Risk Factors Comparison 2022-11-22 to 2021-11-23 Form: 10-K

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The following discussion describes certain risk factors that we believe could affect our business and prospects. These risk factors are in addition to those set forth elsewhere in this report. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider not to be material. The reader should not consider this list to be a complete statement of all risks and uncertainties. Business and Operational Risks Our revenue, results of operations, and cash flows may suffer upon the loss, or renewal at less favorable terms, of a significant customer or group purchasing organization. WBA accounted for approximately ~~31~~ **27** % of our revenue in the fiscal year ended September 30, ~~2021~~ **2022** . Express Scripts accounted for approximately ~~12~~ **13** % of our revenue in the fiscal year ended September 30, ~~2021~~ **2022** . Our top ten customers, including governmental agencies, represented approximately ~~69~~ **66** % of revenue in the fiscal year ended September 30, ~~2021~~ **2022** . We have distributor relationships with GPOs in multiple distribution segments. We may lose a significant customer or GPO relationship if any existing contract with such customer or GPO expires without being extended, renewed, renegotiated or replaced or is terminated by the customer or GPO prior to expiration, to the extent such early termination is permitted by the contract. A number of our contracts with significant customers or GPOs are typically subject to expiration each year and we may lose any of these customers or GPO relationships if we are unable to extend, renew, renegotiate or replace the contracts. The loss of any significant customer or GPO relationship could adversely affect our revenue, results of operations, and cash flows. Additionally, from time to time, significant contracts may be renewed or modified prior to their expiration date in furtherance of our strategic objectives. If those contracts are renewed or modified at less favorable terms, they may also negatively impact our revenue, results of operations, and cash flows. The anticipated ongoing strategic and financial benefits of our relationship with WBA may not be realized. In June 2021, we extended to 2029 our distribution agreement under which we distribute drugs to Walgreens pharmacies and our generics purchasing services arrangement under which Walgreens Boots Alliance Development GmbH (~~"~~ **“** WBAD ~~"~~ **”**) provides a variety of services, including negotiating acquisition pricing with generic manufacturers on our behalf. This reflected our continued expectation that partnering strategically with WBA will result in various benefits including continued cost savings and initiatives designed to create incremental growth and efficiencies in sourcing, logistics and distribution. We also entered into a distribution agreement pursuant to which we will supply branded and generic pharmaceutical products to WBA ~~'~~ **’** s Boots UK Ltd. subsidiary through 2031. The processes needed to achieve and maintain these initiatives and benefits are complex, costly, and time- consuming. Achieving the anticipated benefits from the arrangements on an ongoing basis is subject to a number of significant challenges and uncertainties, including: the potential inability to realize and / or delays in realizing potential benefits resulting from participation in our generics purchasing services arrangement with WBAD, including improved generic drug pricing and terms, improved service fees from generic manufacturers, cost savings, innovations, or other benefits due to its inability to negotiate successfully with generic manufacturers or otherwise to perform as expected; the potential disruption of our plans and operations as a result of the extension of the duration of our distribution agreement for Walgreens pharmacies and our generics purchasing services agreement with WBAD and the respective terms thereunder, including any disruption of our cash flow and ability to return value to our stockholders in accordance with our past practices and any reduction in our operational, strategic or financial flexibility; potential changes in supplier relationships and terms; unexpected or unforeseen costs, fees, expenses and charges incurred by us related to the transaction or the overall strategic relationship; changes in the economic terms under which we distribute pharmaceuticals to Walgreens pharmacies in the United States or to pharmacies operated by Boots UK Ltd. in the United Kingdom, including changes necessitated by changing market conditions or other unforeseen developments that may arise during the term of either distribution agreement, to the extent that any such changes are not offset by other financial benefits that we are able to obtain through collaboration in other aspects of our strategic relationship with WBA; and any potential issues that could impede our ability to continue to work collaboratively with WBA in an efficient and effective manner in furtherance of the anticipated strategic and financial benefits of the relationship. In addition, WBA has the right, but not the obligation, under the transactions contemplated by the Framework Agreement dated March 18, 2013 and the Amended and Restated AmerisourceBergen Shareholders Agreement dated June 1, 2021 **, as further amended on August 2, 2022 (the “ Shareholders Agreement ”),** to make certain additional investments in our common stock. WBA also has the right to sell any of the shares of our common stock that it has acquired so long as WBA has held the shares beyond the requisite dates specified in the Shareholders Agreement, subject to certain restrictions on the number of shares that may be sold at any given time. **For example, in November 2022, WBA sold 13. 2 million shares of our common stock.** Any sales ~~in the public market~~ of common stock ~~currently held~~ by WBA ~~or acquired by WBA pursuant to open market purchases~~ could adversely affect prevailing market prices of our common stock. We could also encounter unforeseen costs, circumstances, or issues with respect to the transactions and collaboration we anticipate pursuing with WBA. Many of these potential circumstances are outside of our control and any of them could result in increased costs, decreased revenue, decreased benefits and the diversion of management time and attention. If we are unable to achieve any of our objectives, the expected future benefits may not be realized fully or may take longer to realize than expected, which could have a material adverse impact on our business, financial condition, and results of operations. A disruption in our distribution or generic purchasing services arrangements with WBA could adversely affect our business and financial results. We are the primary distributor of pharmaceutical products for WBA in the United States and the United Kingdom. If our operations are seriously disrupted for any reason deemed within our control, we may have an obligation to pay or credit WBA for failure to supply products. In addition, upon the expiration or termination of our

distribution agreement for Walgreens pharmacies, our distribution agreement with Boots UK Ltd . or our generics purchasing services arrangement with WBAD, there can be no assurance that we or WBA will be willing to renew, on terms favorable to us or at all. Our generic pharmaceutical program has also benefited from the generics purchasing services arrangement with WBAD. If the operations of WBA are seriously disrupted for any reason, whether by the COVID- 19 pandemic, natural disaster, labor disruption, regulatory or governmental action, or otherwise, it could adversely affect our business and our sales and profitability. Moreover, if the economic benefits we are able to obtain through the generics purchasing services arrangement with WBA decline due to changes in market conditions or other changes impacting the fees and rebates that generic manufacturers make available through the arrangement, our margins and results of operations could also be adversely affected. In addition, our business may be adversely affected by any operational, financial, or regulatory difficulties that WBA experiences, including any disruptions of certain of its existing distribution facilities or retail pharmacies resulting from ongoing inspections by the DEA and / or state regulatory agencies and possible revocation of the controlled substance registrations for those facilities and pharmacies. Our results of operations and financial condition may be adversely affected if we undertake acquisitions of or investments in businesses that do not perform as we expect or that are difficult for us to integrate. As part of our strategy we seek to pursue acquisitions of and investments in other companies. At any particular time, we may be in various stages of assessment, discussion, and negotiation with regard to one or more potential acquisitions or investments, not all of which will be consummated. We make public disclosure of pending and completed acquisitions when appropriate and required by applicable securities laws and regulations. **On** ~~As previously announced, on~~ June 1, 2021, we completed our acquisition of Alliance Healthcare from WBA for $ ~~6~~ **5** , ~~602~~ **596** . ~~0~~ **7** million in **net** cash ~~, subject to certain purchase price adjustments~~ , $ 229. 1 million of the **our** ~~Company' s~~ common stock ~~(2 million shares at the Company' s June 1, 2021 opening stock price of $ 114. 54 per share), $ 96. 9 million of estimated accrued consideration~~ , and $ 6. 1 million of other equity consideration (see Note 2 of the Notes to Consolidated Financial Statements). **On September 12, 2022, we announced our intent to acquire PharmaLex Holding GmbH (" PharmaLex ") for € 1, 280 million in cash, subject to certain customary adjustments. The PharmaLex transaction is expected to close by March 2023 and is subject to the satisfaction of customary closing conditions, including receipt of required regulatory approvals.