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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 March 31, 2025

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 April 30, 2025 was 193,823,487.

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 "Exchange Act"). These forward-looking statements may include, without limitation, statements regarding our financial position, business strategy and the plans and objectives of management for our future operations; future liabilities and other obligations; anticipated trends and prospects in the industries in which our business operates; new products, services and related strategies; and capital allocation, including share repurchases and dividends. These statements may 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 Quarterly Report on Form 10-Q, 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 forward-looking statements reflect management’s current views with respect to future events, subject to uncertainty and changes in circumstances, and are based on assumptions as of the date of this Quarterly Report on Form 10-Q. 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 that could cause actual results, performance or achievements to differ materially from our expectations include, but are not limited to:

- our ability to respond to general macroeconomic conditions and geopolitical uncertainties, including financial market volatility and disruption, inflationary concerns, interest and currency exchange rates, changes as a result of the U.S. presidential election, and uncertain economic conditions in the United States and abroad;
- our ability to respond to changes to customer or supplier mix and payment terms, or to changes to manufacturer pricing;
- 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;
- competition and industry consolidation of both customers and suppliers resulting in increasing pressure to reduce prices for our products and services;
- risks associated with our strategic, long-term relationship with Walgreens Boots Alliance, Inc. ("WBA"), including with respect to the pharmaceutical distribution agreement and/or the global generic purchasing services arrangement;
- risks that acquisitions of or investments in businesses, including the acquisitions of Alliance Healthcare, PharmaLex, and Retina Consultants of America and the investment in OneOncology, fail to achieve expected or targeted future financial and operating performance and results;
- our ability to effectively manage our growth;
- our ability to maintain the strength and security of information technology systems;
- any inability or failure by us or third-party business partners to anticipate or detect data or information security breaches or other cyber-attacks;
- our ability to manage 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;
- our ability to respond to changes or uncertainty in the geopolitical policies of countries and regions in which we do business, including with respect to trade policies or tariffs, which can disrupt our global operations, as well as the operations of our customers and suppliers;
- 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;
- the bankruptcy, insolvency, or other credit failure of a major supplier or significant customer;
- our ability to comply with 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;

- uncertainties associated with litigation, including the outcome of any legal or governmental proceedings that may be instituted against us, continued prosecution or suit by federal and state governmental entities and other parties of alleged violations of laws and regulations regarding controlled substances, and any related disputes;
- the outcome of any legal or governmental proceedings that may be instituted against us, including material adverse resolution of pending legal proceedings;
- risks generally associated with data privacy regulation and the protection and international transfer of personal data;
- our ability to address events outside of our control, such as widespread public health issues, natural disasters, government policy changes, and political events; and
- the impairment of goodwill or other intangible assets resulting in a charge to earnings.

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. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made.

PART I. FINANCIAL INFORMATION

ITEM I. Financial Statements (Unaudited)

CENCORA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	March 31, 2025	September 30, 2024
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,978,061	$ 3,132,648
Accounts receivable, less allowances for returns and credit losses: $1,437,659 as of March 31, 2025 and $1,308,018 as of September 30, 2024	23,715,008	23,871,815
Inventories	18,965,502	18,998,833
Right to recover assets	1,301,531	1,175,871
Prepaid expenses and other	574,871	538,646
Total current assets	46,534,973	47,717,813
Property and equipment, net	2,302,809	2,181,410
Goodwill	14,091,412	9,318,027
Other intangible assets	3,862,835	4,001,046
Deferred income taxes	233,700	246,348
Other assets	4,168,145	3,637,023
TOTAL ASSETS	$ 71,193,874	$ 67,101,667
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 50,110,563	$ 50,942,162
Accrued expenses and other	2,447,498	2,758,560
Short-term debt	770,321	576,331
Total current liabilities	53,328,382	54,277,053
Long-term debt	7,085,886	3,811,745
Accrued income taxes	277,738	291,796
Deferred income taxes	1,615,752	1,643,746
Accrued litigation liability	4,284,602	4,296,902
Other liabilities	3,421,715	1,993,683
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, $0.01 par value - authorized, issued, and outstanding: 600,000,000 shares, 297,247,152 shares, and 193,783,768 shares as of March 31, 2025, respectively, and 600,000,000 shares, 296,169,781 shares, and 194,943,968 shares as of September 30, 2024, respectively	2,972	2,962
Additional paid-in capital	6,142,056	6,030,790
Retained earnings	6,401,534	5,417,139
Accumulated other comprehensive loss	(1,201,838)	(989,118)
Treasury stock, at cost: 103,463,384 shares as of March 31, 2025 and 101,225,813 shares as of September 30, 2024	(10,331,887)	(9,815,835)
Total Cencora, Inc. stockholders' equity	1,012,837	645,938
Noncontrolling interests	166,962	140,804
Total stockholders' equity	1,179,799	786,742
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 71,193,874	$ 67,101,667

See notes to consolidated financial statements.

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

(in thousands, except per share data)	Three months ended March 31, 2025	Three months ended March 31, 2024	Six months ended March 31, 2025	Six months ended March 31, 2024
Revenue	$ 75,453,673	$ 68,414,307	$ 156,940,733	$ 140,667,140
Cost of goods sold	72,393,864	65,876,284	151,322,886	135,660,305
Gross profit	3,059,809	2,538,023	5,617,847	5,006,835
Operating expenses:				
Distribution, selling, and administrative	1,600,040	1,388,810	3,072,095	2,787,557
Depreciation	121,815	106,230	234,527	210,408
Amortization	138,003	165,502	303,783	331,927
Litigation and opioid-related expenses, net	11,524	225,985	28,289	147,068
Acquisition-related deal and integration expenses	99,380	22,610	138,092	43,673
Restructuring and other expenses	52,857	75,627	98,617	110,068
Operating income	1,036,190	553,259	1,742,444	1,376,134
Other loss, net	3,546	22,063	61,420	20,976
Interest expense, net	103,988	64,130	131,921	104,694
Income before income taxes	928,656	467,066	1,549,103	1,250,464
Income tax expense	211,239	45,861	337,967	226,251
Net income	717,417	421,205	1,211,136	1,024,213
Net loss (income) attributable to noncontrolling interests	454	(430)	(4,665)	(1,938)
Net income attributable to Cencora, Inc.	$ 717,871	$ 420,775	$ 1,206,471	$ 1,022,275
Earnings per share:				
Basic	$ 3.70	$ 2.11	$ 6.23	$ 5.12
Diluted	$ 3.68	$ 2.09	$ 6.18	$ 5.07
Weighted average common shares outstanding:				
Basic	193,796	199,406	193,780	199,747
Diluted	195,094	201,177	195,144	201,510
Cash dividends declared per share of common stock	$ 0.550	$ 0.510	$ 1.10	$ 1.020

See notes to consolidated financial statements.

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

(in thousands)	Three months ended March 31,		Six months ended March 31,	
	2025	2024	2025	2024
Net income	$ 717,417	$ 421,205	$ 1,211,136	$ 1,024,213
Other comprehensive income (loss)				
Foreign currency translation adjustments	206,123	(128,675)	(218,428)	142,847
Other, net	200	15	3,813	(73)
Total other comprehensive income (loss)	206,323	(128,660)	(214,615)	142,774
Total comprehensive income	923,740	292,545	996,521	1,166,987
Comprehensive (income) loss attributable to noncontrolling interests	(8,083)	4,427	(2,770)	(2,393)
Comprehensive income attributable to Cencora, Inc.	$ 915,657	$ 296,972	$ 993,751	$ 1,164,594

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 Interests	Total
December 31, 2024	$ 2,971	$ 6,106,291	$ 5,794,851	$ (1,399,624)	$ (10,277,909)	$ 135,322	$ 361,902
Net income	—	—	717,871	—	—	(454)	717,417
Other comprehensive income	—	—	—	197,786	—	8,537	206,323
Cash dividends, $0.55 per share	—	—	(111,188)	—	—	—	(111,188)
Exercises of stock options	1	7,669	—	—	—	—	7,670
Share-based compensation expense	—	28,452	—	—	—	—	28,452
Purchases of common stock	—	—	—	—	(50,383)	—	(50,383)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(3,595)	—	(3,595)
Acquisitions	—	—	—	—	—	23,557	23,557
Other, net	—	(356)	—	—	—	—	(356)
March 31, 2025	$ 2,972	$ 6,142,056	$ 6,401,534	$ (1,201,838)	$ (10,331,887)	$ 166,962	$ 1,179,799

