

AmerisourceBergen

AmerisourceBergen Reports Fiscal 2022 First Quarter Results

2/2/2022

Revenues of \$59.6B billion for the First Quarter, a 13.5 Percent Increase Year-Over-Year

First Quarter GAAP Diluted EPS of \$2.13 and Adjusted Diluted EPS of \$2.58

Adjusted Diluted EPS Guidance Range Raised to \$10.60 to \$10.90 for Fiscal 2022

CONSHOHOCKEN, Pa.--(BUSINESS WIRE)-- AmerisourceBergen Corporation (NYSE: ABC) today reported that in its fiscal year 2022 first quarter ended December 31, 2021, revenue increased 13.5 percent year-over-year to \$59.6 billion. On the basis of U.S. generally accepted accounting principles (GAAP), diluted earnings per share (EPS) was \$2.13 for the December quarter of fiscal 2022, compared to \$1.81 in the prior year quarter. Adjusted diluted EPS, which is a non-GAAP measure that excludes items described below, increased 18.3 percent to \$2.58 in the fiscal first quarter.

AmerisourceBergen is updating its outlook for fiscal year 2022. The Company does not provide forward-looking guidance on a GAAP basis, as discussed below in Fiscal Year 2022 Expectations. Adjusted diluted EPS guidance has been raised from the previous range of \$10.50 to \$10.80 to a range of \$10.60 to \$10.90.

"AmerisourceBergen continues to play an important role in supporting the COVID response, both in the U.S. and abroad," said Steven H. Collis, Chairman, President and Chief Executive Officer of AmerisourceBergen. "We are proud of the work our teams do in leveraging our capabilities and expertise to deliver innovative solutions to help advance pharmaceutical innovation and access."

"As we move further into 2022, AmerisourceBergen remains focused on execution and delivering differentiated solutions through our pharmaceutical-centric strategy," Mr. Collis continued. "Our updated fiscal 2022 guidance reflects the value of purpose-minded team members helping us play a crucial role in supporting the evolving needs of the global healthcare system and I remain inspired by their dedication."

First Quarter Fiscal Year 2022 Summary Results

	GAAP	Adjusted (Non-GAAP)
Revenue	\$59.6B	\$59.6B
Gross Profit	\$2.1B	\$2.0B
Operating Expenses	\$1.4B	\$1.3B
Operating Income	\$644M	\$749M
Interest Expense, Net	\$53M	\$53M

Effective Tax Rate	24.6%	21.3%
Net Income Attributable to AmerisourceBergen Corporation	\$449M	\$545M
Diluted Earnings Per Share	\$2.13	\$2.58
Diluted Shares Outstanding	211.2M	211.2M

Below, AmerisourceBergen presents descriptive summaries of the Company's GAAP and adjusted (non-GAAP) quarterly results. In the tables that follow, GAAP results and GAAP to non-GAAP reconciliations are presented. For more information related to non-GAAP financial measures, including adjustments made in the periods presented, please refer to the "Supplemental Information Regarding non-GAAP Financial Measures" following the tables.

First Quarter GAAP Results

- **Revenue:** In the first quarter of fiscal 2022, revenue was \$59.6 billion, up 13.5 percent compared to the same quarter in the previous fiscal year, reflecting a 604.2 percent increase in revenue within International Healthcare Solutions, primarily driven by the June 2021 acquisition of Alliance Healthcare, and a 2.7 percent increase in U.S. Healthcare Solutions revenue.
- **Gross Profit:** Gross profit in the first quarter of fiscal 2022 was \$2.1 billion, a 41.9 percent increase compared to the same period in the previous fiscal year. The increase was due to an increase in gross profit in International Healthcare Solutions, which was primarily driven by the June 2021 acquisition of Alliance Healthcare, an increase in gross profit in U.S. Healthcare Solutions, and a higher LIFO credit in the quarter compared to the prior year quarter. Gross profit as a percentage of revenue was 3.46%, an increase of 69 basis points from the prior year quarter primarily driven by the June 2021 acquisition of Alliance Healthcare.
- **Operating Expenses:** In the first quarter of fiscal 2022, operating expenses were \$1.4 billion, a 56.5 percent increase, primarily as a result of increases in distribution, selling, and administrative expenses and depreciation and amortization expense compared to the prior year quarter primarily due to the June 2021 acquisition of Alliance Healthcare.
- **Operating Income:** In the fiscal 2022 first quarter, operating income was \$644.4 million, a 17.8 percent increase compared to the same period in the prior fiscal year. The increase was due to a 253.1 percent increase in operating income within International Healthcare Solutions and a 0.6 percent increase in U.S. Healthcare Solutions' operating income. Operating income as a percentage of revenue was 1.08 percent in the first quarter of fiscal 2022, compared to 1.04 percent for the same period in the previous fiscal year primarily due to the June 2021 acquisition of Alliance Healthcare.
- **Interest Expense, Net:** In the fiscal 2022 first quarter, net interest expense of \$53.4 million was up 58.8 percent versus the prior year quarter due to an increase in debt as a result of the June 2021 acquisition of Alliance Healthcare.
- **Effective Tax Rate:** The effective tax rate was 24.6 percent for the first quarter of fiscal 2022. This compares to 28.3 percent in the prior year quarter, which was unfavorably impacted by Swiss tax reform.
- **Diluted Earnings Per Share:** Diluted earnings per share was \$2.13 in the first quarter of fiscal 2022 compared to \$1.81 in the previous fiscal year's first quarter.
- **Diluted Shares Outstanding:** Diluted weighted average shares outstanding for the first quarter of fiscal 2022 were 211.2 million, a 2.1 percent increase versus the prior fiscal year first quarter resulting from stock option exercises, restricted stock vesting, and the issuance of 2 million shares of the Company's common stock to Walgreens Boots Alliance, Inc. ("WBA") for the June 2021 acquisition of Alliance Healthcare.