** Alliance Healthcare **and PharmaLex** ~~operates~~ **operate** in the United Kingdom, **Germany,** a number of **other** countries in the European Union **,** and in select other markets. We may find that our ability to integrate and control Alliance Healthcare **and PharmaLex** is more difficult, time consuming or costly than expected, especially in certain countries where our investment is not wholly- owned, such as our 50 %- owned Alliance Healthcare Egypt subsidiary. **Each of** Alliance Healthcare **and PharmaLex** may fail to achieve its expected future financial and operating performance and results and the ~~acquisition~~ **acquisitions** may have the effect of disrupting relationships with employees, suppliers, and other business partners. Acquisitions involve numerous risks and uncertainties and may be of businesses or in regions in which we lack operational or market experience. Acquired companies may have business practices that we are not accustomed to or have unique terms and conditions with their business partners. As a result of the acquisition of Alliance Healthcare and other future acquisitions, **including PharmaLex,** our results of operations and financial condition may be adversely affected by a number of factors, including: regulatory or compliance issues that could arise; changes in regulations and laws; the failure of the acquired businesses to achieve the results we have projected in either the near or long term; the assumption of unknown liabilities, including litigation risks; the fair value of assets acquired and liabilities assumed not being properly estimated; the difficulties of imposing adequate financial and operating controls on the acquired companies and their management and the potential liabilities that might arise pending the imposition of adequate controls; the difficulties in the integration of the operations, technologies, services and products of the acquired companies; and the failure to achieve the strategic objectives of these acquisitions. ~~Alliance Healthcare~~ **Our businesses** ~~operates~~ **operate** in a number of jurisdictions, including Egypt and other locations, that have a higher business, operating and regulatory risk profile than the United States and European Union jurisdictions. Such risks may include risks of violation of United States, United Kingdom and other anti- corruption, anti- bribery and international trade laws. Our results of operations and financial condition may be adversely affected if we are not able to effectively put in place effective financial controls and compliance policies to safeguard against such risks as part of our integration of **businesses, including** Alliance Healthcare. Our business and results of operations may be adversely affected if we fail to manage and complete divestitures. We regularly evaluate our portfolio ~~in order~~ to determine whether an asset or business may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty finding buyers or alternative exit strategies, which could delay the achievement of our strategic objectives. Further, divestitures may be delayed due to failure to obtain required approvals on a timely basis, if at all, from governmental authorities, or may become more difficult to execute due to conditions placed upon approval that could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of a transaction. The impact of a divestiture on our results of operations could also be greater than anticipated. Our results of operations and our financial condition may be adversely affected by our global operations. ~~Our~~ **We conduct** operations in **over 50 countries, which** ~~jurisdictions outside of the United States are subject~~ **subjects us** to various risks inherent in global operations ~~. We currently have operations in over 50 countries~~ . We may conduct business in additional foreign jurisdictions in the future, which may carry operational risks in addition to the risks of acquisition described above. At any particular time, our global operations may be affected by local changes in laws, regulations, and political and economic environments, including inflation, recession, currency volatility, and competition, as well as business and operational decisions made by joint venture partners. **For example, during fiscal 2022, Turkey became a " highly inflationary economy, " as defined under U. S. GAAP, which impacted our consolidated financial statements. Furthermore, geopolitical dynamics caused by political, economic, social or other conditions in foreign countries and regions may impact our business and results of operations. During fiscal 2022, we have experienced increased costs, including for fuel, and it is possible that we could experience supply disruptions or shortages if tariffs or other protective measures are enacted. Significantly higher and sustained**

rates of inflation, with subsequent increases in operational costs, could have a material adverse effect on our business, financial position and results of operations. The continued threat of terrorism and heightened security and military action in response thereto, or any other current or future acts of terrorism, war (such as the ongoing Russia and Ukraine war), and other events (such as economic sanctions and trade restrictions, including those related to the on- going Russia and Ukraine war) may cause further disruptions to the economies of the United States and other countries and create further uncertainties or could otherwise negatively impact our business, operating results, and financial condition. Changes or uncertainty in U. S. policies or policies in other countries and regions in which we do business, including any changes or uncertainty with respect to U. S. or international trade policies or tariffs, also can disrupt our global operations, as well as our customers and suppliers, in a particular location and may require us to spend more money to source certain products or materials that we purchase. Any of these factors could adversely affect our business, financial position, and results of operations. We might be adversely impacted by fluctuations in foreign currency exchange rates. We conduct our business in various currencies, including the U. S. ~~dollar~~ **Dollar** , the Euro, the U. K. Pound Sterling, the Turkish Lira, the Egyptian Pound, the Brazilian Real, and the Canadian Dollar. Changes in foreign currency exchange rates could reduce our revenues, increase our costs or otherwise adversely affect our financial results reported in U. S. dollars. We may from time to time enter into foreign currency contracts, foreign currency borrowings or other techniques intended to hedge a portion of our foreign currency exchange rate risks. These hedging activities may not completely offset the adverse financial effects of unfavorable movements in foreign currency exchange rates during the time the hedges are in place. Any of these risks might have an adverse impact on our business operations and our financial position, results of operations, or cash flows. We might be adversely impacted by the **January 2020** withdrawal of the United Kingdom from the European Union. We have **continued to expand our** operations in the United Kingdom and the European Union and face risks associated with the uncertainty and potential disruptions associated with the United Kingdom **' s** ~~withdrawing~~ **withdrawal** from the European Union (" Brexit "). **We continue to believe** Brexit could adversely affect political, regulatory, economic or market conditions and contribute to instability in global political institutions, regulatory agencies and financial markets. For example, we might experience volatility in exchange rates and interest rates and changes in laws regulating our United Kingdom operations as well as sourcing disruptions and associated pricing volatility. Customers might reduce purchases due to the uncertainty caused by Brexit. Any of these risks might have a materially adverse impact on our business operations and our financial position or results of operations. **Similar future trade disruptions or disputes could have a negative impact on our operations in the United Kingdom and European Union and other parts of the world.** We are subject to operational and logistical risks that might not be covered by insurance. We have distribution centers and facilities located in the United States, the United Kingdom, the European Union and throughout the world. Our business exposes us to risks that are inherent in the distribution of pharmaceuticals and the provision of related services, including ~~with respect to~~ cold chain storage and shipping. The volume of cold chain storage and shipping has increased **in part** due to the COVID- 19 pandemic and the requirements for distribution of COVID- 19 vaccines and certain treatments. We expect this trend to continue ~~in the near term~~ . Although we seek to maintain adequate insurance coverage, coverage on acceptable terms might be unavailable, ~~or~~ coverage might not cover our losses **, coverage might be significantly more costly** or may require large deductibles. Additionally, we seek to maintain coverage for risks associated with cybersecurity, but such insurance has become increasingly difficult to secure and, in some cases, policies may not provide adequate coverage for possible losses. Uninsured losses or operational losses that result from large deductible payments under commercial insurance coverage might have an adverse impact on our business operations and our financial position or results of operations. We might be unable to successfully recruit and retain qualified employees. Our ability to attract, engage, develop and retain qualified and experienced employees, including key executives and other talent, is essential for us to meet our objectives. We compete with many other businesses to attract and retain employees. Competition among potential employers might result in increased salaries, benefits or other employee- related costs, or in our failure to recruit and retain employees. We may experience sudden loss of key personnel due to a variety of causes, such as illness, and must adequately plan for succession of key management roles. Employees might not successfully transition into new roles. Any of these risks might have a materially adverse impact on our business operations and our financial position or results of operations. Additionally, approximately ~~27~~ **28** % of our employees are covered by collective bargaining agreements, **nearly all** ~~a large majority~~ of ~~which~~ **whom** are ~~Alliance Healthcare~~ employees located outside of the United States. We believe that our relationship with our employees is good but if any of our employees in locations that are unionized should engage in strikes or other such bargaining tactics in connection with the negotiation of new collective bargaining agreements upon the expiration of any existing collective bargaining agreements, such tactics could be disruptive to our operations and adversely affect our results of operations. Industry and Economic Risks Our results of operations could be adversely impacted by manufacturer pricing changes. ~~In fiscal 2021, we continued to experience less favorable brand and generic pharmaceutical pricing trends, which negatively impacted our Pharmaceutical Distribution Services reportable segment profit and our consolidated operating earnings. We expect these trends to continue in fiscal 2022, which could have an adverse effect on our results of operations.~~ Our contractual arrangements with pharmaceutical manufacturers for the purchase of brand pharmaceutical products in the United States generally use wholesale acquisition cost (**" "** **“ ”** WAC **" "** **”**) as the reference price. We sell brand pharmaceutical products to many of our customers using WAC as the reference price and to other customers based on their negotiated contract price. If manufacturers change their pricing policies or practices with regard to WAC or if prices charged by manufacturers do not align with prices negotiated to be paid by our customers, and we are unable to negotiate alternative ways to be compensated by manufacturers or customers for the value of our services, our results of operations could be adversely affected. Additionally, there are a number of U. S. government policy initiatives being considered which, if enacted, could directly or indirectly regulate or impact WAC prices. If such initiatives are passed or finalized and we are unable to negotiate equitable changes with our suppliers and / or customers, our results of operations could be adversely impacted. The pharmaceutical products that we purchase are also subject to price inflation and