(in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interests	Total
December 31, 2023	$ 2,957	$ 5,917,058	$ 4,819,997	$ (1,136,485)	$ (8,691,824)	$ 149,553	$ 1,061,256
Net income	—	—	420,775	—	—	430	421,205
Other comprehensive loss	—	—	—	(123,803)	—	(4,857)	(128,660)
Cash dividends, $0.510 per share	—	—	(107,002)	—	—	—	(107,002)
Exercises of stock options	1	7,702	—	—	—	—	7,703
Share-based compensation expense	—	28,156	—	—	—	—	28,156
Purchases of common stock	—	—	—	—	(51,279)	—	(51,279)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(3,838)	—	(3,838)
Other, net	1	726	—	—	—	(1,246)	(519)
March 31, 2024	$ 2,959	$ 5,953,642	$ 5,133,770	$ (1,260,288)	$ (8,746,941)	$ 143,880	$ 1,227,022

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 Interests	Total
September 30, 2024	$ 2,962	$ 6,030,790	$ 5,417,139	$ (989,118)	$ (9,815,835)	$ 140,804	$ 786,742
Net income	—	—	1,206,471	—	—	4,665	1,211,136
Other comprehensive loss	—	—	—	(212,720)	—	(1,895)	(214,615)
Cash dividends, $1.10 per share	—	—	(222,076)	—	—	—	(222,076)
Exercises of stock options	2	15,776	—	—	—	—	15,778
Share-based compensation expense	—	98,836	—	—	—	—	98,836
Purchases of common stock	—	—	—	—	(438,494)	—	(438,494)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(77,558)	—	(77,558)
Acquisitions	—	—	—	—	—	23,557	23,557
Other, net	8	(3,346)		—	—	(169)	(3,507)
March 31, 2025	$ 2,972	$ 6,142,056	$ 6,401,534	$ (1,201,838)	$ (10,331,887)	$ 166,962	$ 1,179,799

(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, 2023	$ 2,948	$ 5,844,578	$ 4,324,187	$ (1,402,607)	$ (8,247,103)	$ 144,284	$ 666,287
Net income	—	—	1,022,275	—	—	1,938	1,024,213
Other comprehensive income	—	—	—	142,319	—	455	142,774
Cash dividends, $1.02 per share	—	—	(212,692)	—	—	—	(212,692)
Exercises of stock options	2	18,627	—	—	—	—	18,629
Share-based compensation expense	—	91,232	—	—	—	—	91,232
Purchases of common stock	—	—	—	—	(439,752)	—	(439,752)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(60,086)	—	(60,086)
Other, net	9	(795)	—	—	—	(2,797)	(3,583)
March 31, 2024	$ 2,959	$ 5,953,642	$ 5,133,770	$ (1,260,288)	$ (8,746,941)	$ 143,880	$ 1,227,022

See notes to consolidated financial statements.

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

(in thousands)	Six months ended March 31, 2025	2024
OPERATING ACTIVITIES		
Net income	$ 1,211,136	$ 1,024,213
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, including amounts charged to cost of goods sold	237,226	222,678
Amortization, including amounts charged to interest expense	308,219	335,523
Provision for credit losses	12,355	27,597
Provision (benefit) for deferred income taxes	21,133	(36,144)
Share-based compensation expense	98,836	91,232
LIFO expense (credit)	32,145	(71,280)
Turkey highly inflationary impact	26,060	40,129
Adjustments to RCA equity units (Note 2)	37,460	—
Loss on divestiture of businesses	35,539	—
(Gain) loss on remeasurement of equity investment	(3,300)	11,431
Other, net	9,814	14,158
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:		
Accounts receivable	(218,043)	(1,682,145)
Inventories	34,252	(119,023)
Prepaid expenses and other assets	94,273	20,396
Accounts payable	(669,479)	497,670
Accrued expenses	(489,470)	(234,547)
Income taxes payable and other liabilities	(145,700)	(43,000)
Long-term accrued litigation liability	—	(92,174)
NET CASH PROVIDED BY OPERATING ACTIVITIES	632,456	6,714
INVESTING ACTIVITIES		
Capital expenditures	(234,953)	(186,970)
Cost of acquired companies, net of cash acquired	(3,947,761)	(2,310)
Cost of equity investments	(192,576)	(8,021)
Non-customer note receivable	(34,814)	(50,000)
Other, net	(10,558)	15,014
NET CASH USED IN INVESTING ACTIVITIES	(4,420,662)	(232,287)
FINANCING ACTIVITIES		
Senior notes and loan borrowings	3,320,674	634,946
Senior notes and loan repayments	(548,565)	(119,857)
Borrowings under revolving and securitization credit facilities	43,631,727	47,936,041
Repayments under revolving and securitization credit facilities	(42,948,335)	(47,978,721)
Purchases of common stock	(435,471)	(436,378)
Exercises of stock options	15,778	18,629
Cash dividends on common stock	(222,076)	(212,692)
Employee tax withholdings related to restricted share vesting	(77,558)	(60,086)
Other, net	(18,762)	(10,381)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,717,412	(228,499)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(48,520)	(13,671)
DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,119,314)	(467,743)
Cash, cash equivalents, and restricted cash at beginning of period	3,297,880	2,752,889
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	$ 2,178,566	$ 2,285,146

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 March 31, 2025 and the results of operations and cash flows for the interim periods ended March 31, 2025 and 2024 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, 2024.

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. Certain reclassifications have been made to prior-period amounts in order to conform to the current year presentation.

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 in the Consolidated Statements of Cash Flows:

(amounts in thousands)	March 31, 2025	September 30, 2024	March 31, 2024	September 30, 2023
	(unaudited)		(unaudited)	
Cash and cash equivalents	$ 1,978,061	$ 3,132,648	$ 2,068,858	$ 2,592,051
Restricted cash (included in Prepaid Expenses and Other)	132,298	98,596	151,446	97,722
Restricted cash (included in Other Assets)	68,207	66,636	64,842	63,116
Cash, cash equivalents, and restricted cash	$ 2,178,566	$ 3,297,880	$ 2,285,146	$ 2,752,889

Recently Adopted Accounting Pronouncements

As of March 31, 2025, 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 within fiscal years 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 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 evaluating the impact of adopting this new accounting guidance.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03")." ASU 2024-03 requires disaggregated disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. Expense captions should be disaggregated to include expenses related to purchases of inventory, employee compensation, depreciation, and intangible asset amortization. ASU 2024-03 applies to public entities and is effective for annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The guidance should be applied prospectively with the option for retrospective application. The Company is evaluating the impact of adopting this new accounting guidance.

Note 2. Acquisition

On January 2, 2025, the Company acquired an 85% interest in Retina Consultants of America ("RCA") for $4,036.1 million in cash (subject to customary post-closing adjustments), $694.4 million of contingent consideration related to equity units for certain RCA physicians and members of management that retained the remaining 15% interest in RCA, $556.0 million for the settlement of a receivable resulting from a pre-existing commercial relationship between the Company and RCA, and $393.1 million for contingent consideration payable to the sellers associated with RCA's achievement of certain predefined business objectives in fiscal 2027 and fiscal 2028. The Company funded the cash purchase price through a combination of cash on hand and new debt financing (see Note 6). The Company believes the acquisition of RCA will allow it to broaden its relationships with community providers and to build on its leadership in specialty pharmaceuticals within its U.S. Healthcare Solutions reportable segment.

The purchase price has been preliminarily allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of the acquisition in the table that follows. The allocation as of March 31, 2025 is pending the finalization of the third-party appraisals of intangible assets and corresponding deferred taxes, the finalization of working capital and related account balances, and the lease right-of-use assets and liabilities. There can be no assurance that the estimated amounts recorded will represent the final purchase price allocation.

(in thousands)		
Consideration		
Cash	$	4,036,055
Total estimated contingent consideration		1,087,450
Settlement of a receivable resulting from a pre-existing commercial relationship		556,042
Estimated fair value of total consideration	$	5,679,547
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	$	143,312
Accounts receivable		449,897
Inventories		110,564
Prepaid expenses and other		12,866
Property and equipment		173,098
Goodwill		4,799,490
Other intangible assets		178,000
Deferred income taxes		37,911
Other assets		222,283
Total assets acquired	$	6,127,421
Accounts payable	$	72,385
Accrued expenses and other		162,854
Accrued income taxes		2,859
Other liabilities		209,441
Total liabilities assumed	$	447,539
Net assets acquired	$	5,679,882
Total estimated contingent consideration		(1,087,450)
Settlement of a receivable resulting from a pre-existing commercial relationship		(556,042)
Noncontrolling interest		(335)
Total cash paid		4,036,055
Cash acquired		(143,312)
Net cash paid	$	3,892,743

As part of the acquisition, certain RCA physicians and members of management retained equity in RCA. The Company evaluated the equity unit arrangements to determine if the contingent payments were part of the purchase price or post-acquisition compensation expense, which would be recognized over any future service period. The $694.4 million of contingent consideration for the retained equity units was concluded to be a part of the purchase price and initially recorded at its fair value at the time of the acquisition based on the unit price that the Company paid to acquire RCA times the number of equity units retained by RCA physicians and members of management, and represents a Level 3 fair value measurement. The equity units retained by RCA physicians have an embedded option feature that is a liability classified compensation arrangement. The estimated initial fair value of this embedded option feature is approximately $211 million and will be expensed ratably over a period of 1.5 years. The fair value of the embedded option feature was determined using a Black-Scholes model that included assumptions for expected life and volatility, and represents a Level 3 fair value measurement. During the three months ended March 31, 2025, the Company recognized an additional liability and expense of $37.5 million related to this embedded option feature and other incentive units granted in conjunction with the acquisition of RCA in Acquisition-Related Deal and Integration Expenses in its Consolidated Statement of Operations. The liability and associated future expenses may vary based on the change in the estimated fair value. There was no change in the estimated fair value of the liability related to the equity units, which is recorded in Other Liabilities on the Company's Consolidated Balance Sheet, as of March 31, 2025, from the estimated initial fair value.

