Risk Factors Comparison 2023-08-15 to 2022-08-11 Form: 10-K

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The risks described below could materially and adversely affect our results of operations, financial condition, liquidity or cash flows. These are not the only risks we face. Our businesses also could be affected by risks we do not currently consider material to our operations or of which we are not presently aware. Legal, Regulatory & Compliance **RisksOpioid-** ~~RisksThe public health crisis involving the abuse of prescription opioid pain medication and our efforts to resolve~~ related ~~claims~~ **legal proceedings and the National Opioid Settlement Agreement we have entered into** could have additional or unexpected ~~material~~ negative effects on our **results of operations or** business. ~~Our~~ **Cardinal Health, along with other** ~~Pharmaceutical~~ **pharmaceutical** ~~segment~~ **wholesalers and other participants in the pharmaceutical supply chain has been named as a defendant in lawsuits related to the** ~~distributes~~ **distribution** ~~prescription~~ **of** opioid pain medications. ~~The abuse of prescription opioid pain medication~~ **Plaintiffs in these lawsuits include state attorneys general, counties and municipalities,** ~~has~~ **as** ~~become a public~~ **well as private parties, such as unions and other** health **and welfare funds** ~~crisis. A significant number of states~~ , **hospital systems** ~~counties, municipalities~~ and other ~~public plaintiffs~~ **healthcare providers** , **businesses and individuals. We** have ~~filed lawsuits against pharmaceutical manufacturers, pharmaceutical wholesale distributors~~ **also received federal grand jury subpoenas issued in connection with investigations being conducted by the U. S. Attorney' s Office for the Eastern District of New York and the Fraud Section of the U. S. Department of Justice** (~~including us~~ **" DOJ"**) ~~, retail chains~~ **. We have also received civil subpoenas** and ~~others~~ **other requests** ~~relating to the manufacturing, marketing or~~ **for information from other DOJ offices** ~~distribution of prescription opioid pain medications~~ . In April 2022, an agreement settling the vast majority of opioid- related lawsuits filed against us by state and local governmental entities (the" **National Opioid** Settlement Agreement") became effective. ~~The~~ **Under the National Opioid** Settlement Agreement ~~includes a cash component~~ , ~~pursuant to which~~ we ~~will~~ **agreed to** pay up to approximately $ 6. ~~0~~ **3** billion ~~, the majority of which we expect to be paid~~ over 18 years. The **National Opioid** Settlement Agreement also includes injunctive relief terms relating to distributors' controlled substance anti- diversion programs ~~, including with respect to: (1) governance; (2) independence and training of the personnel operating controlled substances monitoring programs; (3) due diligence for new and existing customers; (4) ordering limits for certain products; and (5) suspicious order monitoring~~ . A monitor will oversee compliance with these provisions **until 2027** ~~for a period of five years~~ . In addition, the distributors ~~will~~ **agreed to** engage a third- party vendor to act as a clearinghouse for data aggregation and reporting, which the distributors will fund **until 2032** ~~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. **If we are unable to comply with these requirements, or are alleged to have failed to comply with these requirements, we could incur unforeseen costs or penalties, and our financial results may be negatively impacted.** In addition to the claims ~~brought~~ **covered** by ~~states and other~~ -- **the** ~~local governmental entities~~ **National Opioid Settlement Agreement** , 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 could be named as a defendant in additional lawsuits. We **intend to vigorously defend ourselves against** ~~have received federal grand jury subpoenas issued in connection with investigations being conducted by the~~ **these lawsuits; however, legal proceedings are inherently unpredictable** ~~U. S. Attorney' s Office for the Eastern District of New York~~ and **it is possible** ~~the Fraud Section of the U. S. Department of Justice (" DOJ"). We have also received civil requests for information from other DOJ offices. We believe~~ that these ~~investigations concern~~ **lawsuits, either individually or in the aggregate, could have a negative impact on our results of** ~~operation~~ **operations** ~~of our anti- diversion program, our anti- diversion policies and procedures, and distribution of certain controlled substances~~ . We are involved in legal proceedings with insurers related to the availability of insurance coverage for some matters described above, but the defense and resolution of current and future lawsuits and investigations are subject to uncertainty and could have a material adverse effect on our results of operations, financial condition, cash flows ~~,~~ **or** liquidity ~~, or our ability to pay dividends or repurchase our shares,~~ beyond the amounts accrued and beyond what we may be able to recover from our insurers. **Additionally** ~~In addition~~ , ~~they could~~ **laws governing insurance coverage vary by state and some state courts** have ~~adverse reputational~~ **interpreted laws and insurance policies in ways that may negatively impact** ~~or~~ **our** ~~operational effects on~~ **ability to receive indemnification under** our ~~business~~ **insurance policies** . Other legislative, regulatory or industry measures related to the public health crisis involving the abuse of prescription opioid pain medication and the distribution of these medications could affect our business in ways that we may not be able to predict. For example, several states have adopted or proposed taxes or other fees on the sale of opioids. These laws and proposals vary in the tax amounts imposed and the means of calculation. Liabilities for taxes or assessments under any such laws could have an adverse impact on our results of operations unless we are able to mitigate them through operational changes or commercial arrangements where permitted. **Additionally, certain states have proposed legislation that may conflict with certain requirements of the National Opioid Settlement Agreement.** 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. Our business is subject to other rigorous quality, regulatory and licensing requirements. As described in greater detail in the" Business" section, products that we manufacture, source, distribute or market must comply with quality and regulatory requirements. Noncompliance or concerns