deflation. Additionally, certain distribution service agreements that we have entered into with brand and generic pharmaceutical manufacturers have a price appreciation component to them. As a result, our gross profit from brand- name and generic pharmaceuticals continues to be subject to fluctuation based upon the timing and extent of manufacturer price increases, which we do not control. If the frequency or rate of brand and generic pharmaceutical price increases slows, whether due to regulatory mandates, the implementation of legislative proposals, policy initiatives or voluntary manufacturer actions, our results of operations could be adversely affected. In addition, generic pharmaceuticals are also subject to price deflation. If the frequency or rate of generic pharmaceutical price deflation accelerates, the negative impact on our results of operations will be greater. Competition and industry consolidation may erode our profit. As described in greater detail in the ~~"~~ **“** Competition ~~"~~ **”** section ~~beginning on page 5~~ , the industries in which we operate are highly competitive. In addition, ~~in recent years~~ the healthcare industry **continues** ~~has been subject~~ to **experience** increasing consolidation, including **through the formation of strategic alliances** among pharmaceutical manufacturers, retail pharmacies, **healthcare providers** and health insurers, which may create further competitive pressures on our pharmaceutical distribution business. ~~If~~ **Continued consolidation within the healthcare industry could adversely affect our results of operations, to the extent** we **experience reduced negotiating** ~~do not compete successfully, it could have a material and adverse effect on our business and results of operations. The impact on us will be greater if consolidation among our customers, suppliers, and competitors gives the resulting enterprises greater bargaining~~ power ~~, which could lead to greater pressure on us to reduce prices for~~ **or possible customer losses** ~~our products and services~~ . Our revenue and results of operations may suffer upon the bankruptcy, insolvency, or other credit failure of a significant customer. Most of our customers buy pharmaceuticals and other products and services from us on credit. Credit is made available to customers based upon our assessment and analysis of creditworthiness. Although we often try to obtain a security interest in assets and other arrangements intended to protect our credit exposure, we generally are either subordinated to the position of the primary lenders to our customers or substantially unsecured. Volatility of the capital and credit markets, general economic conditions, and regulatory changes, including changes in reimbursement, may adversely affect the solvency or creditworthiness of our customers. The COVID- 19 pandemic has increased volatility of the capital and credit markets and has led to a general worsening of economic conditions, which has put financial pressure on many of our customers and may threaten certain customers’ ability to maintain liquidity sufficient to repay their obligations to us as they become due. The bankruptcy, insolvency, or other credit failure of any customer that has a substantial amount owed to us could have a material adverse effect on our operating revenue and results of operations. As of September 30, ~~2021~~ **2022** , our two largest trade receivable balances due from customers represented approximately 38 % and ~~6~~ **7** % of accounts receivable, net. Our results of operations may suffer upon the bankruptcy, insolvency, or other credit failure of a significant supplier. Our relationships with pharmaceutical suppliers give rise to substantial amounts that are due to us from the suppliers, including amounts owed to us for returned goods or defective goods, chargebacks, and amounts due to us for services provided to the suppliers. Volatility of the capital and credit markets, general economic conditions, pending litigation, and regulatory changes may adversely affect the solvency or creditworthiness of our suppliers. The bankruptcy, insolvency, or other credit failure of any supplier at a time when the supplier has a substantial account payable balance due to us could have a material adverse effect on our results of operations **. Furthermore, the bankruptcy, insolvency or other credit failure of a significant supplier could have an adverse effect on the supply or availability of products which may cause supply chain disruptions and increases in the price of substitutes or alternatives** . Our stock price and our ability to access credit markets may be adversely affected by financial market volatility and disruption or a downgrade in our credit ratings. If the capital and credit markets experience significant disruption and volatility in the future, there can be no assurance that we will not experience downward movement in our stock price without regard to our financial condition or results of operations or an adverse effect, which may be material, on our ability to access credit. Although we believe that our operating cash flow and existing credit arrangements give us the ability to meet our financing needs, there can be no assurance that disruption and volatility will not increase our costs of borrowing, impair our liquidity, or adversely impact our business. Additionally, rating agencies continually review the ratings they have assigned to us and our outstanding debt securities. To maintain our ratings, we are required to meet certain financial performance ratios. Liabilities related to litigation or any significant related settlements, an increase in our debt or a decline in our earnings could result in downgrades in our credit ratings. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade or have been assigned a negative outlook, could limit our access to public debt markets, limit the institutions willing to provide credit to us, result in more restrictive financial and other covenants in our public and private debt, and would likely increase our overall borrowing costs and adversely affect our earnings. Declining economic conditions could adversely affect our results of operations and financial condition. Our operations and performance depend on economic conditions in the United States and other countries or regions where we do business. Deterioration in general economic conditions, whether due to COVID- 19 or otherwise, could adversely affect the amount of prescriptions that are filled and the amount of pharmaceutical products purchased by consumers and, therefore, could reduce purchases by our customers, which would negatively affect our revenue growth and cause a decrease in our profitability. Negative trends in the general economy, including interest rate fluctuations, financial market volatility, or credit market disruptions, may also affect our customers' ability to obtain credit to finance their businesses on acceptable terms and reduce discretionary spending on health products. Reduced purchases by our customers or changes in payment terms could adversely affect our revenue growth and cause a decrease in our cash flows from operations. Bankruptcies or similar events affecting our customers may cause us to incur bad debt expense at levels higher than historically experienced. Declining economic conditions or increases in inflation may also increase our costs. If the economic conditions in the United States or in the countries or regions where we do business deteriorate, our results of operations or financial condition could be adversely affected. Litigation and Regulatory Risks Increasing governmental efforts to regulate the pharmaceutical supply channel may increase our costs and reduce our profitability. The healthcare industry in the United States, as well as in the other countries and regions in which we

do business, is highly regulated at many levels of government. There have been increasing efforts in the United States by Congress and state and federal agencies, including state boards of pharmacy, departments of health, the FDA, DEA, and TSA, and by similar regulators in the United Kingdom, the European Union, and other countries, to regulate the pharmaceutical supply chain. Regulation of pharmaceutical distribution is intended to prevent diversion and the introduction of counterfeit, adulterated, and / or mislabeled drugs into the pharmaceutical distribution system **, as well as provide assurance over the integrity of products traversing the supply chain** . Consequently, we are subject to the risk of changes in various laws, which include operating, record keeping, and security standards of the DEA, the FDA, various state boards of pharmacy and comparable agencies. In recent years, some governments have passed or proposed laws and regulations that are intended to protect the safety and security of the supply channel but that also may substantially increase the costs and burden of pharmaceutical distribution. At the federal level, in the United States, the ~~DQSA~~ **DSCSA** establishes ~~federal~~ **national** traceability standards requiring drugs to be labeled and tracked at the bottle level, preempts state drug pedigree requirements, and ~~will require~~ **requires** all supply- chain stakeholders to participate in an electronic, interoperable prescription drug traceability system by November 2023. The ~~DQSA, and in particular Title II of the DQSA, the Drug Supply Chain Security Act (" DSCSA ")~~ also ~~established~~ **establishes** requirements for drug wholesale distributors and third- party logistics providers, including licensing requirements applicable in states that had not previously licensed third- party logistics providers. **The FDA, and eventually all comparable state agencies, will promulgate implementing regulations governing wholesale distributor and third- party logistics providers. Most recently, on February 4, 2022, the FDA issued a proposed rule, which, when finalized, will establish the national standards for the licensure of wholesale drug distributors and third- party logistics providers.