Risk Factors Comparison 2024-08-14 to 2023-08-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

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- related legal proceedings and the National Opioid Settlement Agreement we have entered into could have additional or unexpected negative effects on our results of operations or business. Cardinal Health, along with other pharmaceutical wholesalers and other participants in the pharmaceutical supply chain ~~has been~~ **, was** named as a defendant in lawsuits related to the distribution of opioid pain medications. Plaintiffs in these lawsuits ~~include~~ **included** state attorneys general, counties and municipalities ~~, as well as private parties, such as unions and other health and welfare funds, hospital systems and other healthcare providers, businesses and individuals. We have 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 (" DOJ"). We have also received civil subpoenas and other requests for information from other DOJ offices~~ . 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. Under the National Opioid Settlement Agreement, we agreed to pay up to approximately $ 6. 3 billion over 18 years. The National Opioid Settlement Agreement also includes injunctive relief terms relating to distributors' controlled substance anti- diversion programs. A monitor will oversee compliance with these provisions until 2027. In addition, the distributors agreed to engage a third- party vendor to act as a clearinghouse for data aggregation and reporting, which the distributors will fund until 2032. It is possible that the 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. **The** ~~In addition to the claims covered by the~~ National Opioid Settlement Agreement **did not resolve all lawsuits brought by political subdivisions. We continue to engage in resolution discussions with certain nonparticipating political subdivisions. A trial in the case brought by the city of Baltimore** , ~~we~~ **which is the largest remaining nonparticipating subdivision by population, is scheduled to begin in September 2024. We intend to defend ourselves vigorously against all remaining lawsuits; however, litigation is inherently unpredictable and unfavorable developments or resolutions can occur. 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 these lawsuits; however, legal proceedings are inherently unpredictable and it is possible that these lawsuits, either individually or in the aggregate, could have a negative impact on our results of operations. We **have 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 (" DOJ"). We have also received civil subpoenas and other requests for information from other DOJ offices. 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~~ **our ability** ~~liquidity beyond the amounts accrued and beyond what we may be able~~ to recover **losses** from our insurers **is uncertain** . Additionally, laws governing insurance coverage vary by state and some state courts have interpreted laws and insurance policies in ways that may negatively impact our ability to receive indemnification under our 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 **an** ~~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~~ **U. S. federal, state and foreign** and regulatory requirements. Noncompliance or concerns over noncompliance, including noncompliance by **suppliers** ~~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 **to comply, our results of operations and financial condition could be adversely affected. 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. 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 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. For example, in November 2023, we received a Civil Investigative Demand (" CID") from the Department of Justice focused on potential violations of the Anti- Kickback Statute and False Claims Act in connection with a 2022 transaction in which we purchased a group purchasing organization and a minority ownership interest in a rheumatology managed services** ~~36Cardinal~~ **34Cardinal** Health | Fiscal ~~2023~~ **2024** Form 10- K Risk Factors **organization** to comply, our results of operations..... for remediation and harm to our reputation . We are **cooperating** ~~required to comply~~ with **this** ~~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~~ **investigation** ~~our policies or practices, and may challenge them~~ . We are **also** 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. Some **of our** 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 **and Specialty Solutions** 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 ~~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 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 **have** become aware of certain isolated alleged violations of federal,state or foreign laws concerning privacy and data protection.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 to civil or criminal penalties,breach of contract claims,lawsuits,costs for remediation and harm to our **reputation** . 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 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 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. **Additionally,** ~~As a result of a notice of violation~~ we ~~received from~~ **have incurred,** ~~an~~ **and may incur additional costs associated with modifying certain manufacturing, distribution or replenishment facilities in accordance with state** environmental ~~regulator~~ **regulators ' actions or requirements** ~~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. **Supply chain and quality issues could adversely affect operations, profitability, cash flows, and our financial condition. As described in the" Business" section, products that we manufacture, source, distribute or market must comply with rigorous quality requirements. In addition, no assurance can be given that we will remain in compliance with applicable FDA and other regulatory requirements. These requirements include, among others, regulations regarding manufacturing practices, labeling, advertising, and post marketing reporting, including adverse**

