatives. The majority of these costs related to services provided by third-party consultants.

As previously disclosed in the March 2024 quarter, we experienced a cybersecurity event where data from our information systems was exfiltrated. In connection with this event, we incurred costs that were recorded in Other, net in the above table. The majority of the costs included in Other, net in the three and nine months ended June 30, 2024 related to this cybersecurity event.

In the nine months ended June 30, 2023, one of our foreign business units experienced a cybersecurity event that impacted a standalone legacy information technology platform in one country and the foreign business unit's ability to operate in that country for approximately two weeks. In connection with this event, we incurred costs to restore the foreign business unit's operations in that country, which were recorded in Other, net in the above table. The majority of the costs included in Other, net in the three and nine months ended June 30, 2023 related to this cybersecurity event.

Operating Income

	Three months ended June 30,			Nine months ended June 30,		
(dollars in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
U.S. Healthcare Solutions	$ 698,305	$ 635,176	9.9%	$ 2,237,493	$ 1,963,729	13.9%
International Healthcare Solutions	179,391	187,132	(4.1)%	559,706	524,405	6.7%
Total segment operating income	877,696	822,308	6.7%	2,797,199	2,488,134	12.4%
Gains from antitrust litigation settlements	51,605	118,611		108,567	168,510	
LIFO (expense) credit	(6,839)	(34,952)		64,441	(114,272)	
Turkey highly inflationary impact	(3,636)	(50,580)		(43,915)	(59,019)	
Acquisition-related intangibles amortization	(163,850)	(169,154)		(494,373)	(381,146)	
Litigation and opioid-related (expenses) credit, net	(14,485)	67,102		(161,553)	38,583	
Acquisition-related deal and integration expenses	(25,758)	(19,283)		(69,431)	(99,392)	
Restructuring and other expenses	(42,257)	(63,924)		(152,325)	(177,608)	
Operating income	$ 672,476	$ 670,128	0.4%	$ 2,048,610	$ 1,863,790	9.9%

U.S. Healthcare Solutions' operating income increased by $63.1 million, or 9.9%, and $273.8 million, or 13.9%, from prior year quarter and nine-month period, respectively, primarily due to the increases in gross profit, as noted above, and was offset in part by the increases in operating expenses. As a percentage of revenue, U.S. Healthcare Solutions' operating income margin was 1.04% in the current year quarter and represented a decline of 2 basis points compared to the prior year quarter primarily due to a decline in gross profit margin, as described above in the Gross Profit section. As a percentage of revenue, U.S. Healthcare Solutions' operating income margin was 1.16% in the current year nine-month period and represented an increase of 2 basis points from the prior year nine-month period primarily due to a decline in operating expense margin, as described above in the Operating Expense section.

International Healthcare Solutions' operating income decreased by $7.7 million, or 4.1%, from the prior year quarter and increased $35.3 million, or 6.7%, from the prior year nine-month period. The decrease in the current year quarter was primarily due to higher information technology operating expenses in our European distribution businesses and lower operating income at our global specialty logistics business, which was offset in part by the positive results of our Canadian business. We have also recently experienced a weakening in demand for specialized services in the life sciences industry, which may continue to impact the operating results of PharmaLex. The increase in the current year nine-month period was primarily due to our Canadian business, our global specialty logistics business, our less-than-wholly-owned Brazil full-line distribution business, and the January 2023 acquisition of PharmaLex, offset in part by foreign currency pressure and higher information technology operating expenses in our European distribution business and the September 2023 divestiture of its less-than-wholly-owned subsidiary in Egypt, which was profitable in the prior year nine-month period.

Other Loss (Income), Net

We recorded losses on the remeasurement of an equity investment of $13.3 million and $24.8 million in the three and nine months ended June 30, 2024, respectively.