over noncompliance, including noncompliance by third- party contract manufacturers, **has in the past, and** may **in the future** result in suspension of our ability to distribute, import, manufacture or source products, as well as product bans, recalls, safety alerts or seizures, or criminal or civil sanctions, which, in turn, could result in product liability claims and lawsuits, including class actions. In addition, it can be costly and time- consuming to obtain regulatory approvals or product registrations to market a medical device or other product, and such approvals or registrations might not be granted on a timely basis, if at all. Also as described in greater detail in the" Business" section, our business is highly regulated in the United States, at both the federal and state level, and in foreign countries. If we fail to comply with regulatory requirements, or if allegations are made that we fail **36Cardinal Health | Fiscal 2023 Form 10- K Risk Factors** to comply, our results of operations and financial condition could be adversely affected. ~~Cardinal Health | Fiscal 2022 Form 10- K39 Risk Factors~~ To lawfully operate our businesses, we are required to obtain and hold permits, product registrations, licenses and other regulatory approvals from, and to comply with operating and security standards of, numerous governmental bodies ~~. For example, as a wholesale distributor of controlled substances, we must hold valid DEA registrations and state- level licenses, meet various security and operating standards, and comply with the CSA~~ . Failure to maintain or renew necessary permits, product registrations, licenses or approvals, or to comply with required standards, could have an adverse effect on our results of operations and financial condition. We **, and third parties acting on our behalf,** collect, handle and maintain patient- identifiable health information and other sensitive personal and financial information which are subject to federal, state and foreign laws that regulate the use and disclosure of such information. Regulations currently in place continue to evolve, and ~~new~~ **they are extensive and complex. Compliance with these laws is difficult and costly. New** laws in this area could further restrict our ability to collect, handle and maintain personal or patient information, or could require us to incur additional compliance costs, either of which could have an adverse impact on our results of operations. **From time to time, we become aware of certain isolated alleged** ~~Violations~~ **violations** of federal, state or foreign laws concerning privacy and data protection ~~could~~ **. When we become aware of such allegations, we investigate and, if warranted, notify affected people, entities and regulatory bodies. As a result of these violations we have been and may in the future be** subject ~~us~~ to civil or criminal penalties, breach of contract claims **, lawsuits** , costs for remediation and harm to our reputation. We are required to comply with laws relating to healthcare fraud and abuse. The requirements of these laws are complex and subject to varying interpretations. From time to time, regulatory authorities investigate our policies or practices, and may challenge them. We are periodically subject to federal or state government investigations or qui tam actions (false claims cases initiated by private parties purporting to act on behalf of federal or state governments), which could result in civil or criminal sanctions, including the loss of licenses or the ability to participate in Medicare, Medicaid and other federal and state healthcare programs or other remedial measures. ~~For example, the United States Attorney' s Office for the District of Massachusetts and the Office of Inspector General of the Department of Health and Human Services conducted an investigation related to discounts and rebates offered or provided to certain Specialty Solutions customers as a result of qui tam actions. For more information on this investigation, see Note 7 to the Consolidated Financial Statements. In connection with this investigation, in January 2022, our Specialty Pharmaceutical Distribution business in the Specialty Solutions division entered into a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services. It is possible that, as a result of the Corporate Integrity Agreement, we could incur greater costs or operational impacts than anticipated that may adversely impact our business.~~ Some businesses within each of our segments are Medicare- certified suppliers or participate in other federal and state healthcare programs, such as state Medicaid programs and the federal 340B drug pricing program. In addition, some businesses manufacture pharmaceutical or medical products or repackage pharmaceuticals that are purchased or reimbursed through, or are otherwise governed by, federal or state healthcare programs. Failure to comply with applicable eligibility requirements, standards and regulations could result in civil or criminal sanctions, including the loss of our ability to participate in Medicare, Medicaid and other federal and state healthcare programs. Private challenges to government healthcare policy may also have a significant impact on our business. For example, the federal 340B drug pricing program requires pharmaceutical manufacturers to offer discounts on certain drugs purchased by covered entities, and some of our Pharmaceutical segment customers are covered entities or contract pharmacies for covered entities. Over a dozen pharmaceutical manufacturers have unilaterally restricted sales under the 340B drug pricing program to contract pharmacies. These practices are the subject of ongoing litigation; however, if manufacturers continue this practice and if courts uphold this practice, our customers may be adversely impacted, which could adversely impact our business. Industry participants, including us, rely on ethylene oxide (" EtO ") **and per- and polyfluoroalkyl (" PFA ") compounds** to sterilize certain medical products **, including