The $393.1 million of contingent consideration represents an estimate for RCA's achievement of certain predefined business objectives in fiscal 2027 and fiscal 2028 and provides for the potential payment to the sellers of up to $500 million in the aggregate. The fair value of this liability was determined based on a weighted probability of the achievement of these objectives, and represents a Level 3 fair value measurement. There was no change in the estimated fair value of the liability related to the achievement of the predetermined business objectives, which is recorded in Other Liabilities on the Company's Consolidated Balance Sheet, as of March 31, 2025.

The estimated fair value of the trade name acquired is $178.0 million and the estimated useful life is 15 years.

Approximately $1,055 million of goodwill resulting from this acquisition is expected to be deductible for income tax purposes.

The Company incurred $65.1 million of acquisition-related costs in connection with this acquisition in the six months ended March 31, 2025. These costs are included in Acquisition-Related Deal and Integration Expenses in the Company's Consolidated Statements of Operations.

The Company's consolidated results of operations since the acquisition date include RCA revenue of $672.4 million. RCA's results of operations are included in the U.S. Healthcare Solutions reportable segment within the Company's business segment information (see Note 12).

Note 3. Variable Interest Entity

The Company has substantial governance rights over Profarma Distribuidora de Produtos Farmacêuticos S.A. ("Profarma") that 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)	March 31, 2025	September 30, 2024
Cash and cash equivalents	$ 14,888	$ 58,082
Accounts receivables, net	245,532	236,930
Inventories	266,783	259,299
Prepaid expenses and other	57,810	68,612
Property and equipment, net	54,317	49,869
Other intangible assets	55,988	58,116
Other long-term assets	90,115	83,765
Total assets	$ 785,433	$ 814,673
Accounts payable	$ 323,562	$ 307,201
Accrued expenses and other	53,236	56,597
Short-term debt	55,196	76,308
Long-term debt	77,080	91,246
Deferred income taxes	15,545	19,227
Other long-term liabilities	66,577	61,690
Total liabilities	$ 591,196	$ 612,269

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 March 31, 2025, 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 $571.0 million ($519.6 million, net of federal benefit). If recognized, $509.7 million of these tax benefits would have reduced income tax expense and the effective tax rate. Included in this amount is $55.7 million of interest and penalties, which the Company records in Income Tax Expense in its Consolidated Statements of Operations. In the six months ended March 31, 2025, unrecognized tax benefits increased by $26.0 million. Over the next 12 months, tax authority audit resolutions and the expiration of statutes of limitations could result in a reduction of unrecognized tax benefits by approximately $13.1 million.

The Company's effective tax rates were 22.7% and 21.8% for the three and six months ended March 31, 2025 respectively. The Company's effective tax rates were 9.8% and 18.1% for the three and six months ended March 31, 2024, respectively. The effective tax rates for the three and six months ended March 31, 2025 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 and benefits associated with equity compensation. The effective tax rates for the three and six months ended March 31, 2024 were lower than the U.S. statutory rate primarily due to discrete tax benefits associated with foreign valuation allowance adjustments, 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 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 six months ended March 31, 2025:

(in thousands)	U. S. Healthcare Solutions	International Healthcare Solutions	Total
Goodwill as of September 30, 2024	$ 6,208,522	$ 3,109,505	$ 9,318,027
Goodwill recognized in connection with acquisitions	4,799,490	47,763	4,847,253
Foreign currency translation	(1,093)	(72,775)	(73,868)
Goodwill as of March 31, 2025	$ 11,006,919	$ 3,084,493	$ 14,091,412

The following is a summary of other intangible assets:

		March 31, 2025			September 30, 2024		
(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	5,063,277	(1,671,219)	3,392,058	5,090,864	(1,536,081)	3,554,783
Trade names and other	9 years	1,433,730	(979,953)	453,777	1,259,954	(830,691)	429,263
Total other intangible assets		$ 6,514,007	$ (2,651,172)	$ 3,862,835	$ 6,367,818	$ (2,366,772)	$ 4,001,046

Amortization expense for finite-lived intangible assets was $138.0 million and $165.5 million in the three months ended March 31, 2025 and 2024, respectively. Amortization expense for finite-lived intangible assets was $303.8 million and $331.9 million in the six months ended March 31, 2025 and 2024, respectively. Amortization expense for finite-lived intangible assets is estimated to be $552.7 million in fiscal 2025, $385.4 million in fiscal 2026, $326.9 million in fiscal 2027, $315.1 million in fiscal 2028, $303.0 million in fiscal 2029, and $2,266.5 million thereafter.

Note 6. Debt

Debt consisted of the following:

(in thousands)	March 31, 2025	September 30, 2024
Multi-currency revolving credit facility due in 2029	$ 708,000	$ —
Receivables securitization facility due in 2027	—	—
Term loan due in 2027	1,498,953	—
364-day revolving credit facility due in 2025	—	—
Money market facility due in 2027	—	—
$500,000, 3.250% senior notes due 2025	—	499,738
$750,000, 3.450% senior notes due 2027	747,728	747,308
$500,000, 4.625% senior notes due 2027	496,696	—
$600,000, 4.850% senior notes due 2029	596,199	—
$500,000, 2.800% senior notes due 2030	496,870	496,564
$1,000,000, 2.700% senior notes due 2031	993,278	992,718
$500,000, 5.125% senior notes due 2034	494,810	494,514
$700,000, 5.150% senior notes due 2035	694,633	—
$500,000, 4.250% senior notes due 2045	495,685	495,574
$500,000, 4.300% senior notes due 2047	493,954	493,821
Alliance Healthcare debt	7,125	286
Nonrecourse debt	132,276	167,553
Total debt	7,856,207	4,388,076
Less current portion of senior notes	—	499,738
Less borrowings outstanding under multi-currency revolving credit facility	708,000	—
Less Alliance Healthcare current portion	7,125	286
Less nonrecourse current portion	55,196	76,307
Long-term debt	$ 7,085,886	$ 3,811,745

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 2029. Interest on borrowings under the Multi-Currency Revolving Credit Facility accrues at specified rates based upon the Company's debt ratings. The Company 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 March 31, 2025.

364-Day Revolving Credit Facility

In November 2024, the Company entered into an agreement pursuant to which it obtained a $1.0 billion senior unsecured revolving credit facility (the "364-Day Revolving Credit Facility") with a syndicate of lenders, which is scheduled to expire 364 days after the January 2, 2025 closing of the RCA acquisition, the date on which borrowings under this facility became available to the Company. Interest on borrowings under the 364-Day Revolving Credit Facility will accrue at a rate equal to either an adjusted SOFR plus an applicable margin or an alternate base rate plus an applicable margin, in each case based on the Company's public debt ratings. The Company may choose to reduce its commitment under the 364-Day Revolving Credit Facility at any time. The Company also has the right to prepay borrowings under the 364-Day Revolving Credit Facility at any time, in whole or in part and without premium or penalty, provided that the amount of any such prepayment meets certain minimum thresholds.

Commercial Paper Program

The Company has a $3.4 billion commercial paper program, which does not increase its borrowing capacity, that is fully backed by its Multi-Currency Revolving Credit Facility and the 364-Day Revolving Credit Facility. The Company may, from time to time, issue short-term promissory notes in an aggregate amount of up to $3.4 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. There were $708.0 million of borrowings outstanding under the commercial paper program as of March 31, 2025 and none outstanding as of September 30, 2024.

Receivables Securitization Facility

The Company has a $1,450 million receivables securitization facility ("Receivables Securitization Facility"), which is scheduled to expire in October 2027. 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, monthly, 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 March 31, 2025. There were no borrowings outstanding under the Receivables Securitization Facility as of March 31, 2025 and September 30, 2024.

Money Market Facility

The Company has an uncommitted, unsecured line of credit available to it pursuant to a money market credit agreement (the "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. In February 2025, the Company entered into an amendment to the Money Market Facility pursuant to which it may request short-term unsecured revolving credit loans in a principal amount not to exceed $750 million until June 30, 2025, after which date the facility limit will revert to $100 million. The Money Market Facility may be decreased or terminated by the bank or the Company at any time without prior notice.