Interest Expense, Net

Interest expense, net and the respective weighted average interest rates for the three months ended June 30, 2024 and 2023 are as follows:

	2024		2023	
(dollars in thousands)	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Interest expense	$ 58,936	3.82%	$ 68,466	3.72%
Interest income	(27,608)	5.30%	(10,602)	4.31%
Interest expense, net	$ 31,328		$ 57,864	

Interest expense, net decreased by $26.5 million, or 45.9%, from the prior year quarter due to the increase in interest income and the decrease in interest expense. The increase in interest income was driven by higher investment interest rates and higher average investment cash balances in the current year quarter in comparison to the prior year quarter. The decrease in interest expense was driven by decreased variable-rate borrowings and the September 2023 divestiture of our less-than-wholly-owned subsidiary in Egypt.

Interest expense, net and the respective weighted average interest rates for the nine months ended June 30, 2024 and 2023 are as follows:

	2024		2023	
(dollars in thousands)	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Interest expense	$ 194,362	3.93%	$ 201,544	3.51%
Interest income	(58,340)	5.11%	(33,555)	3.34%
Interest expense, net	$ 136,022		$ 167,989	

Interest expense, net decreased by $32.0 million, or 19.0%, from the prior year nine-month period due to the increase in interest income, and the decrease in interest expense. The increase in interest income was driven by higher investment interest rates and higher average investment cash balances in the current year period in comparison to the prior year period. The interest expense decrease was primarily driven by September 2023 divestiture of our less-than-wholly-owned subsidiary in Egypt, offset in part by increased variable-rate borrowings.

Income Tax Expense

Our effective tax rates were 22.4% and 19.5% for the three and nine months ended June 30, 2024, respectively. Our effective tax rates were 21.3% and 19.3% for the three and nine months ended June 30, 2023, respectively. Our effective tax rates for the three months ended June 30, 2024 and 2023 were higher than the U.S. statutory rate primarily due to U.S. state income taxes, offset in part by the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate. Our effective tax rate for the nine months ended June 30, 2024 was lower than the U.S. statutory rate primarily due to discrete tax benefits associated with foreign valuation allowance adjustments, the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate, and tax benefits associated with equity compensation, offset in part by U.S. state incomes taxes. Our effective tax rate for the nine months ended June 30, 2023 was lower than the U.S. statutory rate primarily due to the benefit of non-U.S. income taxed at rates lower than the U.S. statutory rate, benefits from tax authority audit resolutions, and tax benefits associated with equity compensation, offset in part by U.S. state income taxes.

Liquidity and Capital Resources

Our operating results have generated cash flows, which, together with availability under our debt agreements and credit terms from suppliers, have provided sufficient capital resources to finance working capital and cash operating requirements, and to fund capital expenditures, acquisitions, repayment of debt, the payment of interest on outstanding debt, dividends, and purchases of shares of our common stock.

Our primary ongoing cash requirements will be to finance working capital, fund the repayment of debt, fund the payment of interest on debt, fund the payment of dividends, fund purchases of our common stock, finance acquisitions, and fund capital expenditures and routine growth and expansion through new business opportunities. Future cash flows from

operations and borrowings are expected to be sufficient to fund our ongoing cash requirements, including the opioid litigation payments that will be made over the next 14 years (see below).

Cash Flows

As of June 30, 2024 and September 30, 2023, our cash and cash equivalents held by foreign subsidiaries were $700.4 million and $640.5 million, respectively. We have the ability to repatriate the majority of our cash and cash equivalents held by our foreign subsidiaries without incurring significant additional taxes upon repatriation.

We have increased seasonal needs related to our inventory build during the December and March quarters that, depending on our cash balance, may require the use of our credit facilities to fund short-term capital needs. Our cash balances in the nine months ended June 30, 2024 and 2023 were supplemented by intra-period credit facility borrowings to cover short-term working capital needs. The largest amount of intra-period borrowings under our revolving and securitization credit facilities that was outstanding at any one time during the nine months ended June 30, 2024 and 2023 was $3.2 billion and $2.1 billion, respectively. We had $56.7 billion and $49.5 billion of cumulative intra-period borrowings that were repaid under our credit facilities during the nine months ended June 30, 2024 and 2023, respectively.