products** that we manufacture or distribute. Regulatory **enforcement** actions have been taken by certain environmental regulatory authorities to reduce ~~EtO~~ emissions **of these compounds** during the sterilization and distribution process. If such measures become more widespread, we could experience increased costs to comply with reduced emissions standards and it is possible that we and other industry participants may be unable to effectively sterilize medical products, possibly resulting in **supply shortages or an** industry- wide ~~supply shortages or a~~ reduction in surgical or medical procedures **, which would negatively impact demand for our Medical segment' s products** . Such increased costs or industry- wide reductions in surgical and medical procedures would have a negative impact on our Medical segment profit. Additionally, we have been named as a defendant in several lawsuits alleging personal injury as a result of EtO emissions. As a result of a notice of violation we received from an environmental regulator in Georgia, we are making specified changes to a replenishment center in that state. It is possible that these or future regulatory actions or lawsuits could adversely impact our ability to procure products to distribute, resulting in increased costs or industry supply disruptions. Our government contracts are subject to specific procurement requirements. Failure to comply with applicable rules or regulations or with contractual or other requirements may result in monetary damages and criminal or civil penalties as well as termination of our government contracts or our suspension or debarment from government contract work. Our global operations (including transition services in connection with divestitures) are subject to the U. S. Foreign Corrupt Practices Act (" FCPA"), the U. K. Bribery Act and

similar anti- bribery laws in other jurisdictions and U. S. and foreign export control, trade embargo and customs laws. If we fail to comply, or are alleged to fail to comply, with any of these laws, we could be subject to investigations or suffer civil or criminal sanctions. We are also subject to government import and export controls and regulations, including the requirement that we make a determination, based on the best information that we have available at the time, as to the country of origin of products that we ~~40Cardinal Health | Fiscal 2022 Form 10- K~~ source or manufacture outside the United States. U. S. Customs and Border protection may challenge our determinations, which ~~could~~ **have** ~~result~~ **resulted** in products being detained ~~, or the imposition of fines~~ and ~~penalties and may result in~~ supply disruptions **, and which could result in the imposition of fines and penalties** . **Cardinal Health | Fiscal 2023 Form 10- K37** We could be subject to adverse changes in the tax laws or challenges to our tax positions. We are a large multinational corporation with operations in the United States and many foreign countries. As a result, we are subject to the tax laws of many jurisdictions. From time to time, proposals are made in the United States and other jurisdictions in which we operate that could adversely affect our tax positions, effective tax rate or tax payments. Specific initiatives that may impact us include possible increases in U. S. or foreign corporate income tax rates or other changes in tax law to raise revenue, the repeal of the LIFO (last- in, first- out) method of inventory accounting for income tax purposes, the establishment or increase in taxation at the U. S. state level on the basis of gross revenues, recommendations of the base erosion and profit shifting project undertaken by the Organization for Economic Cooperation and Development and the European Commission' s investigation into illegal state aid. **In August 2022, the U. S. federal government enacted the Inflation Reduction Act, which imposed a 15 percent corporate minimum tax on certain large corporations and a 1 percent tax on share repurchases after December 31, 2022. These provisions may adversely impact our financial position and results of operations.** Additionally, in connection with the accruals taken in connection with opioid- related lawsuits in fiscal ~~years~~ **year** 2021 ~~and 2020~~ , we recorded **a** net tax ~~benefits~~ **benefit** ~~of $ 228 million and $ 488 million, respectively~~ , reflecting our current assessment of the estimated future deductibility of the amount that may be paid. We have made reasonable estimates and recorded amounts based on management' s judgment and our current understanding of the **U. S. Tax Cuts and Act ("** Tax Act **")** ; however, these estimates require significant judgment and it is possible that they could be subject to challenges by the **U. S. Internal Revenue Service ("** IRS **")** . The U. S. tax law governing deductibility was changed by the Tax Act ~~and the tax~~ **. The taxing** authorities could challenge our interpretation of the Tax Act or the estimates and assumptions used to assess the future deductibility of these benefits, or tax law could change again **. We also regularly review these estimates and assumptions from time to time and adjust our accruals based on our review, resulting in changes in our tax provisions / (benefit)** . The actual amount of tax benefit related to uncertain tax positions may differ materially from these estimates. See Note ~~7~~ **8** of the" Notes to Consolidated Financial Statements" for more information regarding these matters. In fiscal year 2021, our provision for income taxes ~~reflects~~ **reflected** a $ 424 million benefit from the tax benefits of a **self- insurance pre- tax** net operating loss carryback under the **Coronavirus Aid, Relief and Economic Security ("** CARES **")** Act. Also, as a result of this net operating loss carryback, we received a U. S. federal income tax refund of $ 966 million. ~~In connection with this net operating loss carryback, certain industry participants, including us, received a letter from the U. S. House of Representatives' Committee on Oversight and Reform questioning, among other things, our plans to take tax deductions for opioid- related losses, including our use of the net operating loss carryback provisions under the CARES Act and deductibility under the Tax Act. We responded to the letter.