Term Loan

In January 2025, the Company borrowed $1.5 billion on a variable-rate term loan ("Term Loan") that matures in December 2027. The Term Loan was used to finance a portion of the acquisition of RCA (see Note 2). The Term Loan bears interest at a rate equal to either an adjusted SOFR plus an applicable margin or an alternate base rate plus an applicable margin. The margins are based on the Company's public debt ratings. The Term Loan contains similar covenants to the Multi-Currency Revolving Credit Facility. The Company has the right to prepay the borrowings under the Term Loan at any time, in whole or in part and without premium or penalty. On May 5, 2025, the Company elected to make an early principal payment of $100 million on the Term Loan.

Senior Notes

In December 2024, the Company issued $500 million of 4.625% senior notes due in December 2027 (the "2027 Notes"), $600 million of 4.850% senior notes due in December 2029 (the "2029 Notes"), and $700 million of 5.150% senior notes due in February 2035 (the "2035 Notes"). The 2027 Notes were sold at 99.815% of the principal amount with an effective yield of 4.634%. The 2029 Notes were sold at 99.968% of the principal amount with an effective yield of 4.852%. The 2035 Notes were sold at 99.945% of the principal amount with an effective yield of 5.153%. Interest on the 2027 Notes and the 2029 Notes is payable semi-annually in arrears on June 15 and December 15 beginning on June 15, 2025. Interest on the 2035 Notes is payable semi-annually in arrears on February 15 and August 15 beginning on February 15, 2025. The Company used the proceeds from the 2027 Notes, the 2029 Notes, and the 2035 Notes to finance a portion of the acquisition of RCA.

The senior notes discussed above and also illustrated in the above debt table are collectively referred to as the "Notes." Interest on the Notes is payable semiannually in arrears. Most of the Notes were sold at small discounts to the principal amounts and, therefore, have effective yields that are greater than the stated interest rates in the table above. Costs incurred in connection with the issuance of the Notes were deferred and are being amortized over the terms of the Notes. The indentures governing the Notes contain restrictions and covenants, which include limitations on additional indebtedness; distributions to stockholders; the repurchase of stock and the making of other restricted payments; issuance of preferred stock; creation of certain liens; transactions with subsidiaries and other affiliates; and certain corporate acts such as mergers, consolidations, and the sale of substantially all assets. An additional covenant requires compliance with a financial leverage ratio test. The Company was compliant with all covenants as of March 31, 2025.

In March 2025, the Company's $500 million of 3.250% senior notes matured and was repaid.

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 subsidiaries 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 subsidiaries.

Note 7. Stockholders' Equity and Earnings per Share

In March 2024, the Company's Board of Directors authorized a 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 six months ended March 31, 2025, the Company purchased 1.9 million shares of its common stock for a total of $435.4 million. As of March 31, 2025, the Company had $882.2 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 March 31,		Six months ended March 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Weighted average common shares outstanding - basic	193,796	199,406	193,780	199,747
Dilutive effect of restricted stock units and stock options	1,298	1,771	1,364	1,763
Weighted average common shares outstanding - diluted	195,094	201,177	195,144	201,510

The potentially dilutive restricted stock units that were antidilutive for the three months ended March 31, 2025 and 2024 were 2 thousand and 10 thousand, respectively. The potentially dilutive restricted stock units that were antidilutive for the six months ended March 31, 2025 and 2024 were 137 thousand and 165 thousand, respectively.

Note 8. Restructuring and Other Expenses

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

	Three months ended March 31,		Six months ended March 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Restructuring and employee severance costs	$ 25,103	$ 11,731	$ 44,658	$ 23,025
Business transformation efforts	26,046	33,728	51,120	58,450
Other, net	1,708	30,168	2,839	28,593
Total restructuring and other expenses	$ 52,857	$ 75,627	$ 98,617	$ 110,068

Restructuring and employee severance costs in the three and six months ended March 31, 2025 primarily included workforce reductions in both of the Company's reportable segments. Restructuring and employee severance costs in the three and six months ended March 31, 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.

Business transformation efforts in the three and six months ended March 31, 2025 and 2024 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 are related to services provided by third-party consultants.

In February 2024, 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 six months ended March 31, 2024 related to this cybersecurity event.

Note 9. 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, data privacy and security, employment discrimination, intellectual property, product liability, regulatory, 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, including 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.

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 March 31, 2025, 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. The Distributor Settlement Agreement requires the Company to comply with certain requirements, including the establishment of a clearinghouse that will consolidate data from all three national pharmaceutical distributors. The States of Alabama and West Virginia and their subdivisions and Native American tribes are not a part of the Distributor Settlement Agreement, and the Company has reached separate agreements with those groups. In Maryland, a trial commenced on September 16, 2024 in a case filed by the Mayor and City Council of Baltimore. On November 12, 2024, the jury returned a verdict finding ABDC (and another national distributor) liable for public nuisance and assessing approximately $274 million total in compensatory damages, approximately $74 million of which was assessed against ABDC. A second phase of the trial began on December 11, 2024 related to the City of Baltimore's request for an abatement remedy and proceeded as a bench trial. The Court has not yet issued its ruling from the abatement phase. While the judgment is not yet final, the Company is evaluating next steps, including a possible appeal. The $74 million is a component of the Company's $4.7 billion litigation liability as of March 31, 2025 as described below.

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 ongoing settlement discussions to resolve litigation filed by a putative class of third-party payors. On August 29, 2024, the Company and two other national pharmaceutical distributors entered into a proposed class action

settlement agreement to resolve the opioid-related claims of a proposed settlement class of third-party payors. Pursuant to the agreement, the Company recorded a $93.0 million litigation expense accrual in its fiscal 2024 Consolidated Statement of Operations. The MDL Court granted a motion for preliminary approval of the proposed class action settlement on September 3, 2024. Following a time period for submission of any objections or requests to be excluded from the settlement, the MDL granted final approval of the settlement during a fairness hearing held on January 13, 2025 and entered a final approval order on January 15, 2025. On February 13, 2025, the sole objector to the settlement filed a notice of appeal of the final approval order. That appeal remains pending before the United States Court of Appeals for the Sixth Circuit.

On September 26, 2024, the Company and two other national pharmaceutical distributors entered into a proposed class action settlement agreement to resolve the opioid-related claims of a proposed settlement class of hospitals. The Company recorded a $120.9 million litigation expense accrual in its fiscal 2024 Consolidated Statement of Operations, representing the Company's expected share of the potential class action settlement. 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, was severed and stayed as to the Company. On October 30, 2024, the United States District Court for the District of New Mexico granted a motion for preliminary approval of the proposed class action settlement. Following notice to class members, a time period for submission of any objections to the settlement or requests to be excluded from the settlement, and a fairness hearing on March 4, 2025, the court granted final approval of the settlement and entered a final approval order. The settlement became effective on April 4, 2025.

The Company’s accrued litigation liability related to the Distributor Settlement Agreement, including the State of Alabama and an estimate for 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 $4.7 billion as of March 31, 2025 and $4.9 billion as of September 30, 2024. The $4.7 billion liability will be paid over 14 years. The Company currently estimates that $416.5 million will be paid prior to March 31, 2026, which is recorded in Accrued Expenses and Other on the Company’s Consolidated Balance Sheet. The remaining long-term liability of $4.3 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. 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 (the "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 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, and the litigation remains stayed.

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 February 3, 2025, the Court granted the motion to dismiss the amended complaint with prejudice.

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. ("MWI"), the Company's animal health subsidiary, in connection with grand jury subpoenas to which MWI previously responded relating to compliance with state and federal regulatory requirements governing wholesale shipments of animal health products to customers. In October 2024, the Company reached an agreement in principle to resolve these claims. While negotiations are still ongoing and no agreement has been finalized, pursuant to the agreement in principle the Company recorded a $49.1 million litigation expense accrual in its fiscal 2024 Consolidated Statement of Operations. This liability is included in Accrued Expenses and Other on the Company's Consolidated Balance Sheet as of March 31, 2025.