event reports and field alerts and actions. Several of our facilities and procedures and those of our suppliers are subject to ongoing regulation and periodic inspection by the FDA and other authorities. Actions resulting from non- compliance with FDA and other regulations include fines, warning letters, injunctions, civil penalties, damages, recalls, consent decrees, seizures of products, and civil litigation and / or criminal prosecution. For example, following a facility inspection in December 2023, the FDA issued a warning letter to Cardinal Health in April 2024 related to plastic syringes sourced from a third party manufacturer in China asserting these products did not have appropriate 510 (k) clearance and restating some of the observations from the December 2023 inspection. We promptly took action on these Cardinal Health | Fiscal 2024 Form 10- K35 products and submitted a timely and comprehensive response to the warning letter describing our investigation and corrective actions, and we continue to cooperate with the FDA on this matter. 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 source or manufacture outside the United States. U. S. Customs and Border protection may challenge our determinations, which have resulted in products being detained and supply disruptions, and which could result in the imposition of fines and penalties. ~~Cardinal Health | Fiscal~~ **In addition, the Uyghur Forced Labor Prevention Act, which went into effect in June** ~~2023~~ **2022** ~~Form 10~~ **, 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 supply constraints as a result of these and similar regulations, and it is possible that our business or results of operations could be further negatively impacted by future determinations and disruptions. Such events cause the company to incur additional time, cost and effort to ensure compliance with complex regulations. Noncompliance or concerns over noncompliance, including by suppliers, as a result of use of third party manufactures, or planned shifts in production sites, has in the past, and may in the future result in substantial modifications to our business practices and operations. These modifications can include suspension of our ability to import and distribute, refunds or recalls, total or partial shutdown of production in one or more facilities while we or our suppliers remedy any actual or potential issues, the inability to obtain future pre** - ~~K37~~ **market approvals or marketing authorizations, and withdrawals or suspensions of current products from the market. 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. Any of these supply chain and quality- related events could be disruptive to our business and have a material adverse effect on operations, profitability, cash flows, and our financial condition.** 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 **. Additionally, changes in tax laws or regulatory enforcement priorities may impact our tax position** . 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 year 2021, we recorded a net tax benefit, reflecting our **then-** 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 **Jobs** Act (" Tax Act"); however, **the tax law governing deductibility was changed by the Tax Act, and** 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. 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 ~~8~~ **9** of the" Notes to Consolidated Financial Statements" for more information regarding these matters. In fiscal year 2021, our provision for income taxes 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. ~~It~~ **This fiscal year is being audited by the IRS, and it** is possible that the IRS could challenge our tax position with respect to this self- insurance loss. If **they do** ~~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 **, including a specific inquiry into a restructuring in connection with integrating the July 2017 acquisition of the Patient Recovery business from Medtronic** . 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 **36Cardinal Health | Fiscal 2024 Form 10- K** 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, **U. S.- based medical product manufacturing,** mandated benefits, efforts to promote increased transparency in the pharmaceutical supply chain, **drug shortages** ~~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. ~~These~~ **Federal, state, and local governmental entities have also continued to increase their scrutiny of the U. S. healthcare market. For example, the Federal Trade Commission has issued public requests for information related to pharmaceutical wholesalers' and group purchasing organizations' impacts on generic drug shortages and the impact of pharmacy benefits managers on drug affordability and access. Such scrutiny might expose us to additional governmental investigations, qui tam actions, and liability and could require us to make changes in our operations at additional expense. Uncertainty surrounding** possible changes **to** ~~, and the uncertainty surrounding these~~ -- **the** ~~possible~~ **healthcare environment, including** changes **to regulatory enforcement priorities** , 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 **, disruptive, and time consuming** 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" Opioid- related legal proceedings and the National Opioid Settlement Agreement we have entered into could have additional or unexpected negative