~~ It is possible that the IRS could challenge our tax position with respect to this self- insurance loss. If these initiatives are successful, our effective tax rate **or cash flows** could be adversely impacted **. Additionally, laws governing insurance coverage vary by state and some state courts have interpreted laws and insurance policies in ways that may impact our self- insurance loss, which could negatively impact our financial position** . We file income tax returns in the U. S. federal jurisdiction, various U. S. state jurisdictions and various foreign jurisdictions. Tax laws are complex and subject to varying interpretations. With few exceptions, we are subject to audit by taxing authorities for fiscal years 2015 through the current fiscal year. Proposed adjustments in ongoing audits may adversely affect our effective tax rate or tax payments. Changes to the U. S. healthcare environment may not be favorable to us. Over a number of years, the U. S. healthcare industry has undergone significant changes designed to increase access to medical care, improve safety and patient outcomes, contain costs and increase efficiencies. These changes include a general decline in Medicare and Medicaid reimbursement levels, efforts by healthcare insurance companies to limit or reduce payments to pharmacies and providers, the basis for payments beginning to transition from a fee- for- service model to value- based payments and risk- sharing models ~~,~~ and the industry shifting away from traditional healthcare venues like hospitals and into clinics, physician offices and patients' homes. We expect the U. S. healthcare industry to continue to change significantly in the future. Possible changes include **changes in legislation or regulations governing prescription pharmaceutical pricing, healthcare services, mandated benefits, efforts to promote increased transparency in the pharmaceutical supply chain, including with respect to Pharmacy Benefit Managers,** further reduction of or limitations on governmental funding at the state or federal level ~~,~~ **or** efforts by healthcare insurance companies to further limit payments for products and services ~~or changes in legislation or regulations governing prescription pharmaceutical pricing, healthcare services or mandated benefits~~ . These possible changes, and the uncertainty surrounding these possible changes, may **directly or indirectly** adversely affect us. Legal proceedings could adversely impact our cash flows or results of operations. Due to the nature of our business, which includes the distribution of controlled substances and other pharmaceutical products and the sourcing, marketing and manufacturing of medical products, we regularly become involved in disputes, litigation and regulatory matters. Litigation is inherently unpredictable and the unfavorable outcome of legal proceedings could adversely affect our results of operations or financial condition. For example, we are subject to a number of lawsuits and investigations related to the national health crisis involving the abuse of opioid pain medication as described above in the Risk Factor titled" ~~The public health crisis involving the abuse of prescription opioid~~ **Opioid -** ~~pain medication and our efforts to resolve~~ related ~~claims~~ **legal proceedings and the National Opioid Settlement Agreement we have entered into** could have additional or unexpected ~~material~~ negative effects on our **results of operations or** business" and in Note 7 to the"

Notes to Consolidated Financial Statements." Additionally, some of the products that we distribute or manufacture have been and may in the future be alleged to cause personal injury, subjecting us to product liability claims. For example, **since July 2021,** we ~~are a defendant in~~ **have entered into settlement 38Cardinal Health | Fiscal 2023 Form 10- K agreements to settle approximately 7, 300** product liability **claims alleging** ~~lawsuits that allege~~ personal injuries associated with the use of Cordis OptEase and TrapEase IVC filter products ~~and in lawsuits alleging impurities in the active pharmaceutical ingredients in certain pharmaceutical products~~ . ~~In addition, product~~ **Product** liability insurance for these types of claims is becoming more limited and may not be available to us at ~~Cardinal Health | Fiscal 2022 Form 10- K41~~ amounts that we historically have obtained or that we would like to obtain **and we do not expect insurance coverage to cover all losses incurred for these matters** . It is possible that ~~a~~ **future** ~~settlement~~ **settlements** of or ~~judgment~~ **judgments** for ~~a~~ product liability ~~claim~~ **claims** may not be covered by insurance or exceed available insurance recoveries. If this happens, and if any such settlement or judgment is in excess of any prior accruals, our results of operations and financial condition could be adversely affected. We also operate in an industry characterized by extensive intellectual property litigation. Patent litigation can result in significant damage awards and injunctions that could prevent the manufacture and sale of affected products or force us to make royalty payments in order to continue selling the affected products. In connection with legal proceedings, we occasionally enter into settlement agreements or become subject to consent decrees containing ongoing financial or operational obligations, including the injunctive relief provisions of the National **Opioid** Settlement Agreement and the Corporate Integrity Agreement mentioned above. Failure to comply with obligations under these agreements or decrees could lead to monetary or other penalties. Business & Operational RisksOur business and operations depend on the proper functioning of information systems, ~~business processes,~~ critical facilities and distribution networks **and could be negatively impacted by events outside of our control** . We rely on our and third- party service providers' information systems for a wide variety of critical operations, including to obtain, rapidly process, analyze and manage data to: • facilitate the purchase and distribution of inventory items from numerous distribution centers; • receive, process and ship orders on a timely basis; • manage accurate billing and collections for thousands of customers; • process payments to suppliers; • facilitate manufacturing and assembly of medical