First Quarter Adjusted (non-GAAP) Results

- **Revenue:** No adjustments were made to the GAAP presentation of revenue. In the first quarter of fiscal 2022, revenue was \$59.6 billion, up 13.5 percent compared to the same quarter in the previous fiscal year, reflecting a 604.2 percent increase in revenue within International Healthcare Solutions, primarily driven by the June 2021 acquisition of Alliance Healthcare, and a

2.7 percent increase in U.S. Healthcare Solutions revenue.

- **Adjusted Gross Profit:** Adjusted gross profit in the first quarter of fiscal 2022 was \$2.0 billion, a 41.3 percent increase compared to the same period in the previous fiscal year. The increase was due to increases in gross profit in International Healthcare Solutions, primarily driven by the June 2021 acquisition of Alliance Healthcare, and U.S. Healthcare Solutions. Adjusted gross profit as a percentage of revenue was 3.38 percent in the fiscal 2022 first quarter, an increase of 66 basis points when compared to the prior year quarter primarily driven by the June 2021 acquisition of Alliance Healthcare.
- **Adjusted Operating Expenses:** In the first quarter of fiscal 2022, adjusted operating expenses were \$1.3 billion, a 56.4 percent increase, primarily as a result of increases in distribution, selling, and administrative expenses and depreciation expense compared to the prior year quarter primarily due to the June 2021 acquisition of Alliance Healthcare.
- **Adjusted Operating Income:** In the fiscal 2022 first quarter, adjusted operating income was \$749.1 million, a 21.4 percent increase compared to the same period in the prior fiscal year. The increase was due to a 253.1 percent increase in operating income within International Healthcare Solutions and a 0.6 percent increase in U.S. Healthcare Solutions' operating income. Adjusted operating income as a percentage of revenue was 1.26 percent in the fiscal 2022 first quarter, an increase of 9 basis points when compared to the prior year quarter primarily due to the June 2021 Alliance Healthcare acquisition.
- **Interest Expense, Net:** No adjustments were made to the GAAP presentation of net interest expense. In the fiscal 2022 first quarter, net interest expense of \$53.4 million was up 58.8 percent versus the prior year quarter due to an increase in debt as a result of the June 2021 acquisition of Alliance Healthcare.
- **Adjusted Effective Tax Rate:** The adjusted effective tax rate was 21.3 percent for the first quarter of fiscal 2022 compared to 22.0 percent in the prior year quarter.
- **Adjusted Diluted Earnings Per Share:** Adjusted diluted earnings per share was up 18.3 percent to \$2.58 in the first quarter of fiscal 2022 compared to \$2.18 in the previous fiscal year's first quarter.
- **Diluted Shares Outstanding:** No adjustments were made to the GAAP presentation of diluted shares outstanding. Diluted weighted average shares outstanding for the first quarter of fiscal 2022 were 211.2 million, a 2.1 percent increase versus the prior fiscal year first quarter resulting from stock option exercises, restricted stock vesting, and the issuance of 2 million shares of the Company's common stock to WBA for the June 2021 acquisition of Alliance Healthcare.

Segment Discussion

The Company is organized geographically based upon the products and services it provides to its customers. The Company has re-aligned its reporting structure under two reportable segments: U.S. Healthcare Solutions and International Healthcare Solutions. U.S. Healthcare Solutions consists of the legacy Pharmaceutical Distribution Services reportable segment (excluding Profarma), MWI Animal Health, Xcenda, Lash Group, and ICS 3PL. International Healthcare Solutions consists of Alliance Healthcare, World Courier, Innomar, Profarma, and Profarma Specialty. The Company's previously reported segment results have been revised to conform to its re-aligned reporting structure.