effects on our results of operations or business" and in Note ~~7~~ **8** 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 have entered into settlement ~~38Cardinal Health | Fiscal 2023 Form 10- K~~ agreements to settle ~~approximately 7, 300~~ **the vast majority of** product liability claims alleging personal injuries associated with the use of Cordis OptEase and TrapEase IVC filter products. ~~Product liability insurance for these types of claims is becoming more limited and may not be available to us at 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 future~~ **Future** settlements of or judgments for product liability 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 **. We might infringe intellectual property rights or our own intellectual property protections might be insufficient to protect our commercial interests. As we expand or update our product offerings, we may not be able to timely secure intellectual property protections or customers may prefer certain of our products that are no longer subject to intellectual property protections. Such risks may harm our profit, competitive position and could have an adverse impact on results of operations. Third parties have in the past and may in the future assert infringement claims against us. Litigation and proceedings related to intellectual property are unpredictable, and we might be required to pay significant damages, develop non- infringing products or services, obtain a license, cease selling or using allegedly infringing products or services, or incur other restrictions on our operations. Trade secret, patent, copyright, and trademark laws, nondisclosure obligations, and other contractual provisions are critical to our business. In addition to contractual and technical measures, we might institute resource- intensive litigation to protect our trade secrets, to enforce our patent, copyright, or trademark rights and to determine the scope and validity of the proprietary rights of third parties. Our efforts to protect our intellectual property might be insufficient, and non- infringing products or services equivalent or superior to ours might be developed by competitors** . Business & Operational RisksOur business and operations depend on the proper functioning of information systems, 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. **Cardinal Health | Fiscal 2024 Form 10- K37** 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 climate change- related weather events, including wildfires, hurricanes, extreme temperatures or other natural disasters,

pandemics (as they were by the COVID- 19 pandemic) or power ~~outage~~ **outages , systems updates** , or due to ~~cyber- security~~ **cybersecurity** incidents, ransomware or other actions of third parties, including labor strikes or shortages, political unrest and terrorist attacks **. In addition, hardware, software, and other applications and updates procured from third parties may contain defects that have and may in the future unexpectedly restrict or prevent access to or interfere with the proper operation of our information systems and hardware** . Manufacturing disruptions also can occur due to regulatory action, production quality deviations, safety issues or raw material shortages or defects **, planned shifts in production sites** , or because a key product or component is manufactured at a single manufacturing facility with limited alternate facilities. Additionally, we incur costs to remediate these disruptions, and it is possible that these costs could be significant. Our ability to compete effectively is increasingly dependent on access to and interpretation of data **, and we may provide services that involve hosting customer data and operating software on third- party or our own systems** . 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 **, or protect the integrity of such data, including systems powered by or incorporating artificial intelligence and machine learning** , 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 **beyond our control** 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~~ **social engineering** or other forms of deception. We **and our service providers** have been the target of cyber attacks. 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 **at the state and U. S. federal level** 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 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 or other long- lived assets ~~could~~ **may** be **further** 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. 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~~ **In fiscal 2024, we performed annual impairment testing and concluded there were no impairments of goodwill for our reporting units as the estimated fair value of each reporting unit exceeded its carrying amount. However, the at- Home Solutions reporting unit estimated fair value exceeds its carrying amount by less than 1 percent and therefore, its goodwill could be impaired in future periods. The goodwill balance as of June 30, 2024 was $ 1. 1 billion. 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, a failure to meet expected earnings** ~~our~~ **or other financial plans, or unanticipated events and circumstances, an increase in the discount rate, a decrease in the terminal growth rate, increases in tax rates, or a significant change in industry or economic trends could affect the accuracy or validity of such estimates and may result in goodwill impairment in our at- Home solutions segment. It is also possible that we may record significant charges from impairment to goodwill of other reporting 38Cardinal Health | Fiscal 2024 Form 10- K units, intangibles and other long- lived assets. Any charge or charges could adversely affect our results of operations. During fiscal 2024, 2023 and 2022, we recorded aggregate goodwill impairment charges of $ 675 million, $ 1. 