products; and • generate financial information. Our business also depends on the proper functioning of our and our suppliers' business processes, critical facilities, including our national logistics center, and our distribution networks. Our results of operations could be adversely affected if our or a service provider' s business processes, information systems, critical facilities or distribution networks are disrupted (including disruption of access), are damaged or fail, whether due to physical disruptions, such as ~~fire~~ **climate change- related weather events** , **including wildfires, hurricanes, extreme temperatures or other** natural ~~disaster~~ **disasters** , ~~pandemic~~ **pandemics** (as they **were** ~~have been~~ by the COVID- 19 pandemic) or power outage, or due to cyber- security incidents, ransomware or other actions of third parties, including labor strikes or shortages, political unrest and terrorist attacks. Manufacturing disruptions also can occur due to regulatory action, production quality deviations, safety issues or raw material shortages or defects, or because a key product or component is manufactured at a single manufacturing facility with limited alternate facilities. **Additionally** ~~From time to time~~ , ~~our businesses perform business process improvements or infrastructure modernizations or use service providers for key systems and processes, such as receiving and processing customer orders, customer service and accounts payable. For example, during fiscal 2022, our Pharmaceutical segment implemented a replacement of certain finance and operating information systems and~~ we **incur costs** ~~have also transitioned certain finance processes~~ to **remediate** ~~a third- party service provider. If any of~~ these **disruptions** ~~initiatives or similar initiatives are not successfully or efficiently implemented or maintained~~ , ~~they could adversely affect our business~~ and ~~our internal control over financial reporting~~ **it is possible that these costs could be significant** . Our ability to compete effectively is increasingly dependent on access to and interpretation of data. Data quality impacts customer ordering, order fulfillment and higher order processing. If we fail to effectively implement and maintain data governance structures across our businesses or to effectively interpret and utilize such data, our operations could be impacted and we may be at a competitive disadvantage. Our business and results of operations could be adversely affected if we experience a material cyber- attack or other systems breach. Our business relies on the secure transmission, storage and hosting of patient- identifiable health information, financial information and other sensitive protected information relating to our customers, company, workforce and individuals with whom we and our customers conduct business. We have programs in place to detect, contain and respond to information security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, hardware, software or applications developed internally or procured from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties have gained access **in the past,** and will continue to attempt to gain access **,** to our or a service provider' s systems or facilities through fraud, trickery or other forms of deception. We have been the target of cyber attacks ~~, including, in prior fiscal years, incidents where certain customer account information was accessed~~ . Although we do not believe these incidents had a material impact on us, **either individually or in the aggregate,** similar incidents or events in the future may negatively impact our business, reputation or financial results. Any compromise of our or a service provider' s information systems, including unauthorized access to or use or disclosure of sensitive information, could adversely impact our operations, results of operations or our ability to satisfy legal or regulatory requirements, including the EU general data protection regulation (GDPR) and those related to patient- identifiable health information and other sensitive personal and financial information as further described in the Risk Factor titled " Our business is subject to **other** rigorous **quality,** regulatory and licensing requirements, " above. In addition, insurance for losses arising from cyber- attacks or other breaches is becoming more costly and limited and may not be available to us at amounts that we historically have obtained or that we would like to obtain. It is possible that we could incur ~~42Cardinal Health | Fiscal 2022 Form 10- K~~ losses that may not be covered by insurance or that would exceed **Cardinal Health | Fiscal 2023 Form 10- K39** available insurance recoveries. If this happens,

our results of operations and financial condition could be adversely affected. Our goodwill ~~may become further~~ **or other long-lived assets could be** impaired, which could require us to record additional significant charges to earnings in accordance with generally accepted accounting principles. U. S. GAAP requires us to test our goodwill for impairment on an annual basis, or more frequently if indicators for potential impairment exist. ~~As~~ **In addition, we review intangible assets with finite lives and other long- lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Due to previously communicated changes in our long- term financial plan assumptions made during fiscal 2023, including those related to Cardinal Health branded medical products sales growth and net inflationary impacts, we performed quantitative goodwill impairment testing for the Medical Unit for periods ended June 30, 2023, March 31, 2023, December 31, 2022 and September 30, 2022, and recorded an aggregate $ 1. 2 billion impairment to goodwill in fiscal year 2023. During fiscal 2022, as** a result of adverse financial results in our Medical Unit resulting from inflationary impacts and global supply chain constraints, we performed ~~interim~~ goodwill impairment testing for the Medical Unit ~~for the periods ended December 31, 2021~~ and ~~March 31, 2022. As a result of both of these interim tests and the annual test conducted for the period ended June 30, 2022, we~~ recorded an aggregate $ 2. 