Our net cash provided by operating activities increased by $399.8 million in the nine months ended June 30, 2024 compared to the nine months ended June 30, 2023 largely due to our growth and the timing of cash receipts and disbursements. More specifically, the drivers of this increase related to the following:

- Our growth led to an increase in our net income plus non-cash items to $2.4 billion in the nine months ended June 30, 2024 from $2.3 billion in the nine months ended June 30, 2023.
- The timing of cash receipts and disbursements can significantly impact our working capital. We are able to maintain a negative working capital balance, as our days payable outstanding is greater than the sum of our days sales outstanding and days inventory on hand. Therefore, as we grow, absent timing or a specifically identifiable event or transaction, accounts receivable, inventory, and accounts payable will correspondingly increase, with the increase in accounts payable outpacing the increase in accounts receivable and inventory. In the nine months ended June 30, 2024, the growth of our accounts receivable, inventories, and accounts payable balances provided $191.3 million of cash from operations compared to a use of cash from operations of $106.2 million in the nine months ended June 30, 2023.

During the nine months ended June 30, 2024, our operating activities provided cash of $2,484.3 million and was principally the result of the following:

- An increase in accounts payable of $4,112.5 million primarily due to the increase in our inventory balances and the timing of scheduled payments to our suppliers;
- Net income of $1,511.8 million; and
- Positive non-cash items of $897.3 million, which is primarily comprised of amortization expense of $502.1 million and depreciation expense of $337.0 million.

The cash provided by the above items was offset in part by the following:

- An increase in accounts receivable of $3,085.6 million primarily due to an increase in sales and the timing of scheduled payments from our customers; and
- An increase in inventories of $835.6 million to support the increase in business volume.

During the nine months ended June 30, 2023, our operating activities provided cash of $2,084.5 million and was principally the result of the following:

- An increase in accounts payable of $3,513.7 million primarily due to the increase in our inventory balances and the timing of scheduled payments to our suppliers;
- Net income of $1,383.6 million; and
- Positive non-cash items of $899.8 million, which is primarily comprised of amortization expense of $389.8 million and depreciation expense of $307.3 million.

The cash provided by the above items was offset in part by the following:

- An increase in accounts receivable of $2,249.9 million primarily due to an increase in sales and the timing of scheduled payments from our customers; and
- An increase in inventories of $1,370.0 million to support the increase in business volume.

We use days sales outstanding, days inventory on hand, and days payable outstanding to evaluate our working capital performance. The below financial metrics are calculated based upon a quarterly average and can be impacted by the timing of cash receipts and disbursements, which can vary significantly depending upon the day of the week on which the period ends.

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Days sales outstanding	29.0	27.6	28.9	27.5
Days inventory on hand	25.8	27.4	26.8	28.0
Days payable outstanding	60.1	60.1	60.7	60.0

Our cash flows from operating activities can vary significantly from period to period based upon fluctuations in our period-end working capital account balances. Additionally, any changes to payment terms with a significant customer or manufacturer supplier could have a material impact to our cash flows from operations. Operating cash flows during the nine months ended June 30, 2024 included $197.7 million of interest payments and $408.9 million of income tax payments, net of refunds. Operating cash flows during the nine months ended June 30, 2023 included $200.9 million of interest payments and $342.7 million of income tax payments, net of refunds.

Capital expenditures in the nine months ended June 30, 2024 and 2023 were $304.8 million and $282.9 million, respectively. Significant capital expenditures in the nine months ended June 30, 2024 and 2023 included investments in various technology initiatives, including technology investments at Alliance Healthcare.

We currently expect to invest approximately $500 million for capital expenditures during fiscal 2024. Larger 2024 capital expenditures will include investments relating to various technology initiatives, including technology investments at Alliance Healthcare.