** Failure to ~~fully~~ comply with the DQSA requirements ~~, including the DSCSA requirements,~~ or with additional similar governmental regulatory and licensing requirements ~~, and any failure to comply~~ may result in suspension or delay of certain operations and additional costs to bring our facilities into compliance. Our international operations may also be subject to local regulations containing record- keeping and other obligations related to our distribution operations in those locations. For example, in 2019, the safety features of the Falsified Medicines Directive became operational in EU member states, which consists of placing a unique identifier (a two- dimensional barcode) and an anti- tampering device on the outer packaging of medicines. Pedigree tracking laws increase our compliance burden and our pharmaceutical distribution costs and could have an adverse impact on our financial position or results of operations. As discussed in the risk factor below about public concern over the abuse of opioid medications, certain governmental and regulatory agencies, as well as state and local jurisdictions, are focused on the abuse of opioid medications in the United States. In addition to conducting investigations and participating in litigation related to the misuse of prescription opioid medications, federal, state and local governmental and regulatory agencies are considering legislation and regulatory measures to limit opioid prescriptions and more closely monitor product distribution, prescribing, and dispensing of these drugs. Complying with the DQSA requirements, including the DSCSA requirements, and other chain of custody and pharmaceutical distribution requirements, including follow- on actions related to current public concern over the abuse of opioid medications, could result in suspension or delays in our production and distribution activities which may increase our costs and could otherwise adversely affect our results of operations. Legal, regulatory, and legislative changes with respect to reimbursement, pricing, and contracting may adversely affect our business and results of operations, including through declining reimbursement rates. Both our business and our customers' businesses may be adversely affected by laws and regulations reducing reimbursement rates for pharmaceuticals and / or medical treatments or services, changing the methodology by which reimbursement levels are determined, or regulating pricing, contracting, and discounting practices with respect to medical products and services. Additionally, on occasion, price increases and pricing practices with respect to certain brand and generic pharmaceuticals have been the subject of governmental inquiries, national, federal and state investigations and private litigation. ~~The United States Congress is currently considering proposals to allow centralized negotiation of manufacturer prices based on indexing models in the context of certain government programs.~~ Any law or regulation impacting pharmaceutical pricing or reimbursement, such as pricing controls or indexing models at a national, federal or state level, could adversely affect our operations. In the **European Union, many governments provide or subsidize healthcare to consumers and regulate pharmaceutical prices, patient eligibility and reimbursement levels in order to control government healthcare system costs. In most EU member states, for example, the government regulates pricing of a new pharmaceutical product at launch often through direct price controls, international price comparisons, controlling profits and / or reference pricing. Some European governments have implemented or are considering austerity measures to reduce healthcare spending such as volume discounts, cost caps, cost sharing for increases in excess of prior year costs for individual products or aggregated market level spending, outcome- based pricing schemes and free products for a portion of the expected therapy period. All of these measures exert pressure on the pricing and reimbursement levels for pharmaceuticals and may cause our customers to purchase fewer of our products and services or influence us to reduce prices. In the** United States, federal insurance and healthcare reform legislation known as the Affordable Care Act (**" "** ACA **" "**) became law in March 2010, and included numerous reforms broadening healthcare access and affecting Medicare and Medicaid reimbursement, pricing, and contracting for prescription drugs, including changes to the Medicaid rebate statute. **We** ~~Given the scope of the changes made by the ACA and continuing implementation controversies, we~~ cannot predict the impact **that** ~~of every aspect of the law on our operations. Likewise, we cannot predict the impact of~~ any efforts to change or repeal any provisions of the ACA may have on the ACA or other healthcare legislation and regulation. Subsequent legislation has made additional changes to federal drug payment policies, including the Bipartisan Budget Act of 2018, which increased the Medicaid rebate due with respect to line extensions of single source or innovator multiple source oral solid dosage form drugs. The federal government and state governments could take other actions in the future that impact Medicaid reimbursement and rebate amounts or the cost of drugs. Any reduction in the Medicaid reimbursement rates to our customers may indirectly impact the prices that we can charge our customers for multiple source pharmaceuticals and cause corresponding declines in our

profitability. There can be no assurance that recent or future changes in Medicaid prescription drug reimbursement policies will not have an adverse impact on our business. Unless we are able to successfully advocate to prevent or mitigate the impact of these legislative and regulatory changes, these changes in reimbursement and related reporting requirements could adversely affect our results of operations. **More recently** ~~In the European Union~~ , ~~many governments provide or subsidize healthcare to consumers~~ **on August 16, 2022, President Biden signed into law the Inflation Reduction Act (" IRA "),** ~~and~~ - **an** ~~regulate pharmaceutical~~ **omnibus budget law which contains significant reforms affecting prescription drug pricing and reimbursement. These reforms include: (i) manufacturer inflation rebates on drugs covered under Medicare Part B and Medicare Part D, to the extent such products'** prices **increase faster than the rate of consumer price inflation** , **beginning** ~~patient eligibility and reimbursement levels~~ in **the fourth quarter of 2022** ~~order to control government healthcare system costs. In most EU member states,~~ for **Part D drugs** ~~example, the government regulates pricing of a new pharmaceutical product at launch often through direct price controls, international price comparisons, controlling profits~~ and / **the first quarter of 2023** ~~or~~ **for Part B drugs; (ii) limits on Medicare Part B and Part D patients'** ~~reference pricing. Some European governments have implemented or are considering austerity measures to reduce healthcare spending such as volume discounts, cost caps,~~ cost sharing for ~~increases~~ **insulin, beginning** in ~~excess~~ **2023; (iii) Medicare Part D benefit redesign beginning in 2024, including replacement** of ~~prior year costs~~ **the " coverage gap discounts " that pharmaceutical manufacturers currently pay with new mandatory manufacturer discounts applicable during all phases of the Part D benefit after satisfaction of the deductible, beginning in 2025; and (iv) federal price negotiation of " maximum fair prices "** for ~~individual~~ **certain " selected " high- expenditure drugs under Medicare Parts D and B, applicable beginning in 2026 for Part D drugs and 2028 for Part B drugs, under which maximum fair prices must be made available to pharmacies, physicians, and other entities dispensing or providing drugs covered under Medicare Parts D and B. Although the primary effects of the IRA reforms will be felt by manufacturers, these changes may impact our customer pricing structures, our manufacturer distribution relationships and revenue, our customers' billing processes and reimbursement amounts, and drug prices more generally (including outside of the Medicare context). Among other issues, the mechanisms by which maximum fair prices will be made available to pharmacies, physicians and other purchasers of selected drugs, and our associated role and responsibilities, remain to be determined. More broadly, the law contains reimbursement and pricing incentives designed to promote biosimilar introduction and competition which may affect our customers' selection of** products ~~or aggregated market level spending, outcome- based pricing schemes and free products for a portion of the expected therapy period~~ . ~~All~~ **Each** of these ~~measures exert pressure on~~ **considerations, as well as** ~~the~~ **other issues that** ~~pricing and reimbursement levels for pharmaceuticals and~~ may ~~cause our customers to purchase fewer~~ **arise in connection with the implementation** of ~~our products and services~~ **the IRA, may adversely affect** ~~or~~ **our operations and profitability** ~~influence us to reduce prices~~ . Our businesses also sell specialty and other drugs to physicians, hospitals, community oncology practices and other providers that are reimbursed under Part B of the Medicare program. The Centers for Medicare & Medicaid Services (**"** **"** CMS **"** **"**) published a final rule in November 2017 that reduces Medicare outpatient hospital reimbursement for separately payable drugs (other than vaccines) purchased through the 340B drug discount program from average sales price (**"** **"** ASP **"** **"**) plus 6 % to ASP minus 22. 5 % (with certain exceptions), effective January 2018. **Subsequently, CMS issued proposed rules for later years containing similar reductions in hospital outpatient payments for 340B drugs.** In ~~July~~ **June** ~~2020~~ **2022** , the ~~United States Court of Appeals for the District of Columbia reversed the district court' s decision, which would allow the payment reductions to take effect. The~~ United States Supreme Court ~~has agreed to review~~ **ruled in American Hospital Association v. Becerra that CMS' s final rule was inconsistent with** the **Medicare statute and was therefore invalid. Following the Supreme Court' s** decision ~~, with a decision expected sometime in 2022. While the appeals process is still underway, CMS solicited comments in the proposed calendar year 2020 Medicare outpatient prospective payment system rule on appropriate payment for such 340B- acquired drugs, and finalized a rule in November 2019 that would impose the same ASP minus 22. 5 % rate that was the subject of the litigation described above. More recently, in August 2020, CMS proposed further reductions such that net payments would be based on an ASP minus 28. 7 % rate. Separately, November 2018~~ , CMS published a **proposed rule for the calendar year 2023 hospital outpatient payment system, which did not propose a specific " refund " mechanism to implement reimbursement provisions consistent with the Supreme Court' s decision but advised the public that the** final rule **is likely** ~~that reduces from 6 %~~ to ~~3 % the " add-~~ **include such a mechanism and solicited comments** on ~~" payment~~ **particular approaches. While the Court' s decision (if fully implemented by CMS) removes the reimbursement restrictions** for **340B products affecting** ~~new, separately- payable Part B drugs and biologicals that are paid based on WAC when ASP data during first quarter or~~ **our** ~~sales is unavailable.~~ **customers and indirectly the company,** ~~There~~ **there** can be no assurance that recent or future rules established by CMS will not have an adverse impact on our business. Further, even where a government does not affirmatively change drug price regulation standards, other parties in the drug manufacturing and distribution system may change their interpretation or approach to implementing or complying with those standards, in a manner that may adversely affect our business. For example, the 340B drug discount program requires manufacturers to provide discounts on outpatient drugs to " covered entity " safety net providers, and previous Health Resources and Services Administration (" HRSA ") guidance has allowed covered entities to dispense 340B discounted drugs through arrangements with multiple " contract pharmacies. " Recently, several manufacturers have announced initiatives that may inhibit or limit covered entities' ability to use any, or multiple, contract pharmacies, ~~and~~ may **place conditions on the use of contract pharmacies, or** direct us not to honor 340B discounted pricing requests on orders to be shipped to contract pharmacies (or may not honor chargebacks where such discounts are extended to contract pharmacies). ~~HRSA has initially indicated that it lacks regulatory authority to enforce its prior guidance allowing multiple contract pharmacies, but recently advised that it is considering whether it may have other enforcement remedies in the event that manufacturers do not extend 340B discounts through contract pharmacy arrangements.~~ Since these manufacturer policies were first announced, both manufacturers and