1 billion impairment to goodwill ~~related to our Medical Unit~~ in fiscal year 2022. ~~This~~ **Impairment** testing involves estimates and significant judgments by management. We believe our assumptions and estimates are reasonable and appropriate; however additional adverse changes in key assumptions, ~~including~~ a failure to meet expected earnings or other financial plans, **including the execution of key initiatives related to optimizing and growing sales of Cardinal Health branded medical products, increasing growth in certain strategic divisions within our Medical segment and driving simplification efforts and cost optimization projects, or** unanticipated events and circumstances **,** such as changes in assumptions about the duration and magnitude of increased supply chain and commodities costs and our ~~planned~~ efforts to mitigate such ~~impacts~~ **impact** , **including price increases or surcharges;** further disruptions in the supply chain ~~, the impact of the Cordis divestiture, estimated demand~~ **; manufacturing cost inefficiencies resulting from lower than anticipated sales volume;** ~~and~~ **an** ~~selling prices for PPE, a further~~ increase in the discount rate ~~,~~**;** a decrease in the terminal growth rate ~~,~~**;** increases in tax rates **;** ~~(including potential tax reform)~~ or a significant change in industry or economic trends could affect the accuracy or validity of such estimates and may result in an additional goodwill impairment in our Medical Unit. It is also possible that we may record significant charges ~~related~~ **from impairment** to **goodwill of** other reporting units **, intangibles and other long- lived assets** . Any charge or charges could adversely affect our results of operations. See" Critical Accounting Policies and Sensitive Accounting Estimates" in MD & A above for more information regarding goodwill impairment testing. Our sales and credit concentration is significant. CVS Health and OptumRx are large customers that generate a significant amount of our revenue. CVS Health accounted for 25 percent of our fiscal ~~2022~~ **2023** revenue and ~~24~~ **23** percent of our gross trade receivable balance at June 30, ~~2022~~ **2023** and OptumRx accounted for 16 percent of our fiscal ~~2022~~ **2023** revenue **. Our agreement with OptumRx extends through June 2024** . If either of these customers ~~terminates their agreements due to an alleged default by us, defaults in payment or~~ significantly reduces their purchases from us **, defaults in payment to us, does not renew their agreements or terminates their agreements, whether due to an alleged default by us or otherwise** , our results of operations and financial condition could be adversely affected. Our results of operations could be adversely impacted if we fail to manage and complete divestitures. We regularly evaluate our portfolio of businesses to determine whether an asset or business may no longer help us meet our objectives or whether there may be a more advantaged owner for that business. For example, **in July 2023, we contributed our Outcomes ™ business to Transaction Data Systems in exchange for a minority stake in the combined entity, and in fiscal year 2022,** we completed the divestiture of the Cordis business ~~in fiscal 2022, and in the past few years, we have also divested our pharmaceutical and medical products distribution business in China and our ownership interest in naviHealth, Inc~~ . 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. We could also incur higher costs or charges than planned or incur unexpected charges and could experience greater dis- synergies than expected, which could have a negative impact on our results of operations. Our ability to manage and complete acquisitions could impact our strategic objectives and financial condition. From time to time, we look to acquire other businesses that expand or complement our existing businesses. Completion of acquisitions and the integration of acquired businesses involve a number of risks, including the following: we may overpay for a business or fail to realize the synergies and other benefits we expect from the acquisition; our management' s attention may be diverted to integration efforts; we may fail to retain key personnel of the acquired business; future developments may impair the value of our purchased goodwill or intangible assets; we may face difficulties or delays establishing, integrating or combining operations and systems, including manufacturing facilities; we may assume liabilities related to legal proceedings involving the acquired business; we may face challenges retaining the customers of the acquired business; or we may encounter unforeseen internal control, regulatory or compliance issues **. Failure to effectively or efficiently complete or manage critical business processes could have unforeseen consequences. From time to time, our businesses perform business process improvements or infrastructure modernizations or use service providers for key systems and processes, such as receiving and processing customer orders, customer service and accounts payable. For example, during fiscal 2022, our Pharmaceutical segment implemented a replacement of certain finance and operating information systems and we have also transitioned certain finance processes to a third- party service provider. If any of these initiatives or similar initiatives are not successfully or efficiently implemented or maintained, or if our relationship with critical third- party service providers deteriorates, we could experience material negative impacts on our business and our internal control over financial reporting. 40Cardinal Health | Fiscal 2023 Form 10- K Our business could be affected by activist shareholders. In September 2022, we entered into a Cooperation Agreement with Elliott under which our Board of Directors, among other things, (1) appointed four new independent directors, including a representative from Elliott, and (2) formed an advisory Business Review Committee of the Board, which is tasked with undertaking a**