In addition to capital expenditures, net cash used in investing activities in the nine months ended June 30, 2023 included $1,406.3 million for the acquisition of PharmaLex and $718.4 million for our investment in OneOncology.

Net cash used in financing activities in the nine months ended June 30, 2024 principally resulted from $986.4 million purchases of our common stock, the repayment of our $500 million of 3.400% senior notes that matured in May 2024, and $315.2 million in cash dividends paid on our common stock, offset in part by the issuance of our $500 million of 5.125% senior notes in February 2024. Net cash used in financing activities in the nine months ended June 30, 2023 principally resulted from $907.2 million purchases of our common stock, a $675 million repayment of our 0.737% senior notes that matured in March 2023, and $300.4 million in cash dividends paid on our common stock.

Debt and Credit Facility Availability

The following table illustrates our debt structure as of June 30, 2024, including availability under the multi-currency revolving credit facility, the receivables securitization facility, the money market facility, and the Alliance Healthcare debt:

(in thousands)	Outstanding Balance	Additional Availability
Fixed-Rate Debt:		
$500,000, 3.250% senior notes due 2025	$ 499,567	$ —
$750,000, 3.450% senior notes due 2027	747,095	—
$500,000, 2.800% senior notes due 2030	496,412	—
$1,000,000, 2.700% senior notes due 2031	992,438	—
$500,000, 5.125% senior notes due 2034	494,367	—
$500,000, 4.250% senior notes due 2045	495,540	—
$500,000, 4.300% senior notes due 2047	493,753	—
Nonrecourse debt	64,020	—
Total fixed-rate debt	4,283,192	—
Variable-Rate Debt:		
Multi-currency revolving credit facility due 2028	—	2,400,000
Receivables securitization facility due 2026	350,000	1,100,000
Money market facility	—	100,000
Alliance Healthcare debt	528	333,249
Nonrecourse debt	97,298	—
Total variable-rate debt	447,826	3,933,249
Total debt	$ 4,731,018	$ 3,933,249

We have a $2.4 billion multi-currency senior unsecured revolving credit facility ("Multi-Currency Revolving Credit Facility") with a syndicate of lenders, which is scheduled to expire in October 2028. Interest on borrowings under the Multi-Currency Revolving Credit Facility accrues at specified rates based on our debt rating. We also pay facility fees to maintain the availability under the Multi-Currency Revolving Credit Facility at specified rates based on our debt rating. We may choose to repay or reduce our commitments under the Multi-Currency Revolving Credit Facility at any time. The Multi-Currency Revolving Credit Facility contains covenants, including compliance with a financial leverage ratio test, as well as others that impose limitations on, among other things, indebtedness of subsidiaries and asset sales, with which we were compliant as of June 30, 2024.

We have a commercial paper program whereby we may from time to time issue short-term promissory notes in an aggregate amount of up to $2.4 billion at any one time. Amounts available under the program may be borrowed, repaid, and re-borrowed from time to time. The maturities on the notes will vary, but may not exceed 365 days from the date of issuance. The notes will bear interest, if interest bearing, or will be sold at a discount from their face amounts. The commercial paper program does not increase our borrowing capacity as it is fully backed by our Multi-Currency Revolving Credit Facility. There were no borrowings outstanding under our commercial paper program as of June 30, 2024.

We have a $1,450 million receivables securitization facility ("Receivables Securitization Facility"), which was scheduled to expire in October 2025. In April 2024, we amended the Receivables Securitization Facility to extend the expiration to October 2026. We have available to us an accordion feature whereby the commitment on the Receivables Securitization Facility may be increased by up to $250 million, subject to lender approval, for seasonal needs during the December and March quarters. Interest rates are based on prevailing market rates for short-term commercial paper or 30-day Term SOFR plus a program fee. We pay a customary unused fee at prevailing market rates, annually, to maintain the availability under the Receivables Securitization Facility. The Receivables Securitization Facility contains similar covenants to the Multi-Currency Revolving Credit Facility, with which we were compliant as of June 30, 2024.