covered entities have filed lawsuits against HRSA regarding the contract pharmacy policy, which are currently pending, ~~and~~ in ~~September 2021~~ **several federal district and appellate courts** , **and** HRSA **has also** advised certain manufacturers that it was referring their policies to the Office of Inspector General of the Department of Health and Human Services for potential civil money penalty enforcement proceedings. We cannot predict the outcome of these proceedings. Our customers include covered entities and organizations with significant participation as contract pharmacies, and the unavailability of 340B discounts through contract pharmacy arrangements may adversely affect such customers and, therefore, could adversely affect our business. The federal government may adopt measures in the future that would further reduce Medicare and / or Medicaid spending or impose additional requirements on healthcare entities. Any future reductions in Medicare reimbursement rates or modifications to Medicare drug pricing regulations such as ASP calculations **, or the extension of IRA pricing reforms to commercial health plans,** could negatively impact our customers' businesses and their ability to continue to purchase such drugs from us, or could indirectly affect the structure of our relationships with manufacturers and our customers. At this time, we can provide no assurances that future Medicare **,** ~~and / or~~ Medicaid **or other insurance** payment or policy changes, if adopted, would not have a material adverse effect on our business. Finally, federal and state governments may adopt policies affecting drug pricing and contracting practices outside of the context of federal programs such as Medicare and Medicaid, which may adversely affect our business. For example, several states have adopted laws that require drug manufacturers to provide advance notice of certain price increases and to report information relating to those price increases, while others have taken legislative or administrative action to establish prescription drug affordability boards or multi- payer purchasing pools to reduce the cost of prescription drugs. On July 31, 2019, the Department of Health and Human Services announced a " Safe Importation Action Plan " that outlines two potential pathways to allow importation of certain drugs from foreign markets. Following this framework, the FDA proposed a draft rule in December 2019 that would allow importation of certain lower- cost prescription drugs from Canada, and in September 2020 the rulemaking was finalized by the FDA along with an industry guidance document. Under the rule, states or certain other non- federal governmental entities would be able to submit importation program proposals to the FDA for review and authorization of two- year programs (with the opportunity to extend for two more years). The new rule became effective on November 30, 2020, although its implementation has been delayed and its impact is uncertain, in part because lawsuits have been filed challenging the government' s authority to promulgate it. Further, authorities in Canada have passed rules designed to safeguard the Canadian drug supply from shortages. Despite the ongoing litigation, on July 9, 2021, President Biden signed an Executive Order pertaining to drug pricing that directs the Commissioner of the FDA to work with states and Indian Tribes to facilitate the commercial importation of certain prescription drugs from Canada. **In March 2022, FDA met with representatives from Colorado, Florida, Maine, New Mexico and Vermont to provide assistance in developing importation proposals.** If implemented, importation of drugs from Canada may materially and adversely affect our business. The regulatory and market implications of the final rule and guidance are unknown at this time. Proponents of drug reimportation may attempt to pass legislation that would directly allow reimportation under certain circumstances. Legislation or regulations allowing the reimportation of drugs, if enacted, could decrease the price we receive for products and adversely affect our future revenues and prospects for profitability. There can be no assurances that future changes to drug reimbursement policies, drug pricing and contracting practices outside of federal healthcare programs, or to government drug price regulation programs such as the Medicaid rebate, ASP, or 340B program will not have an adverse impact on our business. If we fail to comply with laws and regulations in respect of healthcare fraud and abuse, we could suffer penalties or be required to make significant changes to our operations. We are subject to extensive and frequently changing laws and regulations relating to healthcare fraud and abuse. The U. S. federal government continues to strengthen its scrutiny of practices potentially involving healthcare fraud affecting Medicare, Medicaid and other government healthcare programs. Our relationships with healthcare providers and pharmaceutical manufacturers subject our business to laws and regulations on fraud and abuse which, among other things, (i) prohibit persons from soliciting, offering, receiving or paying any remuneration in order to induce the referral of a patient for treatment or the ordering or purchasing of items or services that are in any way paid for by Medicare, Medicaid or other government- sponsored healthcare programs and (ii) impose a number of restrictions upon referring physicians and providers of designated health services under Medicare and Medicaid programs. Legislative provisions relating to healthcare fraud and abuse give federal enforcement personnel substantially increased funding, powers and remedies to pursue suspected fraud and abuse, and these enforcement authorities were further expanded by the ACA. Many states have enacted similar statutes which are not necessarily limited to items and services for which payment is made by federal healthcare programs. While we believe that we are in compliance with applicable laws and regulations, many of the regulations applicable to us, including those relating to certain incentives offered in connection with sales of pharmaceutical products and related services, are vague or indefinite, and have not been interpreted by the courts. They may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could require us to make changes in our operations. If we fail to comply with applicable laws and regulations, we could be subject to administrative, civil and criminal penalties, including the loss of licenses or our ability to participate in Medicare, Medicaid, and other federal, state, or governmental healthcare programs. ~~Public concern over the abuse of opioid medications, including increased legal and regulatory action, could negatively affect our business. Certain governmental and regulatory agencies, as well as state and local jurisdictions, are focused on the abuse of opioid medications in the United States. Federal, state and local governmental and regulatory agencies are conducting investigations of us and others in the pharmaceutical supply chain, including pharmaceutical manufacturers, national retail pharmacy chains, independent pharmacies, prescribers, and other pharmaceutical wholesale distributors, regarding the manufacture, dispensing, and distribution of opioid medications. In addition, a significant number of lawsuits have been filed against us, other pharmaceutical wholesale distributors, and others in the pharmaceutical supply chain by state and local governmental entities and other plaintiffs for claims related to the Company' s distribution of opioid medications. The lawsuits against us and other pharmaceutical wholesale distributors allege, among other claims, that we failed to provide effective controls and procedures to~~

~~guard against the diversion of controlled substances, acted negligently by distributing controlled substances to pharmacies that serve individuals who abuse controlled substances, and failed to report suspicious orders of controlled substances in accordance with regulations. Additional governmental and regulatory entities have indicated an intent to sue and may conduct investigations of us in the future and lawsuits could be brought against the Company by other plaintiffs under other theories related to opioid abuse. We are deeply committed to diversion control efforts, have sophisticated systems to identify orders placed warranting further review to determine if they are suspicious (including through the use of data analytics), and engage in due diligence and ongoing monitoring of customers. While we are vigorously defending ourselves in these lawsuits, the allegations may negatively affect our business in various ways, including through increased costs and harm to our reputation. Legislative, regulatory or industry measures to address the misuse of prescription opioid medications may also affect our business in ways that we are not be able to predict. Certain jurisdictions have enacted and others are considering legislation that could require entities to pay an assessment or tax on the sale or distribution of opioid medications in those states. If additional state or local jurisdictions enact legislation that taxes or assesses the sale or distribution of opioid medications and we are not able to mitigate the impact on our business through operational changes or commercial arrangements where permitted, such legislation in the aggregate may have a material adverse effect on the Company' s results of operations, cash flows, or financial condition. Failure to finalize the proposed settlement agreement and settlement process could negatively affect our business. On July 21, 2021, we announced that AmerisourceBergen and the two other national pharmaceutical distributors had negotiated a comprehensive proposed settlement agreement that, if all conditions are satisfied, would result in the resolution of a substantial majority of opioid lawsuits filed by state and local governmental entities. The proposed settlement agreement and settlement process is subject to conditions and will not become effective unless and until we and the two other distributors each make separate independent determinations that (1) following a 30- day sign- on period, a sufficient number of " States " (including the District of Columbia and U. S. territories) have agreed to the proposed settlement agreement (the " Settling States "); and, subsequently, (2) following a 120- day sign- on period, a sufficient number of political subdivisions in the Settling States, including those that have not sued, have agreed to the proposed settlement agreement (or otherwise had their claims foreclosed). On September 4, 2021, we announced that AmerisourceBergen and the two other national pharmaceutical distributors had determined that enough States had agreed to proceed to the next phase of the settlement agreement process. Further details on the status of a global resolution of the multi- district opioid litigation involving certain state and local governmental entities and other related state court litigation are provided in Note 14 of the Notes to Consolidated Financial Statements. While a global settlement with respect to certain governmental entities within the Multidistrict Litigation (" MDL") and other related state court litigation remains subject to contingencies that could impact whether the parties ultimately decide to move forward, we believe a global settlement is probable and its liability related thereto can be reasonably estimated as of September 30, 2021. We recorded a charge of $ 6. 