comprehensive review of our strategy, portfolio, capital- allocation framework and operations. In May 2023, we extended the term of the Cooperation Agreement until the later of July 15, 2024 or until an Elliott representative ceases to serve on, or resigns from, our Board of Directors. The Cooperation Agreement may create unintended consequences, such as creating uncertainty about our management, operations or future strategic direction, which could result in the loss of future business opportunities or negatively impact our ability to attract and retain qualified talent. Additionally, implementing any actions recommended by the Business Review Committee and the Board may be costly and time-consuming, may be disruptive to our ongoing business operations and may ultimately be unsuccessful. It is possible that activist shareholders may, among other things, attempt to effect additional changes and exert influence over our Board of Directors and management or initiate a proxy contest, which may disrupt our operations by diverting the attention of management and the Board and be costly and time- consuming. Any such proxy contests, actions or requests, or the mere public presence of activist shareholders, may cause the market price for our shares to experience volatility, which could be significant . Industry & Economic RisksWe could continue to suffer the adverse effects of competitive pressures. As described in greater detail in the" Business" section, we operate in markets that are highly competitive and dynamic. In addition, competitive pressures in our pharmaceutical and medical segments may be increased by new business models, new entrants, new regulations, changes in consumer demand or general competitive dynamics. Our businesses face continued pricing pressure from these factors, which adversely affects our margins. If we are unable to offset margin reductions caused by these pricing pressures through steps such as sourcing or cost control measures, additional service offerings and sales of higher margin products, our results of operations could continue to be adversely affected. Our Pharmaceutical segment' s profit margin could be adversely affected by changes in industry or market dynamics that we are not able to accurately predict. As has been the case for several years, the frequency, timing, magnitude and profit impact of generic pharmaceutical customer purchase volumes, pricing changes, customer contract renewals, generic pharmaceutical launches ~~,~~ and generic pharmaceutical manufacturer pricing changes remain uncertain as does their impact on Pharmaceutical segment profit and consolidated operating earnings. These factors have contributed to declines in some prior years and have more than offset the benefits from sourcing generic pharmaceuticals through our Red Oak Sourcing venture with CVS Health. If performance of our generic pharmaceutical program declines in future fiscal years and we are ~~Cardinal Health | Fiscal 2022 Form 10- K43~~ unable to offset the decline, our Pharmaceutical segment profit and consolidated operating earnings will be adversely affected. With respect to branded pharmaceutical products, compensation under our contractual arrangements with manufacturers for the purchase of branded pharmaceutical products is generally based on the wholesale acquisition cost set by the manufacturer. Sales prices of branded pharmaceutical products to our customers generally are a percentage discount from wholesale acquisition cost. Also, almost all of our distribution services agreements with branded pharmaceutical manufacturers provide that we receive fees from the manufacturers to compensate us for services we provide them. However, under certain agreements, branded pharmaceutical price appreciation, which is determined by the manufacturers also serves as a part of our compensation. ~~In recent years, manufacturers have increased prices less than in prior years.~~ If manufacturers, in the aggregate, change their historical approach to setting and increasing wholesale acquisition cost, decide to reduce prices, not to increase prices or to implement only small increases and we are unable to negotiate alternative ways to be compensated by manufacturers or customers for the value of our services, our margins could be adversely affected. We depend on direct and indirect suppliers to make theirproducts and raw materials available to us and are subject to fluctuations in costs, availability and regulatory risk associated with these products and raw materials. Our manufacturing businesses use oil- based resins, pulp, cotton, latex and other commodities as raw materials in many products. Prices of oil and gas also affect our distribution and transportation costs. Prices of these commodities are volatile and can fluctuate significantly, causing our costs to produce and distribute our products to fluctuate. Beginning in the fourth quarter of fiscal year 2021, we ~~have~~ experienced higher supply chain costs, which had a negative impact on Medical segment profit in fiscal 2021 ~~and~~ **,** 2022 **and 2023** . Supply chain constraints have also had a negative impact on sales within our Medical segment. We ~~expect~~ **did not offset the full impact of** these cost increases ~~and supply chain constraints to continue to have a negative impact on segment profit, primarily in the Medical segment, in fiscal 2023. We do not expect to offset the full impact of these cost increases~~ in fiscal year 2023 **; however, we implemented certain** ~~. We intend to offset some cost increases through~~ cost reductions **,** ~~and through~~ price increases ~~or~~ **and** surcharges ~~; however, due~~ **to mitigate the impact. Due** to competitive dynamics and contractual limitations, passing along cost increases is challenging. If we are not able to **continue to** increase prices as planned **or if supply cost increases do not continue to normalize as expected** , Medical segment profit could be negatively impacted to a greater extent than we currently anticipate. We depend on others to manufacture some products that we market and distribute. Our operations are also dependent on various components, compounds, raw materials and energy supplied by others. We purchase many of these components, raw materials and energy, and source certain products from numerous suppliers in various countries. In some instances, for reasons of quality assurance, cost effectiveness, or availability, we procure **Cardinal Health | Fiscal 2023 Form 10- K41** certain components and raw materials from a sole supplier. Our supplier relationships could be interrupted, become less favorable to us or be terminated and the supply of these components, compounds, raw materials or products could be interrupted or become insufficient. These supply interruptions or other