U.S. Healthcare Solutions

U.S. Healthcare Solutions revenue was \$53.0 billion in the first quarter of fiscal 2022, an increase of 2.7 percent compared to the same quarter in the prior fiscal year primarily due to overall market growth, increased sales to specialty physician practices, and growth in the MWI Animal Health business, partially offset by lower revenue from COVID-19 therapies. Segment operating income of \$569.1 million in the first quarter of fiscal 2022 was up 0.6 percent compared to the same period in the previous fiscal year as a result of an increase in gross profit, largely offset by an increase in operating expenses.

International Healthcare Solutions

Revenue in International Healthcare Solutions was \$6.6 billion in the first quarter of fiscal 2022, an increase from the previous fiscal year's first quarter of 604.2 percent on a reported basis, and 632 percent on a constant currency basis, primarily due to the June 2021 acquisition of Alliance Healthcare. Segment operating income in the first quarter of fiscal 2022 was \$180.1 million, an increase

of 253.1 percent on a reported basis and 268 percent on a constant currency basis, due to the June 2021 acquisition of Alliance Healthcare.

Recent Company Highlights & Milestones

- AmerisourceBergen continues to play its key role as distributor of antiviral and antibody therapies used to treat COVID-19, including new treatments authorized by the FDA.
- AmerisourceBergen extended its pharmaceutical supply agreement with Express Scripts through 2026.
- AmerisourceBergen released its 2021 Global Sustainability Report and ESG Reporting Index, detailing the impact of its robust sustainability and community efforts. For the fourth year in a row, selected information within the 2021 report was assured by ERM Certification and Verification Services.
- AmerisourceBergen's continued progress and commitment to advancing ESG initiatives is reflected by the company's inclusion in the S&P Global Sustainability Yearbook 2022, one of the most comprehensive publications providing in-depth analysis on corporate sustainability. AmerisourceBergen was also recently named one of "America's Most Responsible Companies" by Newsweek magazine. AmerisourceBergen ranked 41st overall on Newsweek's 2022 list and 6th in the Health Care & Life Sciences category.
- AmerisourceBergen has made an investment into J.P. Morgan Asset Management's Empower money market share class which allows institutional clients to support minority-owned and diverse-led financial institutions and create a positive social impact.

Fiscal Year 2022 Expectations

The Company does not provide forward-looking guidance on a GAAP basis as certain financial information, the probable significance of which cannot be determined, is not available or cannot be reasonably estimated. Please refer to the Supplemental Information Regarding Non-GAAP Financial Measures following the tables for additional information.

Fiscal Year 2022 Expectations on an Adjusted (non-GAAP) Basis

AmerisourceBergen is now updating its fiscal year 2022 financial guidance to reflect the updated full year expectations from COVID therapy distribution and higher interest expense. The Company now expects:

- Adjusted Diluted Earnings Per Share to be in the range of \$10.60 to \$10.90, raised from the previous range of \$10.50 to \$10.80.

Additional expectations now include:

- Adjusted operating income growth to be in the high-teens percent range, up from growth in the mid- to high-teens percent range;
 - U.S. Healthcare Solutions operating income to be in the range of \$2.375 to \$2.45 billion, representing growth of 5% to 9%, up from a range of \$2.325 to \$2.4 billion;
- Interest expense to be in the range of \$210 to \$215 million, up from growth in the mid-teens percent range.

All other previously communicated aspects of the Company's fiscal year 2022 financial guidance and assumptions remain the same.

Dividend Declaration

The Company's Board of Directors declared a quarterly cash dividend of \$0.46 per common share, payable February 28, 2022, to stockholders of record at the close of business on February 14, 2022.

Opioid Litigation

On December 22, 2021, the Company announced that the deadline for political subdivisions in participating states to join the previously announced proposed opioid settlement agreement was extended from January 2, 2022 to January 26, 2022. Subsequently, several additional states confirmed their intent to sign on the agreement, increasing the number of participating states to 46 out of 49 states, all 5 U.S. territories and Washington, D.C. The deadline for the Company and the two other national distributors to independently determine whether to proceed with the proposed opioid settlement is February 25, 2022.

Conference Call & Slide Presentation

The Company will host a conference call to discuss the results at 8:30 a.m. ET on February 2, 2022. A slide presentation for investors has also been posted on the Company's website at investor.amerisourcebergen.com. Participating in the conference call will be:

- Steven H. Collis, Chairman, President & Chief Executive Officer
- James F. Cleary, Executive Vice President & Chief Financial Officer

The dial-in number for the live call will be (844) 200-6205. From outside the United States and Canada, dial +1 (929) 526-1599. The access code for the call will be 034703. The live call will also be webcast via the Company's website at investor.amerisourcebergen.com. Users are encouraged to log on to the webcast approximately 10 minutes in advance of the scheduled start time of the call.