Note 10. 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 $198.6 million and $8.7 million in the three months ended March 31, 2025 and 2024, respectively. The Company recognized gains related to these lawsuits of $221.5 million and $57.0 million in the six months ended March 31, 2025 and 2024, 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 11. Fair Value of Financial Instruments

The recorded amounts of the Company's cash and cash equivalents, accounts receivable, and accounts payable as of March 31, 2025 and September 30, 2024 approximate fair value based upon the relatively short-term nature of these financial instruments. Within Cash and Cash Equivalents, the Company had no investments in money market accounts as of March 31, 2025 and had $1,190.0 million of investments in money market accounts as of September 30, 2024. 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 March 31, 2025 were $7,085.9 million and $6,829.6 million, respectively. The recorded amount of long-term debt and the corresponding fair value as of September 30, 2024 were $3,811.7 million and $3,588.0 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 12. 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 March 31,		Six months ended March 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
U.S. Healthcare Solutions:				
Human Health	$ 66,920,799	$ 59,984,359	$ 139,573,942	$ 123,882,524
Animal Health	1,363,032	1,308,538	2,743,017	2,594,175
Total U.S. Healthcare Solutions	68,283,831	61,292,897	142,316,959	126,476,699
International Healthcare Solutions:				
Alliance Healthcare	5,771,990	5,754,980	11,771,190	11,480,544
Other Healthcare Solutions	1,401,566	1,368,405	2,859,707	2,713,068
Total International Healthcare Solutions	7,173,556	7,123,385	14,630,897	14,193,612
Intersegment eliminations	(3,714)	(1,975)	(7,123)	(3,171)
Revenue	$ 75,453,673	$ 68,414,307	$ 156,940,733	$ 140,667,140

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

	Three months ended March 31,		Six months ended March 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
U.S. Healthcare Solutions	$ 1,033,150	$ 841,064	$ 1,800,494	$ 1,539,188
International Healthcare Solutions	159,301	192,720	341,394	380,315
Intersegment eliminations	(187)	—	(316)	—
Total segment operating income	$ 1,192,264	$ 1,033,784	$ 2,141,572	$ 1,919,503

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

(in thousands)	Three months ended March 31, 2025	Three months ended March 31, 2024	Six months ended March 31, 2025	Six months ended March 31, 2024
Total segment operating income	$ 1,192,264	$ 1,033,784	$ 2,141,572	$ 1,919,503
Gains from antitrust litigation settlements	198,646	8,714	221,516	56,962
LIFO (expense) credit	(39,469)	22,835	(32,145)	71,280
Turkey highly inflationary impact	(14,479)	(23,053)	(21,634)	(40,279)
Acquisition-related intangibles amortization	(137,011)	(164,799)	(301,867)	(330,523)
Litigation and opioid-related expenses, net	(11,524)	(225,985)	(28,289)	(147,068)
Acquisition-related deal and integration expenses	(99,380)	(22,610)	(138,092)	(43,673)
Restructuring and other expenses	(52,857)	(75,627)	(98,617)	(110,068)
Operating income	1,036,190	553,259	1,742,444	1,376,134
Other loss, net	3,546	22,063	61,420	20,976
Interest expense, net	103,988	64,130	131,921	104,694
Income before income taxes	$ 928,656	$ 467,066	$ 1,549,103	$ 1,250,464

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, 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, net in the three and six months ended March 31, 2024 includes a $214.0 million litigation accrual for ongoing litigation related to the distribution of prescription opioid medications (see Note 9). The six-month period ended March 31, 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 opioid settlement agreements.

The Company recorded a $35.5 million loss on the divestiture of non-core businesses in the six months ended March 31, 2025 in other loss, net.

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

In reviewing this Management's Discussion and Analysis of Financial Condition and Results of Operations, please note that we face many uncertainties and risks related to various economic, political and regulatory environments in which we operate, both within the U.S. and internationally. Refer to the headings "Item 1A. Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended September 30, 2024, as well as the heading "Cautionary Note Regarding Forward-Looking Statements" above for additional information related to our present business environment.

Recent Development

On January 2, 2025, we acquired an 85% interest in Retina Consultants of America ("RCA") for $4,036.1 million in cash (subject to customary post-closing adjustments), $694.4 million of contingent consideration related to equity units for certain RCA physicians and members of management that retained the remaining 15% interest in RCA, $556.0 million for the settlement of a receivable resulting from a pre-existing commercial relationship between us and RCA, and $393.1 million for contingent consideration payable to the sellers associated with RCA's achievement of certain predefined business objectives in fiscal 2027 and fiscal 2028 (see Note 2 of the Notes to Consolidated Financial Statements for the preliminary allocation of the purchase price). We funded the cash purchase price through a combination of cash on hand and new debt financing (see Note 6 of the Notes to Consolidated Financial Statements). We believe the acquisition of RCA will allow us to broaden our relationships with community providers and to build on our leadership in specialty pharmaceuticals. RCA's results of operations are included in the U.S. Healthcare Solutions segment within our business segment information.

Executive Summary

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

- Revenue increased by $7.0 billion, or 10.3%, and $16.3 billion, or 11.6%, from the prior year quarter and six-month period, respectively, primarily due to growth in the U.S. Healthcare Solutions segment. The U.S. Healthcare Solutions segment grew its revenue by $7.0 billion, or 11.4%, and $15.8 billion, or 12.5%, from the prior year quarter and six-month period, respectively, primarily due to overall market growth largely driven by unit volume growth, including increased sales of products labeled for diabetes and/or weight loss in the GLP-1 class of $2.2 billion, or 36.1%, and $5.4 billion, or 44.5%, from the prior year quarter and six-month period, respectively, and increased sales of specialty products to physician practices and health systems. International Healthcare Solutions' revenue increased by $0.1 billion, or 0.7%, and $0.4 billion, or 3.1%, from the prior year quarter and six-month period, respectively.

- Gross profit increased by $521.8 million, or 20.6%, and $611.0 million, or 12.2%, from the prior year quarter and six-month period, respectively, primarily due to the increases in gross profit in the U.S. Healthcare Solutions segment and larger gains from antitrust litigation settlements, offset in part by last-in, first-out ("LIFO") expense in the current year periods in comparison to LIFO credits in the prior year periods and decreases in gross profit in the International Healthcare Solutions segment. U.S. Healthcare Solutions' gross profit increased by $441.7 million, or 26.3%, and $555.5 million, or 17.1%, from the prior year quarter and six-month period, respectively. Gross profit in International Healthcare Solutions decreased by $55.1 million, or 6.5%, and $22.1 million, or 1.3%, from the prior year quarter and six-month period, respectively.

- Total operating expenses increased by $38.9 million, or 2.0%, and $244.7 million, or 6.7%, from the prior year quarter and six-month period, respectively, primarily due to the January 2025 acquisition of RCA and the increase in acquisition-related deal and integration expenses, offset in part by a large decrease in litigation and opioid-related expenses in the current year quarter.

- Total segment operating income increased by $158.5 million, or 15.3%, and $222.1 million, or 11.6%, from the prior year quarter and six-month period, respectively. U.S. Healthcare Solutions' operating income increased by $192.1 million, or 22.8%, and $261.3 million, or 17.0%, from the prior year quarter and six-month period, respectively. International Healthcare Solutions' operating income decreased by $33.4 million, or 17.3%, and $38.9 million, or 10.2%, from the prior year quarter and six-month period, respectively.

- Our effective tax rates were 22.7% and 21.8% for the three and six months ended March 31, 2025, respectively. Our effective tax rates were 9.8% and 18.1% for the three and six months ended March 31, 2024, respectively. The effective tax rates for the three and six months ended March 31, 2025 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 and benefits associated with equity compensation. The effective tax rates for the three and six months ended March 31, 2024 were lower than the U.S. statutory rate primarily due to discrete tax benefits associated with foreign valuation allowance adjustments, 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 income taxes.

Results of Operations

Revenue

(dollars in thousands)	Three months ended March 31, 2025	Three months ended March 31, 2024	Change	Six months ended March 31, 2025	Six months ended March 31, 2024	Change
U.S. Healthcare Solutions:						
Human Health	$ 66,920,799	$ 59,984,359	11.6%	$ 139,573,942	$ 123,882,524	12.7%
Animal Health	1,363,032	1,308,538	4.2%	2,743,017	2,594,175	5.7%
Total U.S. Healthcare Solutions	68,283,831	61,292,897	11.4%	142,316,959	126,476,699	12.5%
International Healthcare Solutions:						
Alliance Healthcare	5,771,990	5,754,980	0.3%	11,771,190	11,480,544	2.5%
Other Healthcare Solutions	1,401,566	1,368,405	2.4%	2,859,707	2,713,068	5.4%
Total International Healthcare Solutions	7,173,556	7,123,385	0.7%	14,630,897	14,193,612	3.1%
Intersegment eliminations	(3,714)	(1,975)		(7,123)	(3,171)	
Revenue	$ 75,453,673	$ 68,414,307	10.3%	$ 156,940,733	$ 140,667,140	11.6%

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 $7.0 billion, or 10.3%, and $16.3 billion, or 11.6%, from the prior year quarter and six-month period, respectively, primarily due to growth in the U.S. Healthcare Solutions segment.

The U.S. Healthcare Solutions segment grew its revenue by $7.0 billion, or 11.4%, and $15.8 billion, or 12.5%, from the prior year quarter and six-month period, respectively, primarily due to overall market growth largely driven by unit volume growth, including increased sales of products labeled for diabetes and/or weight loss in the GLP-1 class of $2.2 billion, or 36.1%, and $5.4 billion, or 44.5%, from the prior year quarter and six-month period, respectively, and increased sales of specialty products to physician practices and health systems. Sales, including GLP-1 products, to our two largest customers increased by $0.8 billion and $4.2 billion from the prior year quarter and six-month period, respectively.