6 billion in the fiscal year ended September 30, 2020 related to the proposed global settlement and other related opioid litigation and recorded an additional $ 147. 7 million accrual in the fiscal year ended September 30, 2021 in connection with the proposed settlement agreement and related obligations and other opioid- related litigation. Until such time as a plaintiff participates in a global settlement or otherwise resolves its lawsuit, we will continue to litigate and prepare for trial in the cases pending in the MDL, those remanded from the MDL to federal district courts, as well as in state courts where lawsuits have been filed, and we intend to continue to vigorously defend ourselves in all such cases. Since these matters are still developing, we are unable to predict the outcome, but the result of these lawsuits could include excessive monetary verdicts and / or injunctive relief, including changes to our anti- diversion programs, that may affect how we operate our business. Further, any final settlement amongst parties may differ materially from our advanced discussions related to global resolution of the MDL. The inability to reach a global settlement of the MDL and adverse resolution of any of these lawsuits or investigations could have a material adverse effect on our business, results of operations, and cash flows and could result in a lower than historical level of capital available for deployment, including a lower level of capital returned to stockholders.~~ Our business, results of operations, and cash flows could be adversely affected by legal proceedings. ~~We~~ **Due to the nature of our operations, which we** conduct ~~our operations~~ through a variety of businesses, including the distribution of pharmaceuticals, the dispensing of healthcare products, and the provision of services to the pharmaceutical industry ~~.~~ **,** ~~Each~~ **each** of our businesses may cause us to become involved in **government investigations,** legal disputes or proceedings. These **investigations,** disputes or proceedings have involved or may involve healthcare fraud and abuse, the False Claims Act, antitrust, class action, commercial, employment, environmental, intellectual property, licensing, public disclosures and various other claims, including claims related to opioid medications as discussed in the ~~above~~ risk factor **below. Litigation is inherently unpredictable and the unfavorable outcome of legal proceedings could adversely affect our results of operations or financial condition** . Litigation is costly, time-consuming, and disruptive to ordinary business operations. The defense and resolution of these current and future proceedings could have a material adverse effect on our results of operations and financial condition. Violations of various laws, including with respect to the marketing, sale, purchase, and dispensing of pharmaceutical products and the provision of services to the pharmaceutical industry, can result in criminal, civil, and administrative liability for which there can be significant financial damages, criminal and civil penalties, and possible exclusion from participation in federal and state health programs. Any settlement, judgment or fine could materially adversely affect our results of operations. Statutory and / or regulatory violations could also form the basis for qui tam complaints. The qui tam provisions of the federal and various state civil False Claims Acts authorize a private person, known as a relator, to file civil actions under these statutes on behalf of the federal and state governments. Under False Claims Acts, the filing of a qui tam complaint by a relator imposes obligations on government authorities to investigate the allegations and determine whether or not to intervene in the action. Such cases may involve allegations around the marketing, sale, purchase, and / or dispensing of brand and / or generic pharmaceutical products or the provision of services to the pharmaceutical industry. Such complaints are filed under seal and remain sealed until the applicable court orders otherwise. Our business and results of operations could be adversely affected if qui tam complaints are filed against

us for alleged violations of any health laws and regulations and damages arising from resultant false claims, if the litigation proceeds whether or not government authorities decide to intervene in any such matters, and / or if we are found liable for all or any portion of violations alleged in any such matters. In fiscal 2018, we resolved potential civil claims and administrative action by entering into, among other things, a Corporate Integrity Agreement with the Office of Inspector General of the U. S. Department of Health and Human Services. The Corporate Integrity Agreement has a five- year term. Failure to comply with obligations under the Corporate Integrity Agreement could lead to monetary or other penalties. **Opioid- related legal proceedings and the comprehensive settlement agreement that we have entered into could adversely impact our cash flows or results of operations. On July 21, 2021, we announced that AmerisourceBergen and the two other national pharmaceutical distributors had negotiated a comprehensive proposed settlement agreement that would result in the resolution of a substantial majority of opioid lawsuits filed by state and local governmental entities (the " Settlement Agreement "). On April 2, 2022, the Settlement Agreement became effective, and as of September 30, 2022, it included 48 of 49 eligible states (the " Settling States "), as well as 99 % by population of the eligible political subdivisions in the Settling States. Pursuant to the Settlement Agreement and related agreements with Settling States, we will pay up to approximately $ 6. 4 billion over 18 years and comply with other requirements, including establishment of a clearinghouse that will consolidate data from all three national distributors. The Settlement Agreement does not contemplate participation by any non- governmental or non- political entities or individuals. Our estimated liability related to the State of Alabama (with whom we have not reached a settlement agreement), as well as other opioid- related litigation for which we have reached settlements agreements, is approximately $ 0. 4 billion. Net of $ 0. 8 billion of payments made through September 30, 2022, we have a $ 6. 0 billion liability on our Consolidated Balance Sheet as of September 30, 2022 for litigation relating to the Settlement Agreement, as well as other opioid- related litigation. We currently estimate that $ 528. 7 million will be paid prior to September 30, 2023, which is recorded in Accrued Expenses and Other on our Consolidated Balance Sheet. The remaining long- term liability of $ 5. 5 billion is recorded in Accrued Litigation Liability on our Consolidated Balance Sheet. While we have accrued an estimated liability for opioid litigation, we are unable to estimate the range of possible loss associated with the matters that are not included in the settlement 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, and the amount of ultimate loss may differ materially from the amount accrued to date. Until such time as otherwise resolved, we will continue to litigate and prepare for trial and to vigorously defend ourself in all such matters. Since these matters are still developing, we are unable to predict the outcome, but the result of these lawsuits could include excessive monetary verdicts and / or injunctive relief that may affect our operations, which could have a material adverse effect on our business, results of operations, and cash flows and could result in a lower than historical level of capital available for deployment, including a lower level of capital returned to stockholders. Further details on the Settlement Agreement and opioid litigation are provided in Note 13 of the Notes to Consolidated Financial Statements. Public concern over the abuse of opioid medications, including increased legal and regulatory action, could negatively affect our business. Certain governmental and regulatory agencies, as well as state and local jurisdictions, are focused on the abuse of opioid medications in the United States. Federal, state and local governmental and regulatory agencies are conducting investigations of us and others in the pharmaceutical supply chain, including pharmaceutical manufacturers, national retail pharmacy chains, independent pharmacies, prescribers, and other pharmaceutical wholesale distributors, regarding the manufacture, dispensing, and distribution of opioid medications. In addition, a significant number of lawsuits have been filed against us, other pharmaceutical wholesale distributors, and others in the pharmaceutical supply chain by state and local governmental entities and other plaintiffs for claims related to the Company' s distribution of opioid medications. The lawsuits against us and other pharmaceutical wholesale distributors allege, among other claims, that we failed to provide effective controls and procedures to guard against the diversion of controlled substances, acted negligently by distributing controlled substances to pharmacies that serve individuals who abuse controlled substances, and failed to report suspicious orders of controlled substances in accordance with regulations. Additional governmental and regulatory entities have indicated an intent to sue and may conduct investigations of us in the future, and lawsuits could be brought against the Company by other plaintiffs under other theories related to opioid abuse. We are deeply committed to diversion control efforts, have sophisticated systems to identify orders placed warranting further review to determine if they are suspicious (including through the use of data analytics), and engage in due diligence and ongoing monitoring of customers. In addition to the claims brought by states and other local governmental entities, we are also being sued by private plaintiffs, such as unions, other health and welfare funds, hospital systems, third party payors, other healthcare providers and individuals alleging personal injury for the same activities, and continue to be named as a defendant in additional lawsuits. In April 2022, the Settlement Agreement described above, which settles the vast majority of opioid- related lawsuits filed against us by state and local governmental entities, became effective. The Settlement Agreement includes a cash component, pursuant to which we will pay up to approximately $ 6. 4 billion, the majority of which we expect to be paid over 18 years. The Settlement Agreement also includes injunctive relief terms relating to distributors' controlled substance anti- diversion programs, including with respect to: (i) governance; (ii) independence and training of the personnel operating controlled substances monitoring programs; (iii) due diligence for new and existing customers; (iv) ordering limits for certain products; and (v) suspicious order monitoring. A monitor will oversee compliance with these provisions for a period of five years. In addition, the distributors will engage a third- party vendor to act as a clearinghouse for data aggregation and reporting, which the distributors will fund for ten years. It is possible that the implementation and maintenance of the required changes to distributors' controlled substance anti- diversion programs may result in unforeseen costs or operational challenges which could have an adverse impact on our**