Replays of the call will be made available via telephone and webcast. A replay of the webcast will be posted on investor.amerisourcebergen.com approximately one hour after the completion of the call and will remain available for one year. The telephone replay will also be available approximately one hour after the completion of the call and will remain available for seven days. To access the telephone replay from within the U.S. and Canada, dial (866) 813-9403. From outside the United States and Canada, dial +44 (204) 525-0658. The access code for the replay is 009158.

Upcoming Investor Events

AmerisourceBergen management will be attending the following investor conference in the coming months:

- Barclays Global Healthcare Conference, March 15-17, 2022.

About AmerisourceBergen

AmerisourceBergen fosters a positive impact on the health of people and communities around the world by advancing the development and delivery of pharmaceuticals and healthcare products. As a leading global healthcare company, with a foundation in pharmaceutical distribution and solutions for manufacturers, pharmacies and providers, we create unparalleled access, efficiency and reliability for human and animal health. Our 42,000 global team members power our purpose: We are united in our responsibility to create healthier futures. AmerisourceBergen is ranked #8 on the Fortune 500 with more than \$200 billion in annual revenue. Learn more at investor.amerisourcebergen.com.

AmerisourceBergen's Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained in this press release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"). Words such as "expect," "likely," "outlook," "forecast," "would," "could," "should," "can," "project," "intend," "plan," "continue," "sustain," "synergy," "on track," "believe," "seek," "estimate," "anticipate," "may," "possible," "assume," variations of such words, and similar expressions are intended to identify such forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances and speak only as of the date hereof. These statements are not guarantees of future performance and are based on assumptions and estimates that could prove incorrect or could cause actual results to vary materially from those indicated. Among the factors that could cause actual results to differ materially from

those projected, anticipated, or implied are the following: unfavorable trends in brand and generic pharmaceutical pricing, including in rate or frequency of price inflation or deflation; competition and industry consolidation of both customers and suppliers resulting in increasing pressure to reduce prices for our products and services; changes in the United States healthcare and regulatory environment, including changes that could impact prescription drug reimbursement under Medicare and Medicaid; increasing governmental regulations regarding the pharmaceutical supply channel; declining reimbursement rates for pharmaceuticals; continued federal and state government enforcement initiatives to detect and prevent suspicious orders of controlled substances and the diversion of controlled substances; continued prosecution or suit by federal, state and other governmental entities of alleged violations of laws and regulations regarding controlled substances, including due to failure to achieve a global resolution of the multi-district opioid litigation and other related state court litigation, and any related disputes, including shareholder derivative lawsuits; increased federal scrutiny and litigation, including qui tam litigation, for alleged violations of laws and regulations governing the marketing, sale, purchase and/or dispensing of pharmaceutical products or services, and associated reserves and costs; failure to comply with the Corporate Integrity Agreement; material adverse resolution of pending legal proceedings; the retention of key customer or supplier relationships under less favorable economics or the adverse resolution of any contract or other dispute with customers or suppliers; changes to customer or supplier payment terms, including as a result of the COVID-19 impact on such payment terms; the integration of the Alliance Healthcare business into the Company being more difficult, time consuming or costly than expected; the Company's or Alliance Healthcare's failure to achieve expected or targeted future financial and operating performance and results; the effects of disruption from the acquisition and related strategic transactions on the respective businesses of the Company and Alliance Healthcare and the fact that the acquisition and related strategic transactions may make it more difficult to establish or maintain relationships with employees, suppliers and other business partners; the acquisition of businesses, including the acquisition of the Alliance Healthcare businesses and related strategic transactions, that do not perform as expected, or that are difficult to integrate or control, or the inability to capture all of the anticipated synergies related thereto or to capture the anticipated synergies within the expected time period; risks associated with the strategic, long-term relationship between Walgreens Boots Alliance, Inc. and the Company, including with respect to the pharmaceutical distribution agreement and/or the global generic purchasing services arrangement; managing foreign expansion, including non-compliance with the U.S. Foreign Corrupt Practices Act, anti-bribery laws, economic sanctions and import laws and regulations; financial market volatility and disruption; changes in tax laws or legislative initiatives that could adversely affect the Company's tax positions and/or the Company's tax liabilities or adverse resolution of challenges to the Company's tax positions; substantial defaults in payment, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer, including as a result of COVID-19; the loss, bankruptcy or insolvency of a major supplier, including as a result of COVID-19; financial and other impacts of COVID-19 on our operations or business continuity; changes to the customer or supplier mix; malfunction, failure or breach of sophisticated information systems to operate as designed; risks generally associated with data privacy regulation and the international transfer of personal data; natural disasters or other unexpected events, such as additional pandemics, that affect the Company's operations; the impairment of goodwill or other intangible assets (including any additional impairments with respect to foreign operations), resulting in a charge to earnings; the Company's ability to manage and complete divestitures; the disruption of the Company's cash flow and ability to return value to its stockholders in accordance with its past practices; interest rate and foreign currency exchange rate fluctuations; declining economic conditions in the United States and abroad; and other economic, business, competitive, legal, tax, regulatory and/or operational factors affecting the Company's business generally. Certain additional factors that management believes could cause actual outcomes and results to differ materially from those described in forward-looking statements are set forth (i) in Item 1A (Risk Factors), in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2021 and elsewhere in that report and (ii) in other reports filed by the Company pursuant to the Securities Exchange Act. The Company undertakes no obligation to publicly update or revise any forward-looking statements, except as required by the federal securities laws.