International Healthcare Solutions' revenue increased by $0.1 billion, or 0.7%, and $0.4 billion, or 3.1%, from the prior year quarter and six-month period, respectively. The revenue increase in the six months ended March 31, 2025 was primarily due to increased sales of $0.3 billion at our European distribution business and increased sales of $0.1 billion at 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 key customer if an existing contract with such customer expires without being extended, renewed, or replaced. During the six months ended March 31, 2025, no key contracts expired. Additionally, from time to time, key 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. As previously disclosed, we anticipate the June 2025 loss of an oncology customer in connection with its pending acquisition, and, during the three months ended March 31, 2025, we received a notice of non-renewal.

Gross Profit

(dollars in thousands)	Three months ended March 31, 2025	2024	Change	Six months ended March 31, 2025	2024	Change
U.S. Healthcare Solutions	$ 2,120,511	$ 1,678,814	26.3%	$ 3,806,253	$ 3,250,764	17.1%
International Healthcare Solutions	796,160	851,259	(6.5)%	1,646,530	1,668,654	(1.3)%
Intersegment eliminations	(1,560)	(546)		(2,673)	(546)	
Gains from antitrust litigation settlements	198,646	8,714		221,516	56,962	
LIFO (expense) credit	(39,469)	22,835		(32,145)	71,280	
Turkey highly inflationary impact	(14,479)	(23,053)		(21,634)	(40,279)	
Gross profit	$ 3,059,809	$ 2,538,023	20.6%	$ 5,617,847	$ 5,006,835	12.2%

Gross profit increased by $521.8 million, or 20.6%, and $611.0 million, or 12.2%, from the prior year quarter and six-month period, respectively, primarily due to the increases in gross profit in the U.S. Healthcare Solutions segment and larger gains from antitrust litigation settlements, offset in part by LIFO expense in the current year periods in comparison to LIFO credits in the prior year periods and decreases in gross profit in the International Healthcare Solutions segment.

U.S. Healthcare Solutions' gross profit increased by $441.7 million, or 26.3%, and $555.5 million, or 17.1%, from the prior year quarter and six-month period, respectively, primarily due to increased sales and the January 2025 acquisition of RCA. As a percentage of revenue, U.S. Healthcare Solutions' gross profit margins were 3.11% and 2.67% in the current year quarter and six-month period, respectively, and represent increases of 37 basis points and 10 basis points from the prior year quarter and six-month period, respectively. The current year quarter increase of 37 basis points was primarily due to the January 2025 acquisition of RCA. The six-month period increase of 10 basis points was primarily due to the January 2025 acquisition of RCA, offset in part by higher sales of GLP-1 products, which have lower gross profit margins, and lower sales of COVID vaccines, which have higher gross profit margins.

Gross profit in International Healthcare Solutions decreased by $55.1 million, or 6.5%, and $22.1 million, or 1.3%, from the prior year quarter and six-month period, respectively. The decrease in the current year quarter is primarily due to declines in gross profit at our European distribution business and our global specialty logistics business. The decrease in the current year six-month period is primarily due to a decline in gross profit at our global specialty logistics business, offset in part by an increase in gross profit at our European distribution business.

We recognized gains from antitrust litigation settlements with pharmaceutical manufacturers of $198.6 million and $8.7 million in the three months ended March 31, 2025 and 2024, respectively, and $221.5 million and $57.0 million in the six months ended March 31, 2025 and 2024, respectively. The gains were recorded as reductions to Cost of Goods Sold (see Note 10 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 expense in the current year periods, in comparison to LIFO credits in the prior year periods, is primarily due to higher brand pharmaceutical inflation.

We recognized expense in Cost of Goods Sold of $14.5 million and $23.1 million in the three months ended March 31, 2025 and 2024, respectively, and $21.6 million and $40.3 million in the six months ended March 31, 2025 and 2024, respectively, related to the impact of Turkey highly inflationary accounting driven by the continued weakening of the Turkish Lira.

Operating Expenses

(dollars in thousands)	Three months ended March 31, 2025	2024	Change	Six months ended March 31, 2025	2024	Change
Distribution, selling, and administrative	$ 1,600,040	$ 1,388,810	15.2%	$ 3,072,095	$ 2,787,557	10.2%
Depreciation and amortization	259,818	271,732	(4.4)%	538,310	542,335	(0.7)%
Litigation and opioid-related expenses, net	11,524	225,985		28,289	147,068	
Acquisition-related deal and integration expenses	99,380	22,610		138,092	43,673	
Restructuring and other expenses	52,857	75,627		98,617	110,068	
Total operating expenses	$ 2,023,619	$ 1,984,764	2.0%	$ 3,875,403	$ 3,630,701	6.7%

Distribution, selling, and administrative expenses increased by $211.2 million, or 15.2%, and $284.5 million, or 10.2%, compared to the prior year quarter and six-month period, respectively, primarily due to the January 2025 acquisition of RCA and to support our revenue growth. As a percentage of revenue, distribution, selling, and administrative expenses were 2.12% and 1.96% in the current year quarter and six-month period, respectively, and represent an increase of 9 basis points compared to the prior year quarter and a decline of 2 basis points compared to the prior year six-month period. The increase from the prior year quarter was primarily due to the January 2025 acquisition of RCA, offset in part by our improved operating leverage from our 10.3% revenue growth. The decline from the prior year six-month period was primarily due to our improved operating leverage from our 11.6% revenue growth, offset in part by the January 2025 acquisition of RCA.

Depreciation expense increased 14.7% and 11.5% from the prior year quarter and six-month period, respectively, and amortization expense decreased 16.6% and 8.5% from the prior year quarter and six month period, respectively. The decline in amortization expense is due to certain tradenames becoming fully amortized in connection with our company name change to Cencora and the gradual transition away from other tradenames used, which were acquired through prior acquisitions.

Litigation and opioid-related expenses, net in the three and six months ended March 31, 2025 included legal fees in connection with opioid lawsuits and investigations. Litigation and opioid-related expenses, net in the three months ended March 31, 2024 included a $214.0 million litigation accrual for ongoing litigation related to the distribution of prescription opioid medications and $12.0 million of legal fees in connection with opioid lawsuits and investigations. Litigation and opioid-related expenses, net in the six months ended March 31, 2024 included a $214.0 million litigation accrual for ongoing litigation related to the distribution of prescription opioid medications and $25.2 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.

Acquisition-related deal and integration expenses in the three and six months ended March 31, 2025 primarily included costs related to the acquisition of RCA, including a $37.5 million expense related to equity units retained by RCA physicians and members of management (see Note 2 of the Notes to Consolidated Financial Statements), and the continued integration of PharmaLex. Acquisition-related deal and integration expenses in the three and six months ended March 31, 2024 primarily related to the integration of Alliance Healthcare and PharmaLex.

Restructuring and other expenses are comprised of the following:

(in thousands)	Three months ended March 31, 2025	2024	Six months ended March 31, 2025	2024
Restructuring and employee severance costs	$ 25,103	$ 11,731	$ 44,658	$ 23,025
Business transformation efforts	26,046	33,728	51,120	58,450
Other, net	1,708	30,168	2,839	28,593
Total restructuring and other expenses	$ 52,857	$ 75,627	$ 98,617	$ 110,068

Restructuring and employee severance costs in the three and six months ended March 31, 2025 primarily included workforce reductions in both of our reportable segments. Restructuring and employee severance costs in the three and six months ended March 31, 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.

Business transformation efforts in the three and six months ended March 31, 2025 and 2024 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 are related to services provided by third-party consultants.

In February 2024, 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 six months ended March 31, 2024 related to this cybersecurity event.

Operating Income

(dollars in thousands)	Three months ended March 31, 2025	Three months ended March 31, 2024	Change	Six months ended March 31, 2025	Six months ended March 31, 2024	Change
U.S. Healthcare Solutions	$ 1,033,150	$ 841,064	22.8%	$ 1,800,494	$ 1,539,188	17.0%
International Healthcare Solutions	159,301	192,720	(17.3)%	341,394	380,315	(10.2)%
Intersegment eliminations	(187)	—		(316)	—	
Total segment operating income	1,192,264	1,033,784	15.3%	2,141,572	1,919,503	11.6%
Gains from antitrust litigation settlements	198,646	8,714		221,516	56,962	
LIFO (expense) credit	(39,469)	22,835		(32,145)	71,280	
Turkey highly inflationary impact	(14,479)	(23,053)		(21,634)	(40,279)	
Acquisition-related intangibles amortization	(137,011)	(164,799)		(301,867)	(330,523)	
Litigation and opioid-related expenses, net	(11,524)	(225,985)		(28,289)	(147,068)	
Acquisition-related deal and integration expenses	(99,380)	(22,610)		(138,092)	(43,673)	
Restructuring and other expenses	(52,857)	(75,627)		(98,617)	(110,068)	
Operating income	$ 1,036,190	$ 553,259	87.3%	$ 1,742,444	$ 1,376,134	26.6%

U.S. Healthcare Solutions' operating income increased by $192.1 million, or 22.8%, and $261.3 million, or 17.0%, from the prior year quarter and six month-period, respectively, primarily due to the increases in gross profit, as noted above, and were offset in part by the increases in operating expenses. As a percentage of revenue, U.S. Healthcare Solutions' operating income margins were 1.51% and 1.27% in the current year quarter and six-month period, respectively, and represent increases of 14 basis points and 5 basis points from the prior year quarter and six-month period, respectively, due to the increases gross profit margin, as described above in the Gross Profit section, offset in part by increases in the operating expense margin.