disruptions in manufacturing processes could be caused by events beyond our control, including natural disasters, supplier facility shutdowns, defective raw materials, the impact of epidemics or pandemics, such as COVID-19, and actions by U. S. or international governments, including import or export restrictions or tariffs. For example, the Uyghur Forced Labor Prevention Act, which went into effect in June 2022 prohibits the importation of any goods grown, produced, manufactured or mined **, wholly or in part,** in the Xinjiang Uyghur Autonomous Region of China unless importers can provide clear and convincing evidence that goods were not made using forced labor. **We have experienced** ~~If we determine that~~ some ~~of our imported source materials derive from this region, we could experience additional~~ supply constraints **as a result of these** and **similar regulations, and it is possible that our business** ~~our~~ **or** ~~performance~~ **results of operations** could be **further**

negatively impacted **by future determinations and disruptions** . In addition, due to the stringent regulatory requirements regarding the manufacture and sourcing of our products, we may not be able to quickly establish additional or replacement sources for certain components, materials or products. A sustained supply reduction or interruption, and an inability to develop alternative and additional sources for such supply, could result in lost sales, increased cost, damage to our reputation, and may have an adverse effect on our business. Employee attrition may have an adverse impact on our business, results of operations or internal controls. Our ability to attract, retain and develop qualified and experienced employees, including key executives and other talent, is critical for us to meet our business objectives. We compete with many other businesses to attract and retain employees. ~~Competition among potential employers has resulted in increases in salaries and wages, benefits and other employee- related costs.~~ It is possible that we could experience loss of key personnel for a variety of causes. If we do not adequately plan for succession of key roles or if we are not successful in attracting or retaining new talent, our performance or internal control over financial reporting could be adversely impacted. Consolidation in the U. S. healthcare industry may negatively impact our results of operations. In recent years, U. S. healthcare industry participants, including distributors, manufacturers, suppliers, healthcare providers, insurers and pharmacy chains, have consolidated or formed strategic alliances. Consolidations create larger enterprises with greater negotiating power, and also could result in the possible loss of a customer where the combined enterprise selects one distributor from two incumbents. If this consolidation trend continues, it could adversely affect our results of operations. Changes or uncertainty in U. S. or international trade policies and exposure to economic, political and currency and other ~~44Cardinal Health | Fiscal 2022 Form 10- K~~ risks could disrupt our global operations or negatively impact our financial results. We conduct our operations in various regions of the world outside of the United States, including Europe, Asia and Latin America. Global developments can affect our business in many ways. Our global operations are affected by local economic environments, including inflation, recession and competition. Additionally, divergent or unfamiliar regulatory systems and labor markets can increase the risks and burdens of operating in numerous countries. Our foreign operations expose us to a number of risks related to trade protection laws, tariffs, excise or other border taxes on goods sourced from certain countries or on the importation or exportation of products or raw materials. Changes or uncertainty in U. S. or international trade policies or tariffs could impact our global operations, as well as our customers and suppliers. We may be required to spend more money to source certain products or materials that we need or to manufacture certain of our products. This could adversely impact our business and results of operations. In addition, we conduct our business in U. S. dollars and various functional currencies of our foreign subsidiaries. Changes in foreign currency exchange rates could adversely affect our financial results, which are reported in U. S. dollars. We may not be able to hedge to protect us against these exposures, and any hedges may not successfully mitigate these exposures. Geopolitical dynamics caused by political, economic, social or other conditions in foreign countries and regions may continue to impact our business and results of operations. Both of our segments have experienced increased costs **in fiscal years 2022 and 2023** , including for fuel, and it is possible that we could experience supply disruptions or shortages if tariffs or other protective measures are enacted. ~~COVID- 19 RisksWe have been and expect to continue to be negatively affected by the ongoing COVID- 19 pandemic. The COVID- 19 pandemic has significantly impacted our businesses in a variety of ways beginning in fiscal year 2020, including volume declines in our Pharmaceutical segment and supply chain constraints and unusual PPE supply and demand dynamics in our Medical segment. While volumes within the Pharmaceutical segment have largely rebounded, our Medical segment continues to experience the effects of inflation, supply chain constraints and PPE dynamics, which, due to the passage of time, intervening events and other market dynamics, we now consider to be independent from COVID- 19 for purposes of our assessment of our financial condition. However, the COVID- 19 pandemic is ongoing and we cannot estimate its continued length or severity or the related consequences on our business and operations, including whether and when normal economic and operating conditions will resume or the extent to which further disruption may impact our business, financial position, results of operations or cash flow. The COVID- 19 pandemic has also heightened other risks, including risks associated with competitive pressures, supplier relationships, international operations, regulatory and licensing, changes to the U. S. healthcare environment, cyber security, and access to capital markets. Cardinal~~