AMERISOURCEBERGEN CORPORATION
FINANCIAL SUMMARY
(in thousands, except per share data)
(unaudited)

Three Months Ended December 31, 2021	% of Revenue	Three Months Ended December 31, 2020	% of Revenue	% Change
-----------------------------------------------	-----------------	-----------------------------------------------	-----------------	-------------

Revenue	\$ 59,628,810			\$ 52,516,556		13.5 %
Cost of goods sold	57,568,451			51,064,326		12.7 %
Gross profit 1	2,060,359	3.46 %		1,452,230	2.77 %	41.9 %
Operating expenses:						
Distribution, selling, and administrative	1,170,110	1.96 %		735,068	1.40 %	59.2 %
Depreciation and amortization	175,929	0.30 %		99,553	0.19 %	76.7 %
Employee severance, litigation, and other 2	64,969			70,381		
Impairment of assets	4,946			—		
Total operating expenses	1,415,954	2.37 %		905,002	1.72 %	56.5 %
Operating income	644,405	1.08 %		547,228	1.04 %	17.8 %
Other income, net 3	(5,172)			(14,268)		
Interest expense, net	53,372			33,614		58.8 %
Income before income taxes	596,205	1.00 %		527,882	1.01 %	12.9 %
Income tax expense 4	146,789			149,175		
Net income	449,416	0.75 %		378,707	0.72 %	18.7 %
Net income attributable to noncontrolling interests	(311)			(3,862)		
Net income attributable to AmerisourceBergen Corporation	\$ 449,105	0.75 %		\$ 374,845	0.71 %	19.8 %

Earnings per share:

Basic	\$ 2.15	\$ 1.83	17.5 %
Diluted	\$ 2.13	\$ 1.81	17.7 %

Weighted average common shares outstanding:

Basic	208,555	204,683	1.9 %
Diluted	211,168	206,801	2.1 %

1 Includes \$44.7 million and \$25.7 million of LIFO credits in the three months ended December 31, 2021 and 2020, respectively.

2 Includes \$0.3 million of employee severance, a \$6.8 million legal accrual related to opioid litigation settlements, \$25.8 million of legal fees in connection with opioid lawsuits and investigations, and \$32.0 million of other costs in connection with acquisition-related deal and integration costs, business transformation efforts, and other restructuring initiatives in the three months ended December 31, 2021. Includes \$32.1 million of legal fees in connection with opioid lawsuits and investigations and \$38.3 million of other costs in connection with acquisition-related deal and integration costs, business transformation efforts, and other restructuring initiatives in the three months ended December 31, 2020.

3 Includes \$5.3 million and \$14.0 million of gains on the currency remeasurement of deferred tax assets relating to 2020 Swiss tax reform in the three months ended December 31, 2021 and 2020, respectively.

4 Includes \$11.1 million of discrete tax expense and \$8.9 million of amortization expense relating to deferred tax assets established in connection with 2020 Swiss tax reform in the three months ended December 31, 2021. Includes \$52.3 million of expense relating to Swiss tax reform and \$20.4 million of discrete tax benefits primarily attributable to the income tax deductions resulting from the shutdown of the PharMEDium business in the three months ended December 31, 2020.

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

Three Months Ended December 31, 2021

	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income Attributable to Noncontrolling Interests	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	\$2,060,359	\$1,415,954	\$644,405	\$596,205	\$146,789	\$ (311)	\$ 449,105	\$ 2.13

LIFO credit	(44,679)	—	(44,679)	(44,679)	(10,245)	—	(34,434)	(0.16)
Acquisition-related intangibles amortization	—	(79,506)	79,506	79,506	18,230	(1,790)	59,486	0.28
Employee severance, litigation, and other	—	(64,969)	64,969	64,969	13,333	—	51,636	0.24
Impairment of assets	—	(4,946)	4,946	4,946	—	—	4,946	0.02
Certain discrete tax expense	—	—	—	—	(11,079)	—	11,079	0.05
Tax reform 1	—	—	—	(5,307)	(8,875)	—	3,568	0.02
Adjusted Non-GAAP	<u>\$2,015,680</u>	<u>\$1,266,533</u>	<u>\$749,147</u>	<u>\$695,640</u>	<u>\$148,153</u>	<u>\$ (2,101)</u>	<u>\$545,386</u>	<u>\$2.58</u>
Adjusted Non-GAAP % change vs. prior year	41.3 %	56.4 %	21.4 %	19.2 %	15.4 %		21.0 %	18.3 %

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	3.46%	3.38%
Operating expenses	2.37%	2.12%
Operating income	1.08%	1.26%

1 Includes a \$5.3 million gain on the currency remeasurement of the deferred tax assets relating to Swiss tax reform, which is

recorded within Other Income, Net.