results of operations or performance. Legislative, regulatory or industry measures to address the misuse of prescription opioid medications may also affect our business in ways that we are not be able to predict. Certain jurisdictions have enacted, and others are considering, legislation that could require entities to pay an assessment or tax on the sale or distribution of opioid medications in those states. If additional state or local jurisdictions enact legislation that taxes or assesses the sale or distribution of opioid medications and we are not able to mitigate the impact on our business through operational changes or commercial arrangements where permitted, such legislation in the aggregate may have a material adverse effect on the Company' s results of operations, cash flows, or financial condition. Ongoing unfavorable publicity regarding the abuse or misuse of prescription opioid pain medications and the role of wholesale distributors in the supply chain of such prescription medications, as well as the continued proliferation of the opioid lawsuits, investigations, regulations and legislative actions, and unfavorable publicity in relation to those lawsuits could continue to have a material adverse effect on our reputation or results of operations. Tax legislation or challenges to our tax positions could adversely affect our results of operations and financial condition. We are ~~a large corporation with operations in the United States and select global markets. As such, we are~~ subject to tax laws and regulations of the U. S. federal, state and local governments, and various foreign jurisdictions. From time to time, various legislative initiatives ~~, such as corporate tax rate and law changes, the repeal of last- in, first- out (" LIFO") U. S. tax treatment or the promulgation of state opioid taxes and fees,~~ may be proposed that could adversely affect our tax positions and / or our tax liabilities **. In August 2022, the U. S. Inflation Reduction Act of 2022 was signed into law. This law, among other things, provides for a corporate alternative minimum tax on adjusted financial statement income and an excise tax on corporate stock repurchases. We are continuing to evaluate the impact this new law may have on our financial position and results of operations. In addition, there are several proposed changes to U. S. and non- U. S. tax legislation, which if enacted, could have a negative impact on our effective tax rate. Foreign governments may enact tax laws that could result in further changes to global taxation that could materially affect our financial position and results of operations. In addition, we are subject to the continuous examination of our income tax returns by the U. S. Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. These examinations may result in unforeseen tax- related liabilities, which may harm our future financial results. An increasing number of states and foreign jurisdictions have adopted laws or administrative practices, that impose new taxes on all or a portion of gross revenue or other similar amounts or impose additional obligations to collect transaction taxes such as sales, consumption, value added, or similar taxes. We may not have sufficient lead time to build systems and processes to collect these taxes properly, or at all. Failure to comply with such laws or administrative practices, or a successful assertion by such states or foreign jurisdictions requiring us to collect taxes where we do not, could result in material tax liabilities, including for past sales, as well as penalties and interest** . There can be no assurance that our effective tax rate or tax payments will not be adversely affected by legislation resulting from these initiatives both within the United States and other **foreign** jurisdictions in which we operate. In addition, tax laws and regulations are extremely complex and subject to varying interpretations. While we believe that our historical tax positions are consistent with applicable laws, regulations, and existing precedent, there can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge. Due to the potential for changes to tax laws and regulations or changes to the interpretation thereof, the ambiguity of tax laws and regulations, the subjectivity of factual interpretations, the complexity of our business and intercompany arrangements, uncertainties regarding the geographic mix of earnings in any particular period, and other factors, material adjustments to our tax estimates may impact our provision for income taxes and our earnings per share, as well as our cash flows. Violations of anti- bribery, anti- corruption, and / or international trade laws to which we are subject could have a material adverse effect on our business, financial position, and results of operations. We are subject to laws concerning our business operations and marketing activities in foreign countries where we conduct business. For example, we are subject to the U. S. Foreign Corrupt Practices Act (the ~~"~~ **“** FCPA ~~"~~ **”**), U. S. export control and trade sanction laws, and similar anti- corruption and international trade laws in certain foreign countries, such as the U. K. Bribery Act, any violation of which could create substantial liability for us and also cause a loss of reputation in the market **. We may also have substantial liability if a third party acting on our behalf or on the behalf of our subsidiaries (including our joint venture partners) is in violation of these laws** . The FCPA generally prohibits U. S. companies and their officers, directors, employees, and intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business abroad or otherwise obtaining favorable treatment. The FCPA also requires that U. S. public companies maintain books and records that fairly and accurately reflect transactions and maintain an adequate system of internal accounting controls. If we are found to have violated the FCPA, we may face sanctions including civil and criminal fines, disgorgement of profits, and suspension or debarment of our ability to contract with government agencies or receive export licenses. We have business operations in many countries worldwide, including business operations in Egypt (through our 50 %- owned Alliance Healthcare Egypt subsidiary) as well as **Brazil and** Turkey ~~, Ukraine, Brazil~~ , and other countries that are considered to have business environments with higher risk of conduct that could give rise to potential violations and liabilities. From time to time, we may face audits or investigations by one or more domestic or foreign government agencies relating to our international business activities, compliance with which could be costly and time- consuming, and could divert our management and key personnel from our business operations. An adverse outcome under any such investigation or audit could subject us to fines or other penalties, which could adversely affect our business, financial position, and results of operations. **Our actual or perceived failure to adequately protect** ~~Risks generally associated with data privacy regulation and the international transfer of~~ personal data **could result in claims of liability against us, damage our reputation or otherwise materially harm our business. Given the nature of our business, we, together with third parties acting on our behalf, receive, collect, process, use, and retain sensitive and confidential customer and employee data, in addition to proprietary business information. Some of our**

third- party service providers, such as identity verification and payment processing providers, also regularly have access to customer data. Additionally, we maintain other confidential, proprietary, or otherwise sensitive information relating to our business and from third parties. Global privacy, cybersecurity and data protection- related laws and regulations are evolving, extensive, and complex. Compliance with these laws and regulations is difficult and costly. The interpretation and application of these laws in some instances is uncertain, and our legal and regulatory obligations are subject to frequent changes . We are required to comply with increasingly complex and changing data privacy regulations both in the United States and beyond that regulate the collection, use, security, processing, and transfer of personal data, including particularly the transfer of personal data between or among countries. Many of these regulations also grant rights to individuals. Many foreign data privacy regulations (including, without limitation, GDPR in the European Union, UK GDPR, Brazil ~~'~~**'** s General Data Protection Law, LGPD, and the Personal Information Protection and Electronic Documents Act in Canada) and certain state laws and regulations (including California ~~'~~**'** s CCPA **and recently enacted consumer privacy laws in Colorado, Connecticut, Utah, and Virginia**) impose requirements beyond those enacted under United States federal law including, in some instances, private rights of action. For example, the EU GDPR imposes more stringent data protection requirements, including a broader scope of protected data, restrictions on cross- border transfers of personal data and more onerous breach reporting requirements, and the EU GDPR imposes greater penalties for non- compliance than the federal data protection laws in the United States. **Other states and countries continue to enact similar legislation. We are also required to comply with expanding and increasingly complex cybersecurity regulations in the United States and abroad with respect to reporting adverse events and additional requirements for avoiding or responding to an adverse event.