We had an uncommitted, unsecured line of credit available to us pursuant to a revolving credit note that was terminated in April 2024. We also had a £10 million uncommitted U.K. overdraft facility, which expired in February 2024, to fund short-term normal trading cycle fluctuations related to our MWI Animal Health business. We have an uncommitted, unsecured line of credit available to us pursuant to a money market credit agreement ("Money Market Facility"). The Money Market Facility provides us with the ability to request short-term unsecured revolving credit loans from time to time in a principal amount not to exceed $100 million. The Money Market Facility may be decreased or terminated by the bank or us at any time without prior notice.

In February 2024, we issued $500 million of 5.125% senior notes due in February 2034 (the "2034 Notes"). The 2034 Notes were sold at 99.867% of the principal amount with an effective yield of 5.132%. Interest on the 2034 Notes is payable semi-annually in arrears on February 15 and August 15 beginning on August 15, 2024. We used the proceeds from the 2034 Notes to repay the $500 million of 3.400% senior notes that matured in May 2024.

Alliance Healthcare debt is comprised of uncommitted revolving credit facilities in various currencies with various rates. These facilities are used to fund its working capital needs.

Nonrecourse debt is comprised of short-term and long-term debt belonging to the Brazil subsidiary and is repaid solely from the Brazil subsidiary' cash flows and such debt agreements provide that the repayment of the loans (and interest thereon) is secured solely by the capital stock, physical assets, contracts, and cash flows of the Brazil subsidiary.

Share Purchase Programs and Dividends

In March 2023, our Board of Directors authorized a share repurchase program allowing us to purchase up to $1.0 billion of our outstanding shares of common stock, subject to market conditions. In the nine months ended June 30, 2024, we purchased $809.0 million of our common stock, including $522.6 million from Walgreens Boots Alliance, Inc. ("WBA"), to complete our authorization under this program.

In March 2024, our Board of Directors authorized a new share repurchase program allowing us to purchase up to $2.0 billion of our outstanding shares of common stock, subject to market conditions. In the nine months ended June 30, 2024, we purchased $177.4 million of our common stock, all of which was purchased from WBA. As of June 30, 2024, we had $1,822.6 million of availability under this program.

In November 2023, our Board of Directors increased the quarterly dividend paid on common stock by 5% from $0.485 per share to $0.51 per share. We anticipate that we will continue to pay quarterly cash dividends in the future. However, the payment and amount of future dividends remains within the discretion of our Board of Directors and will depend upon future earnings, financial condition, capital requirements, and other factors.

Commitments and Obligations

As discussed and defined in Note 10 of the Notes to Consolidated Financial Statements, on July 21, 2021, it was announced that we and the two other national pharmaceutical distributors had negotiated a Distributor Settlement Agreement. The Distributor Settlement Agreement became effective on April 2, 2022, and as of June 30, 2024, it included 48 of 49 eligible states (the “Settling States”) as well as 99% by population of the eligible political subdivisions in the Settling States. Our remaining estimated liability related to the Distributor Settlement Agreement, the State of Alabama (pursuant to an agreement) and other opioid-related litigation for which we have reached settlement agreements is approximately $5.1 billion on our Consolidated Balance Sheet as of June 30, 2024 and is expected to be paid over the next 14 years. The payment of the aforementioned litigation liability has not and is not expected to have an impact on our ability to pay dividends.