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of this release.

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

Three Months Ended December 31, 2020

	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income Attributable to Noncontrolling Interests	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	\$1,452,230	\$905,002	\$547,228	\$527,882	\$149,175	\$ (3,862)	\$ 374,845	\$ 1.81
LIFO Credit	(25,727)	—	(25,727)	(25,727)	(4,976)	—	(20,751)	(0.10)
Acquisition-related intangibles amortization	—	(25,034)	25,034	25,034	4,096	(437)	20,501	0.10
Employee severance, litigation, and other	—	(70,381)	70,381	70,381	11,974	—	58,407	0.28
Certain discrete tax benefits 1	—	—	—	—	20,425	—	(20,425)	(0.10)
Tax reform 2	—	—	—	(14,039)	(52,318)	—	38,279	0.19
Adjusted Non-GAAP	<u>\$1,426,503</u>	<u>\$809,587</u>	<u>\$616,916</u>	<u>\$583,531</u>	<u>\$128,376</u>	<u>\$ (4,299)</u>	<u>\$ 450,856</u>	<u>\$ 2.18</u>

Percentages of Revenue: GAAP Adjusted Non-GAAP

Gross profit	2.77%	2.72%
Operating expenses	1.72%	1.54%
Operating income	1.04%	1.17%

1 Represents discrete tax benefits primarily attributable to the income tax deductions resulting from the permanent shutdown of the PharMEDium business.

2 Represents tax expense relating to Swiss tax reform and a \$14.0 million gain on the currency remeasurement of the related deferred tax assets, which is recorded within Other Income, Net.

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of this release.

AMERISOURCEBERGEN CORPORATION
SUMMARY SEGMENT INFORMATION
(in thousands)
(unaudited)

Three Months Ended December 31,

Revenue	2021	2020	% Change	
U.S. Healthcare Solutions	\$ 52,979,647	\$ 51,572,581	2.7	%
International Healthcare Solutions	6,649,782	944,311	604.2	%
Intersegment eliminations	(619)	(336)		
Revenue	\$ 59,628,810	\$ 52,516,556	13.5	%

Three Months Ended December 31,

Operating income	2021	2020	% Change	
U.S. Healthcare Solutions	\$ 569,087	\$ 565,927	0.6	%
International Healthcare Solutions	180,060	50,989	253.1	%
Total segment operating income	749,147	616,916	21.4	%
LIFO credit	44,679	25,727		

Acquisition-related intangibles amortization	(79,506)	(25,034)
Employee severance, litigation, and other	(64,969)	(70,381)
Impairment of assets	(4,946)	—
Operating income	<u>\$ 644,405</u>	<u>\$ 547,228</u>

Percentages of Revenue:

U.S. Healthcare Solutions

Gross profit	2.41	%	2.41	%
Operating expenses	1.34	%	1.31	%
Operating income	1.07	%	1.10	%

International Healthcare Solutions

Gross profit	11.08	%	19.71	%
Operating expenses	8.38	%	14.31	%
Operating income	2.71	%	5.40	%

AmerisourceBergen Corporation (GAAP)

Gross profit	3.46	%	2.77	%
Operating expenses	2.37	%	1.72	%
Operating income	1.08	%	1.04	%

AmerisourceBergen Corporation (Non-GAAP)

Adjusted gross profit	3.38	%	2.72	%
Adjusted operating expenses	2.12	%	1.54	%
Adjusted operating income	1.26	%	1.17	%

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of this release.