International Healthcare Solutions' operating income decreased by $33.4 million, or 17.3%, and $38.9 million, or 10.2%, from the prior year quarter and six-month period, respectively. The decrease in the current year quarter was primarily due to lower operating income at our global specialty logistics business and our European distribution business. The decrease in the current year six-month period was primarily due to lower operating income at our global specialty logistics business.

Other Loss, Net

Other loss, net of $61.4 million in the six months ended March 31, 2025 includes a $35.5 million loss on the divestiture of non-core businesses.

Interest Expense, Net

Interest expense, net and the respective weighted average interest rates for the three months ended March 31, 2025 and 2024 are as follows:

	2025		2024	
(dollars in thousands)	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Interest expense	$ 132,318	4.49%	$ 76,810	4.18%
Interest income	(28,330)	4.94%	(12,680)	4.77%
Interest expense, net	$ 103,988		$ 64,130	

Interest expense, net increased by $39.9 million, or 62.2%, from the prior year quarter due to the increase in interest expense, offset in part by an increase in interest income. The increase in interest expense was primarily due to the issuance of our $1.8 billion of senior notes in December 2024 and the $1.5 billion variable-rate term loan, which we borrowed in January 2025 to finance a portion of the RCA acquisition, and increased revolving credit facility borrowings to cover seasonal short-term working capital needs. The increase in interest income was driven by higher average investment cash balances and higher investment interest rates outside the United States in the current year quarter in comparison to the prior year quarter.

Interest expense, net and the respective weighted average interest rates for the six months ended March 31, 2025 and 2024 are as follows:

	2025		2024	
(dollars in thousands)	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Interest expense	$ 193,499	4.28%	$ 135,426	3.98%
Interest income	(61,578)	5.20%	(30,732)	4.98%
Interest expense, net	$ 131,921		$ 104,694	

Interest expense, net increased by $27.2 million, or 26.0%, from the prior year six-month period due to the increase in interest expense, offset in part by an increase in interest income. The increase in interest expense was primarily due to the issuance of our $1.8 billion of senior notes in December 2024 and the $1.5 billion variable-rate term loan, which we borrowed in January 2025 to finance a portion of the RCA acquisition, and increased revolving credit facility borrowings to cover seasonal short-term working capital needs, offset in part by lower foreign subsidiary interest expense. The increase in interest income was driven by higher average investment cash balances and higher investment interest rates outside the United States in the current year six-month period in comparison to the prior year period.

Income Tax Expense

Our effective tax rates were 22.7% and 21.8% for the three and six months ended March 31, 2025, respectively. Our effective tax rates were 9.8% and 18.1% for the three and six months ended March 31, 2024, respectively. The effective tax rates for the three and six months ended March 31, 2025 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 and benefits associated with equity compensation. The effective tax rates for the three and six months ended March 31, 2024 were lower than the U.S. statutory rate primarily due to discrete tax benefits associated with foreign valuation allowance adjustments, 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 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).

As of March 31, 2025 and September 30, 2024, our cash and cash equivalents held by foreign subsidiaries were $837.2 million and $851.3 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 six months ended March 31, 2025 and 2024 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 six months ended March 31, 2025 and 2024 was $5.1 billion and $3.2 billion, respectively. We had $42.9 billion and $47.9 billion of cumulative intra-period borrowings that were repaid under our credit facilities during the six months ended March 31, 2025 and 2024, respectively.

Cash Flows

We generated $632.5 million of cash from operations during the six months ended March 31, 2025 compared to $6.7 million of cash from operations during the six months ended March 31, 2024, an increase of $625.7 million. The increase in the current year six-month period was in part driven by our growth, which resulted in an increase in net income plus non-cash items of $367.1 million. The timing of cash receipts and disbursements can significantly impact our working capital. The change in working capital accounts provided a year-over-year increase in cash of $450.2 million, in part due to delayed collections of approximately $600 million from certain customers in the six months ended March 31, 2024 as a result of the February 2024 Change Healthcare cyberattack, as well as the timing of cash receipts from customers and the timing of disbursements to suppliers.

During the six months ended March 31, 2025, our operating activities provided cash of $632.5 million and was principally the result of the following:

- Net income of $1,211.1 million; and
- Positive non-cash items of $815.5 million, which is primarily comprised of amortization expense of $308.2 million and depreciation expense of $237.2 million.

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

- A decrease in accounts payable of $669.5 million primarily due to the timing of scheduled payments to our suppliers;
- A decrease in accrued expenses of $489.5 million primarily due to the payment of accrual liabilities that were on our Consolidated Balance Sheet as of September 30, 2024, including $226.0 million of opioid litigation settlement payments; and
- An increase in accounts receivable of $218.0 million primarily due to an increase in sales and the timing of scheduled payments from our customers.

During the six months ended March 31, 2024, our operating activities provided cash of $6.7 million and was principally the result of the following:

- Net income of $1,024.2 million;
- Positive non-cash items of $635.3 million, which is primarily comprised of amortization expense of $335.5 million and depreciation expense of $222.7 million; and
- An increase in accounts payable of $497.7 million primarily due to the increase in our inventory balances and the timing of scheduled payments to our suppliers.

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

- An increase in accounts receivable of $1,682.1 million primarily due to an increase in sales and the timing of scheduled payments from our customers, including delayed collections of approximately $600 million from certain customers as a result of the February 2024 Change Healthcare cyberattack; and
- A decrease in accrued expenses of $234.5 million primarily due to the payment of accrual liabilities that were on our Consolidated Balance Sheet as of September 30, 2023, including $250.1 million of opioid litigation settlement payments.

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 March 31,		Six months ended March 31,	
	2025	2024	2025	2024
Days sales outstanding	28.1	29.6	27.9	28.8
Days inventory on hand	28.6	28.0	27.3	27.3
Days payable outstanding	61.4	62.4	59.9	61.0

Our cash flows from operating activities can vary significantly from period to period based upon fluctuations in our period-end working capital account balances. Any changes to payment terms with a key customer or manufacturer supplier could have a material impact to our cash flows from operations. The addition of any new customer or the loss of an existing customer could have a material impact on our cash flows from operations.

Operating cash flows during the six months ended March 31, 2025 included $153.7 million of interest payments and $294.9 million of income tax payments, net of refunds. Operating cash flows during the six months ended March 31, 2024 included $129.1 million of interest payments and $291.7 million of income tax payments, net of refunds.

Capital expenditures in the six months ended March 31, 2025 and 2024 were $235.0 million and $187.0 million, respectively. Significant capital expenditures in the six months ended March 31, 2025 included investments relating to the expansion and enhancement of our distribution network and various technology initiatives. Significant capital expenditures in the six months ended March 31, 2024 included investments in various technology initiatives, including technology investments at Alliance Healthcare.

We currently expect to invest approximately $600 million for capital expenditures during fiscal 2025. Larger 2025 capital expenditures will include investments relating to the expansion and enhancement of our distribution network and various technology initiatives.

In addition to capital expenditures, net cash used in investing activities in the six months ended March 31, 2025 included $3,892.7 million for the acquisition of RCA and $192.6 million for equity investments.

Net cash provided by financing activities in the six months ended March 31, 2025 principally resulted from the $1.8 billion issuance of senior notes and $1.5 billion of term loan borrowings to finance a portion of the acquisition of RCA, as well as $683.4 million of net borrowings under our revolving credit facilities to cover seasonal short-term working capital needs. All of the above were offset in part by the repayment of our $500 million of senior notes that were due in March 2025, $435.5 million in purchases of our common stock, and $222.1 million in cash dividends paid on our common stock.

Net cash used in financing activities in the six months ended March 31, 2024 principally resulted from $436.4 million purchases of our common stock and $212.7 million in cash dividends paid on our common stock, offset in part by the issuance of our $500 million of senior notes in February 2024.