The following is a summary of our contractual obligations for future principal and interest payments on our debt, minimum rental payments on our noncancellable operating leases, and minimum payments on our other commitments as of June 30, 2024:

Payments Due by Period (in thousands)	Debt, Including Interest Payments	Operating Leases	Other Commitments	Total
Within 1 year	$ 751,753	$ 234,255	$ 136,509	$ 1,122,517
1-3 years	727,747	411,512	164,773	1,304,032
4-5 years	1,011,709	307,432	57,941	1,377,082
After 5 years	3,942,962	446,712	—	4,389,674
Total	$ 6,434,171	$ 1,399,911	$ 359,223	$ 8,193,305

The 2017 Tax Act requires a one-time transition tax to be recognized on historical foreign earnings and profits. As of June 30, 2024, we expect to pay a remaining $104.2 million, net of overpayments and tax credits, related to the transition tax over the next two years. The transition tax commitment is included in "Other Commitments" in the above table.

Our liability for uncertain tax positions was $580.6 million (including interest and penalties) as of June 30, 2024. This liability represents an estimate of tax positions that we have taken in our tax returns which may ultimately not be sustained upon examination by taxing authorities. Since the amount and timing of any future cash settlements cannot be predicted with reasonable certainty, the estimated liability has been excluded from the above contractual obligations table. Our liability for uncertain tax positions as of June 30, 2024 primarily includes an uncertain tax benefit related to the legal accrual for litigation in connection with the distribution of prescription opioid pain medications, as disclosed in Note 10 of the Notes to Consolidated Financial Statements.

Market and Risks

We have exposure to foreign currency and exchange rate risk from our non-U.S. operations. Our largest exposure to foreign exchange rates exists primarily with the U.K. Pound Sterling, the Euro, the Turkish Lira, the Brazilian Real, and the Canadian Dollar. We use forward contracts to hedge against the foreign currency exchange rate impact on certain intercompany receivable and payable balances. We may use derivative instruments to hedge our foreign currency exposure, but not for speculative or trading purposes. Revenue from our foreign operations during the nine months ended June 30, 2024 was approximately 10% of our consolidated revenue.

We have market risk exposure to interest rate fluctuations relating to our debt. We manage interest rate risk by using a combination of fixed-rate and variable-rate debt. The amount of variable-rate debt fluctuates during the year based on our working capital requirements. We had $447.8 million of variable-rate debt outstanding as of June 30, 2024. We periodically evaluate financial instruments to manage our exposure to fixed and variable interest rates. However, there are no assurances that such instruments will be available in the combinations we want and/or on terms acceptable to us. There were no such financial instruments in effect as of June 30, 2024.

We also have market risk exposure to interest rate fluctuations relating to our cash and cash equivalents. We had $3,306.2 million in cash and cash equivalents as of June 30, 2024. The unfavorable impact of a hypothetical decrease in interest rates on cash and cash equivalents would be partially offset by the favorable impact of such a decrease on variable-rate debt. For every $100 million of cash invested that is in excess of variable-rate debt, a 10-basis point decrease in interest rates would increase our annual net interest expense by $0.1 million.

Deterioration of general economic conditions, among other factors, could adversely affect the number of prescriptions that are filled and the amount of pharmaceutical products purchased by consumers and, therefore, could reduce purchases by our customers. In addition, volatility in financial markets may also negatively impact our customers' ability to obtain credit to finance their businesses on acceptable terms. Reduced purchases by our customers or changes in the ability of our customers to remit payments to us could adversely affect our revenue growth, our profitability, and our cash flow from operations.

Recent elevated levels of inflation in the global and U.S. economies have impacted certain operating expenses. If elevated levels of inflation persist or increase, our operations and financial results could be adversely affected, particularly in certain global markets.