AMERISOURCEBERGEN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	December 31, 2021	September 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,168,881	\$ 2,547,142
Accounts receivable, net	17,146,056	18,167,175
Inventories	16,293,933	15,368,352
Right to recover assets	1,361,828	1,271,557
Prepaid expenses and other	1,408,187	1,448,383
Total current assets	39,378,885	38,802,609
Property and equipment, net	2,129,697	2,162,961
Goodwill and other intangible assets	14,002,463	14,287,458
Deferred income taxes	270,049	290,791
Other long-term assets	1,796,470	1,793,986
Total assets	<u>\$ 57,577,564</u>	<u>\$ 57,337,805</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 38,617,734	\$ 38,009,954
Other current liabilities	2,727,308	3,048,474
Short-term debt	268,563	300,213
Total current liabilities	41,613,605	41,358,641
Long-term debt	6,412,537	6,383,711
Accrued income taxes	288,915	281,070
Deferred income taxes	1,689,496	1,685,296
Other long-term liabilities	1,060,416	1,082,723
Accrued litigation liability	5,911,474	5,961,953
Total equity	601,121	584,411
Total liabilities and stockholders' equity	<u>\$ 57,577,564</u>	<u>\$ 57,337,805</u>

AMERISOURCEBERGEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended December 31,	
	2021	2020
Operating Activities:		
Net income	\$ 449,416	\$ 378,707
Adjustments to reconcile net income to net cash provided by operating activities	221,652	234,717
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts receivable	716,380	(906,495)
Inventories	(989,993)	(545,459)

Accounts payable	824,056	1,721,495
Other, net	(358,100)	20,088
Net cash provided by operating activities	863,411	903,053

Investing Activities:

Capital expenditures	(79,691)	(65,410)
Cost of acquired companies, net of cash acquired	(62,641)	—
Other, net	(788)	—
Net cash used in investing activities	(143,120)	(65,410)

Financing Activities:

Net debt repayments	(6,486)	(431,250)
Purchases of common stock	—	(56,175)
Exercises of stock options	38,937	58,216
Cash dividends on common stock	(100,541)	(91,103)
Other	(38,333)	(24,159)
Net cash used in financing activities	(106,423)	(544,471)

Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2,654)	—
--------------------------------------------------------------------------------	----------	---

Increase in cash, cash equivalents, and restricted cash, including cash classified within assets held for sale	611,214	293,172
Plus: Decrease in cash classified within assets held for sale	1,038	—
Increase in cash, cash equivalents, and restricted cash	612,252	293,172

Cash, cash equivalents, and restricted cash at beginning of period 1	3,070,128	4,597,746
----------------------------------------------------------------------	-----------	-----------

Cash, cash equivalents, and restricted cash at end of period 1	\$ 3,682,380	\$ 4,890,918
----------------------------------------------------------------	--------------	--------------

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

	December 31, 2021	September 30, 2021
Cash and cash equivalents	\$ 3,168,881	\$ 2,547,142
Restricted cash (included in Prepaid Expenses and Other)	453,485	462,986
Restricted cash (included in Other Long-Term Assets)	60,014	60,000
Cash, cash equivalents, and restricted cash	\$ 3,682,380	\$ 3,070,128

SUPPLEMENTAL INFORMATION REGARDING NON-GAAP FINANCIAL MEASURES

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

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

- *Adjusted gross profit and adjusted gross profit margin:* Adjusted gross profit is a non-GAAP financial measure that excludes gains from antitrust litigation settlements and LIFO expense (credit). Adjusted gross profit margin is the ratio of adjusted gross profit to total revenue. Management believes that these non-GAAP financial measures are useful to investors as a supplemental measure of the Company's ongoing operating performance. Gains from antitrust litigation settlements and LIFO expense (credit) are excluded because the Company cannot control the amounts recognized or timing of these items. Gains from antitrust litigation settlements relate to the settlement of lawsuits that have been filed against brand pharmaceutical manufacturers alleging that the manufacturer, by itself or in concert with others, took improper actions to delay or prevent generic drugs from entering the market. LIFO expense (credit) is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences.
- *Adjusted operating expenses and adjusted operating expense margin:* Adjusted operating expenses is a non-GAAP financial measure that excludes acquisition-related intangibles amortization, employee severance, litigation, and other, and impairment of assets. Adjusted operating expense margin is the ratio of adjusted operating expenses to total revenue. Acquisition-related intangibles amortization is excluded because it is a non-cash item and does not reflect the operating performance of the acquired companies. We exclude employee severance amounts that relate to unpredictable and/or non-recurring business restructuring. We exclude the amount of litigation settlements and other expenses and the impairment of

assets that are unusual, non-operating, unpredictable, non-recurring or non-cash in nature because we believe these exclusions facilitate the analysis of our ongoing operational performance.