Debt and Credit Facility Availability

The following table illustrates our debt structure as of March 31, 2025, including availability under the multi-currency revolving credit facility; the receivables securitization facility; the 364-day revolving credit facility; the money market facility; and the Alliance Healthcare debt:

(in thousands)	Outstanding Balance	Additional Availability
Fixed-Rate Debt:		
$750,000, 3.450% senior notes due 2027	$ 747,728	$ —
$500,000, 4.625% senior notes due 2027	496,696	—
$600,000, 4.850% senior notes due 2029	596,199	—
$500,000, 2.800% senior notes due 2030	496,870	—
$1,000,000, 2.700% senior notes due 2031	993,278	—
$500,000, 5.125% senior notes due 2034	494,810	—
$700,000, 5.150% senior notes due 2035	694,633	
$500,000, 4.250% senior notes due 2045	495,685	—
$500,000, 4.300% senior notes due 2047	493,954	—
Nonrecourse debt	34,818	—
Total fixed-rate debt	5,544,671	—
Variable-Rate Debt:		
Multi-currency revolving credit facility due in 2029	708,000	1,692,000
Receivables securitization facility due in 2027	—	1,450,000
Term loan due in 2027	1,498,953	—
364-day revolving credit facility due in 2025	—	1,000,000
Money market facility due in 2027	—	750,000
Alliance Healthcare debt	7,125	458,202
Nonrecourse debt	97,458	—
Total variable-rate debt	2,311,536	5,350,202
Total debt	$ 7,856,207	$ 5,350,202

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 2029. Interest on borrowings under the Multi-Currency Revolving Credit Facility accrues at specified rates based upon our debt ratings. We 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 March 31, 2025.

In November 2024, we entered into an agreement pursuant to which we obtained a $1.0 billion senior unsecured revolving credit facility (the "364-Day Revolving Credit Facility") with a syndicate of lenders, which is scheduled to expire 364 days after the January 2, 2025 closing of the RCA acquisition, the date on which borrowings under this facility became available to us. Interest on borrowings under the 364-Day Revolving Credit Facility will accrue at a rate equal to either an adjusted SOFR plus an applicable margin or an alternate base rate plus an applicable margin, in each case based on our public debt ratings. We may choose to reduce our commitment under the 364-Day Revolving Credit Facility at any time. We also have the right to prepay borrowings under the 364-Day Revolving Credit Facility at any time, in whole or in part and without premium or penalty, provided that the amount of any such prepayment meets certain minimum thresholds.

We have a commercial paper program, which does not increase our borrowing capacity, that is fully backed by our Multi-Currency Revolving Credit Facility and our 364-Day Revolving Credit Facility. We may, from time to time, issue short-term promissory notes in an aggregate amount of up to $3.4 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. There were $708.0 million of borrowings outstanding under the commercial paper program as of March 31, 2025 and none outstanding as of September 30, 2024.

We have a $1,450 million receivables securitization facility ("Receivables Securitization Facility"), which is scheduled to expire in October 2027. 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, monthly, 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 March 31, 2025. There were no borrowings outstanding under the Receivables Securitization Facility as of March 31, 2025 and September 30, 2024.

We have an uncommitted, unsecured line of credit available to us pursuant to a money market credit agreement (the "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. In February 2025, we entered into an amendment to the Money Market Facility pursuant to which we may request short-term unsecured revolving credit loans in a principal amount not to exceed $750 million until June 30, 2025, after which date the facility limit will revert to $100 million. The Money Market Facility may be decreased or terminated by the bank or us at any time without prior notice.

In January 2025, we borrowed $1.5 billion on a variable-rate term loan ("Term Loan") that matures in December 2027. The Term Loan was used to finance a portion of the acquisition of RCA. The Term Loan bears interest at a rate equal to either an adjusted SOFR plus an applicable margin or an alternate base rate plus an applicable margin. The margins are based on our public debt ratings. The Term Loan contains similar covenants to the Multi-Currency Revolving Credit Facility. We have the right to prepay the borrowings under the Term Loan at any time, in whole or in part and without premium or penalty. On May 5, 2025, we elected to make an early principal payment of $100 million on the Term Loan.

In December 2024, we issued $500 million of 4.625% senior notes due in December 2027 (the "2027 Notes"), $600 million of 4.850% senior notes due in December 2029 (the "2029 Notes"), and $700 million of 5.150% senior notes due in February 2035 (the "2035 Notes"). The 2027 Notes were sold at 99.815% of the principal amount with an effective yield of 4.634%. The 2029 Notes were sold at 99.968% of the principal amount with an effective yield of 4.852%. The 2035 Notes were sold at 99.945% of the principal amount with an effective yield of 5.153%. Interest on the 2027 Notes and the 2029 Notes is payable semi-annually in arrears on June 15 and December 15 beginning on June 15, 2025. Interest on the 2035 Notes is payable semi-annually in arrears on February 15 and August 15 beginning on February 15, 2025. We used the proceeds from the 2027 Notes, the 2029 Notes, and the 2035 Notes to finance a portion of the acquisition of RCA.

In March 2025, our $500 million of 3.250% senior notes matured and was repaid.

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 subsidiaries and is repaid solely from the Brazil subsidiaries' 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 subsidiaries.

Share Purchase Programs and Dividends

In March 2024, our Board of Directors authorized a 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 six months ended March 31, 2025, we purchased $435.4 million of our common stock. As of March 31, 2025, we had $882.2 million of availability under this program.

In November 2024, our Board of Directors increased the quarterly dividend paid on common stock by 8% from $0.51 per share to $0.55 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 9 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 March 31, 2025, 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 accrued litigation liability related to the Distributor Settlement Agreement and an estimate for non-participating government subsidiaries (with whom we have not reached a settlement agreement), as well as other opioid-related litigation for which we have reached settlement agreements on our Consolidated Balance Sheet as of March 31, 2025 is $4.7 billion and is expected to be paid over the next 14 years. We currently estimate that $416.5 million will be paid prior to March 31, 2026. 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 March 31, 2025:

Payments Due by Period (in thousands)	Debt, Including Interest Payments	Operating Leases	Other Commitments	Total
Within 1 year	$ 1,090,567	$ 295,173	$ 145,351	$ 1,531,091
1-3 years	3,405,461	525,393	136,584	4,067,438
4-5 years	967,721	428,929	31,641	1,428,291
After 5 years	4,736,078	659,853	1,286	5,397,217
Total	$ 10,199,827	$ 1,909,348	$ 314,862	$ 12,424,037

The 2017 Tax Act requires a one-time transition tax to be recognized on historical foreign earnings and profits. As of March 31, 2025, we expect to pay the remaining $57.9 million related to the transition tax in January 2026. The transition tax commitment is included in "Other Commitments" in the above table.

Our liability for uncertain tax positions was $571.0 million (including interest and penalties) as of March 31, 2025. 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 March 31, 2025 primarily includes an uncertain tax benefit related to the legal accrual for litigation related to the distribution of prescription opioid pain medications, as disclosed in Note 9 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 and non-derivative hedges to hedge our foreign currency exposure, but not for speculative or trading purposes. Revenue from our foreign operations during the six months ended March 31, 2025 was approximately 9% 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 $2.3 billion of variable-rate debt outstanding as of March 31, 2025. 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 March 31, 2025.

We also have market risk exposure to interest rate fluctuations relating to our cash and cash equivalents. We had $2.0 billion in cash and cash equivalents as of March 31, 2025. 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 and higher borrowing costs 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

We have no material changes to the disclosures on this matter made in our Annual Report on Form 10-K for the year ended September 30, 2024.

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 second quarter of fiscal 2025, 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 March 31, 2025 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 9 (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, 2024 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 second fiscal quarter ended March 31, 2025. See Note 7, "Stockholders' Equity and Earnings per Share," contained in "Notes to 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
January 1 to January 31	13,680	$ 253.80	—	$ 932,238,130
February 1 to February 28	204,977	$ 244.53	204,491	$ 882,238,036
March 1 to March 31	—	$ —	—	$ 882,238,036
Total	218,657		204,491	

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

Executive Officer Trading Arrangements

During the three months ended March 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

ITEM 6. Exhibits

(a) Exhibits:

Exhibit Number	Description
10.1	Share Repurchase Agreement, dated as of February 6, 2025, by and between Cencora, Inc. and Walgreens Boots Alliance Holdings LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Cencora, Inc. on February 10, 2025).
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 March 31, 2025, 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.

May 7, 2025

/s/ Robert P. Mauch
Robert P. Mauch
President and Chief Executive Officer

May 7, 2025

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

Exhibit 31.1

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

I, Robert P. Mauch, 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: May 7, 2025

/s/ Robert P. Mauch
Robert P. Mauch
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: May 7, 2025

/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 March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert P. Mauch, 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/ Robert P. Mauch
Robert P. Mauch
President and Chief Executive Officer

May 7, 2025

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 March 31, 2025 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

May 7, 2025