We have risks from other geopolitical trends and events, such as the ongoing conflicts in Ukraine and between Israel and Hamas. Although the long-term implications of these conflicts are difficult to predict at this time, the financial impact of these conflicts has not been material.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's most significant market risks are the effects of foreign currency risk, changing interest rates, and changes in the price and volatility of the Company's common stock. See the discussion under the heading "Market Risks," which is incorporated by reference herein.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are intended to ensure that information required to be disclosed in the Company's reports submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These controls and procedures also are intended to ensure that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

The Company's Chief Executive Officer and Chief Financial Officer, with the participation of other members of the Company's management, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a — 15(e) and 15d — 15(e) under the Exchange Act) and have concluded that the Company's disclosure controls and procedures were effective for their intended purposes as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

During the third quarter of fiscal 2024, there was no change in Cencora, Inc.'s internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

See Note 10 (Legal Matters and Contingencies) of the Notes to Consolidated Financial Statements set forth under Item 1 of Part I of this report for the Company's current description of legal proceedings.

ITEM 1A. Risk Factors

Our significant business risks are described in Item 1A to our Form 10-K for the fiscal year ended September 30, 2023 to which reference is made herein.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities

The following table sets forth the number of shares purchased, the average price paid per share, the total number of shares purchased as part of publicly announced programs, and the approximate dollar value of shares that may yet be purchased under the programs during each month in the third fiscal quarter ended June 30, 2024. See Note 7, "Stockholders' Equity and Earnings per Share," contained in "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
April 1 to April 30	91	$ 243.00	—	$ 2,372,646,048
May 1 to May 31	2,528,666	$ 217.51	2,528,609	$ 1,822,645,902
June 1 to June 30	—	$ —	—	$ 1,822,645,902
Total	2,528,757		2,528,609	

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

During the quarter ended June 30, 2024, no director or officer adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule10b5-1 trading arrangement" as each term is defined in Section 408(a) of Regulation S-K under the Exchange Act.

ITEM 6. Exhibits

(a) Exhibits:

Exhibit Number	Description
10.1	Omnibus Amendment, dated as of April 17, 2024, constituting (i) the Twentieth Amendment to Amended and Restated Receivables Purchase Agreement among Amerisource Receivables Financial Corporation, as seller, AmerisourceBergen Drug Corporation, as servicer, the purchaser agents and purchasers party thereto, and MUFG Bank, Ltd., as administrator, (ii) the Second Amendment to Amended and Restated Receivables Sale Agreement among Amerisource Receivables Financial Corporation, as buyer, and AmerisourceBergen Drug Corporation and ASD Specialty Healthcare, LLC, as originators, and (iii) the First Amendment to Second Amended and Restated Performance Undertaking made by Cencora, Inc., as performance guarantor, in favor of Amerisource Receivables Financial Corporation, as buyer (incorporated by reference to Exhibit 10.1 to the Registrant's Current Form 8-K filed on April 23, 2024).
10.2	Share Repurchase Agreement, dated as of May 22, 2024, by and between Cencora, Inc. and Walgreens Boots Alliance Holdings LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Form 8-K filed on May 24, 2024).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.
101	Financial statements from the Quarterly Report on Form 10-Q of Cencora, Inc. for the quarter ended June 30, 2024, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENCORA, INC.

July 31, 2024

/s/ Steven H. Collis

Steven H. Collis
Chairman, President & Chief Executive Officer

July 31, 2024

/s/ James F. Cleary

James F. Cleary
Executive Vice President & Chief Financial Officer

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

I, Steven H. Collis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "Report") of Cencora, Inc. (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant’s board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 31, 2024

/s/ Steven H. Collis
Steven H. Collis
Chairman, President and Chief Executive Officer

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

I, James F. Cleary, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "Report") of Cencora, Inc. (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 31, 2024

/s/ James F. Cleary
James F. Cleary
Executive Vice President and Chief Financial Officer

Exhibit 32

Section 1350 Certification of Chief Executive Officer

In connection with the Quarterly Report of Cencora, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven H. Collis, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven H. Collis
Steven H. Collis
Chairman, President and Chief Executive Officer

July 31, 2024

Section 1350 Certification of Chief Financial Officer

In connection with the Quarterly Report of Cencora, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James F. Cleary, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James F. Cleary
James F. Cleary
Executive Vice President and Chief Financial Officer

July 31, 2024