- *Adjusted operating income and adjusted operating income margin:* Adjusted operating income is a non-GAAP financial measure that excludes the same items that are described above and excluded from adjusted gross profit and adjusted operating expenses. Adjusted operating income margin is the ratio of adjusted operating income to total revenue. Management believes that these non-GAAP financial measures are useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.
- *Adjusted income before income taxes:* Adjusted income before income taxes is a non-GAAP financial measure that excludes the same items that are described above and excluded from adjusted operating income. In addition, the gain on the currency remeasurement of the deferred tax asset relating to Swiss tax reform in the three months ended December 31, 2020 is excluded from adjusted income before income taxes because these amounts are unusual, non-operating, and non-recurring. Management believes that this non-GAAP financial measure is useful to investors because it facilitates the calculation of the Company's adjusted effective tax rate.
- *Adjusted effective tax rate:* Adjusted effective tax rate is a non-GAAP financial measure that is determined by dividing adjusted income tax expense/benefit by adjusted income before income taxes. Management believes that this non-GAAP financial measure is useful to investors because it presents an effective tax rate that does not reflect unusual, non-operating, unpredictable, non-recurring, or non-cash amounts or items that are outside the control of the Company.
- *Adjusted income tax expense:* Adjusted income tax expense is a non-GAAP financial measure that excludes the income tax expense associated with the same items that are described above and excluded from adjusted income before income taxes. Certain discrete tax expense (benefits) primarily attributable to foreign valuation allowance adjustments for the three months ended December 31, 2021 and the income tax deduction recognized in connection with the permanent shutdown of PharMEDium as well as the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") are also excluded from adjusted income tax expense for the three months ended December 31, 2020. Further, certain expenses relating to tax reform in Switzerland are excluded from adjusted income tax expense for the three months ended December 31, 2021 and 2020. Management believes that this non-GAAP financial measure is useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.
- *Adjusted net income/loss attributable to noncontrolling interests:* Adjusted net income/loss attributable to noncontrolling interests excludes the non-controlling interest portion of acquisition-related intangibles amortization. Management believes that this non-GAAP financial measure is useful to investors because it facilitates the calculation of adjusted net income attributable to the Company.
- *Adjusted net income attributable to the Company:* Adjusted net income attributable to the Company is a non-GAAP financial measure that excludes the same items that are described above. Management believes that this non-GAAP financial measure is useful to investors as a supplemental way to evaluate the Company's performance because the adjustments are unusual, non-operating, unpredictable, non-recurring or non-cash in nature.
- *Adjusted diluted earnings per share:* Adjusted diluted earnings per share excludes the per share impact of adjustments including gains from antitrust litigation settlements; LIFO expense (credit); acquisition-related intangibles amortization; employee severance, litigation, and other; impairment of assets; and the loss on the currency remeasurement related to Swiss tax reform, in each case net of the tax effect calculated using the applicable effective tax rate for those items. In addition, the per share impact of certain discrete tax expense (benefits) primarily attributable to foreign valuation allowance adjustments for the three months ended December 31, 2021 and the income tax deduction recognized in connection with the permanent shutdown of PharMEDium as well as the CARES Act for the three months ended December 31, 2020, and the per share impact of certain expenses relating to tax reform in Switzerland are also excluded from adjusted diluted earnings per share for the three months ended December 31, 2021 and 2020. Management believes that this non-GAAP financial measure is useful to investors because it eliminates the per share impact of the items that are outside the control of the Company or that we consider to not be indicative of our ongoing operating performance due to their inherent unusual, non-operating, unpredictable, non-recurring, or non-cash nature.

The company also presents certain information related to current period operating results in "constant currency," which is a non-

GAAP financial measure. These amounts are calculated by translating current period results at the foreign currency exchange rates used in the comparable period in the prior year. The company presents such constant currency financial information because it has significant operations outside of the United States reporting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.

In addition, the Company updated its non-GAAP fiscal year 2022 guidance for diluted earnings per share and operating income, and has previously provided non-GAAP fiscal year 2022 guidance for adjusted free cash flow and effective income tax rate. The guidance for each metric excludes the same or similar items as those that are excluded from the historical non-GAAP financial measures, as well as significant items that are outside the control of the Company or inherently unusual, non-operating, unpredictable, non-recurring or non-cash in nature. For fiscal year 2022, we have defined the non-GAAP financial measure of adjusted free cash flow as net cash provided by operating activities, excluding other significant unpredictable or non-recurring cash payments or receipts relating to legal settlements, minus capital expenditures. For the three months ended December 31, 2021 adjusted free cash flow of \$808.9 million consisted of net cash provided by operating activities of \$863.4 million minus capital expenditures of \$79.7 million plus legal settlement payments of \$25.2 million. The Company does not provide forward looking guidance on a GAAP basis for such metrics because certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. For example, LIFO expense (credit) is largely dependent upon the future inflation or deflation of brand and generic pharmaceuticals, which is out of the Company's control, and acquisition-related intangibles amortization depends on the timing and amount of future acquisitions, which cannot be reasonably estimated. Similarly, the timing and amount of litigation settlements is unpredictable and non-recurring.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20220201006151/en/): <https://www.businesswire.com/news/home/20220201006151/en/>

Bennett S. Murphy
Senior Vice President, Investor Relations
610-727-3693
bmurphy@amerisourcebergen.com

Source: AmerisourceBergen Corporation