** We may also face audits or investigations by ~~one or more~~ domestic or foreign government agencies relating to our compliance with these regulations. An adverse outcome under any such investigation or audit could subject us to fines or other penalties. We also have contractual obligations to our customers related to the protection of personal data and compliance with privacy laws. The foregoing or other circumstances related to our collection, use, and transfer of personal data could cause a loss of reputation in the market and / or adversely affect our business and financial position. Other Risks ~~We face risks related to health epidemics and pandemics, and the continued spread of COVID- 19 has had adverse effects on our business. We face risks related to health epidemics and pandemics, including risks related to any responses thereto by the federal, state or foreign governments as well as customers and suppliers.~~ The ~~COVID- 19 pandemic has adversely affected~~ **loss or disruption of information systems could disrupt** our operations , supply chains and distribution network,..... Occupational Safety and Health Administration issued an **and** ~~Emergency Temporary Standard requiring employers with at least 100 employees to require their employees to get vaccinated or submit to regular COVID- 19 testing. Any extended disruption in our ability to service our customers could~~ have a material adverse effect on our ~~revenue, results of operations, and cash flows. We also face risks related to our employees' health and the impact it may have on operations. Certain of our employees have contracted COVID- 19 which resulted in our decision to temporarily close, and subsequently reopen, a small number of our distribution centers in the first half of fiscal year 2021 in accordance with our internal protocols. We have implemented measures designed to keep our employees safe and have protocols in place to address~~ business ~~continuity issues at our distribution centers and other locations, but a widespread or sustained outbreak of COVID- 19 at one or more locations could disrupt our ability to service our customers. We also face risks related to a downturn in our customers' respective businesses, including the operations of our retail pharmacy and health systems customers due to COVID- 19. An economic slowdown or recession related to COVID- 19 may affect our customers' ability to obtain credit to finance their business on acceptable terms, which could result in reduced spending on our products and services. The impacts of the continued spread of COVID- 19 could also cause other unpredictable events, each of which could adversely affect our business, revenue, results of operations, cash flows or financial condition. For example, the continued spread of COVID- 19 has led to disruption and volatility in the global capital markets, which could increase our cost of capital and adversely affect our ability to access the capital markets. A sustained or prolonged outbreak could exacerbate the adverse impact of such events, and the impact of COVID- 19 may also exacerbate other risks discussed in Item 1A to our Form 10- K, any of which could have a material adverse effect on us. Risks generally associated with our information systems and cyber security may adversely affect our business and results of operations~~ . Our businesses rely on sophisticated information systems to obtain, rapidly process, analyze, and manage data to facilitate the purchase and distribution of thousands of inventory items from numerous distribution centers; to receive, process, and ship orders on a timely basis; to account for other product and service transactions with customers; to manage the accurate billing and collections for thousands of customers; and to process payments to suppliers. We continue to make substantial investments in data centers and information systems, including, but not limited to, those relating to our ~~recent~~ acquisition of Alliance Healthcare. To the extent our information systems are not successfully implemented or fail, or to the extent there are data center interruptions **or outages** , our business and results of operations may be **materially** adversely affected. Our business and results of operations may also be adversely affected if a third- party service provider does not perform satisfactorily, or if the information systems are interrupted or damaged by unforeseen events, including due to the actions of third parties. Information security risks have generally increased in recent years because of the proliferation of cloud- based infrastructure and other services, new technologies, and the increased sophistication and activities of perpetrators of cyber **-** attacks **. Security incidents such as ransomware attacks are becoming increasingly prevalent and severe, as well as increasingly difficult to detect** . These risks have increased with the growth of our business, including as we integrate the information systems of **acquired businesses, such as** Alliance Healthcare **,** into our enterprise . A failure, interruption, or..... our financial position or results of operations . In addition, security incidents may require that we expend substantial additional resources related to the security of information systems and disrupt our businesses. **.A** failure,interruption,or breach of our operational or information security systems,or those of our third- party service providers,as a result of cyber ~~–~~attacks or information security breaches could disrupt our business,result in the disclosure or misuse of confidential or proprietary information or personal data,damage our reputation,cause loss of customers or

revenue,increase our costs,result in litigation and / or regulatory action,and / or cause other losses,any of which might have a materially adverse impact on our business operations and our financial position or results of operations ~~.~~As a result, cyber security and the continued development and enhancement of the controls and processes designed to protect our systems, computers, software, data, and networks from attack, damage, or unauthorized access remain a priority for us. Although we believe that we have robust information security procedures, controls and other safeguards in place, as cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and / or to investigate and remediate ~~any~~ information security vulnerabilities ~~pandemic has adversely affected our operations~~ ,supply chains and distribution network,and we have experienced and expect to continue to experience unpredictable reductions in supply and demand for certain of our products and services.Further,it is possible that the manufacturers that produce the products that we distribute may experience delays or shutdowns due to COVID- 19,such as from disruptions in their supply chains or in a suspension of production at their own facilities.Accordingly,we expect the ~~impacts~~ **continued spread** of ~~the ongoing~~ COVID-19 ~~pandemic~~ to adversely affect the supply of products and / or potentially disrupt our ability to deliver products to customers.The implementation of any government ~~–~~mandated vaccination or testing mandates may impact our ability to retain current employees and attract new employees. ~~Any extended disruption~~ **For example,the federal Occupational Safety and Health Administration issued an** . Our goodwill, indefinite- lived intangible assets, or long- lived assets may become impaired, which may require us to record a further significant charge to earnings in accordance with generally accepted accounting principles. U. S. generally accepted accounting principles (~~"~~ **“** GAAP ~~"~~ **”**) require us to test our goodwill and indefinite- lived intangible assets for impairment on an annual basis, or more frequently if indicators for potential impairment exist. Indicators that are considered include significant changes in performance relative to expected operating results, significant negative industry or economic trends, **including rising interest rates,** or a significant decline in our stock price and / or market capitalization for a sustained period of time. In addition, we periodically review our intangible **and long- lived** assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Factors that may be considered a change in circumstances indicating that the carrying value of our long- lived assets may not be recoverable include slower growth rates, the loss of a significant customer, or divestiture of a business or asset for below its carrying value. The testing required by GAAP involves estimates and judgments by management. **For example, as a result of a prolonged decline in Profarma’ s stock price, we performed an impairment assessment over our Profarma reporting unit as of June 30, 2022. As a result of the June 30, 2022 interim test, we recorded a $ 75. 9 million impairment to goodwill in fiscal 2022.** We may be required to record a significant charge to earnings in our consolidated financial statements during the period in which any impairment of our goodwill, indefinite- lived intangible assets, or long- lived assets is determined. Any such charge could have a material adverse impact on our results of operations. Natural disasters or other unexpected events, including those related to climate change, may disrupt our operations, adversely affect our results of operations and financial condition, and may not be covered by insurance. We continue to focus on strategies and systems, such as reducing greenhouse gas emissions and packaging waste, to address climate change. However, we face climate and environmental risks and the occurrence of one or more unexpected events, including fires, tornadoes, tsunamis, hurricanes, earthquakes **, drought, storms, sea level rise** , floods, and other severe hazards or accidents in the United States, the United Kingdom, the European Union or in other countries or regions in which we operate could adversely affect our operations and financial performance. Extreme weather, natural disasters, power outages, or other unexpected events could result in physical damage to and complete or partial closure of one or more of distribution centers or outsourcing facilities, temporary or long- term disruption in the supply of products, delay in the delivery of products to our distribution centers, and / or disruption of our ability to deliver products to customers. Current or future insurance arrangements may not provide protection for costs that may arise from such events, particularly if such events are catastrophic in nature or occur in combination. Further, the long- term effects of climate change on general economic conditions and the pharmaceutical distribution industry in particular are unclear, and changes in the supply, demand, or available sources of energy and the regulatory and other costs associated with energy production and delivery may affect the availability or cost of goods and services, including natural resources, necessary to run our businesses. Any long- term disruption in our ability to service our customers from one or more distribution centers or outsourcing facilities could have a material adverse effect on our operations. ITEM 1B. UNRESOLVED STAFF COMMENTS None.