2 billion and $ 2. 1 billion, respectively, related to GMPD (our former Medical unit) primarily driven by the performance and** long- term financial plan assumptions **. GMPD has no** ~~made during fiscal 2023, including those related to Cardinal Health branded medical products sales growth and net inflationary impacts, we performed quantitative~~ goodwill **balance remaining at** ~~impairment testing for the Medical Unit for periods ended~~ June 30, ~~2023~~ **2024** ~~, 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 goodwill impairment testing for the Medical Unit and recorded an aggregate $ 2. 1 billion impairment to goodwill in fiscal year 2022. 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, 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 efforts to mitigate such impact, including price increases or surcharges; further disruptions in the supply chain; manufacturing cost inefficiencies resulting from lower than anticipated sales volume; an increase in the discount rate; a decrease in the terminal growth rate; increases in tax rates; 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 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. **In fiscal year 2024,** CVS Health and OptumRx ~~are~~ **were our** ~~large~~ **largest** customers ~~that generate a significant amount of our revenue~~ . CVS Health accounted for ~~25~~ **24** percent of our fiscal ~~2023~~ **2024** revenue and ~~23~~ **22** percent of our gross trade receivable balance at June 30, ~~2023~~ **2024** and ~~OptumRx~~ **OptumRX** accounted for ~~16~~ **17** percent of our fiscal ~~2023~~ **2024** revenue. Our ~~agreement~~ **pharmaceutical distribution contracts** with OptumRx ~~extends through~~ **expired at the end of** June 2024. **We expect our results of operations including Pharmaceutical and Specialty Solutions segment profit and operating cash flow, to be negatively impacted as a result of this expiration. Additionally, we may not be as successful as anticipated in mitigating the negative impacts from this expiration.** If ~~either of these~~ **CVS or another significant** ~~customers~~ **customer** ~~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 **or strategic objectives** 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. When we decide to sell assets or a business, we may encounter difficulty finding buyers or alternative exit strategies, which could ~~delay~~ **impact** the achievement of our strategic objectives. We could also **fail to obtain necessary regulatory approval or** 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. **For example, in March 2024, we acquired Specialty Networks, a technology- enabled multi- specialty group purchasing and practice enhancement organization for $ 1. 2 billion.** Completion of **such** 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 **, financial, strategic** 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; **we may require financing that may not be available on favorable terms; we may not receive regulatory approval necessary to timely complete an acquisition;** or we may encounter unforeseen internal control, regulatory or compliance issues **. We may also encounter other risks related to a failure to complete an acquisition, including diversion of time and resources of management and failure to achieve strategic objectives. Any of the foregoing may impact our ability to achieve anticipated benefits of an acquisition, which might have an adverse impact on results of operations and financial conditions** . 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 **former** 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. **These initiatives, transitions, and improvements require an ongoing commitment of resources.** If any of these initiatives or similar initiatives **, including those related to artificial intelligence and machine learning,** 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 **, financial results** 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~~ **was** 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 **. In connection with this extension, the Board extended the term of the Business Review Committee until July 15, 2024. On that date, the Business Review Committee disbanded in accordance with its charter. The Cooperation Agreement remains in effect** . The Cooperation Agreement may create unintended consequences, such as creating uncertainty about our management, operations or future strategic direction, which could **Cardinal Health | Fiscal 2024 Form 10- K39** 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. **Our business could be affected by events outside of our control including global climate change- related physical and transitional risks, public health crises, natural disasters, geopolitical and other catastrophic events. The long- term impacts of climate change are widespread and difficult to predict. However, we expect to experience climate- related impacts to the business, likely driven by risks related to the physical impacts to our operations and risks related to the transition to a lower- carbon economy. Our properties may be subject to nearer- term impacts from climate change, including physical damage resulting from adverse or extreme weather. Property damage results in increased costs for repairs and may cause disruptions in operations. Transitional risks associated with climate change may cause social and human effects such as shifts in populations, increased costs for critical services such as transportation, and other adverse effects. Climate- related laws and regulations may impose costs, including increased spend associated with carbon pricing mechanisms, data gathering and reporting, third- party attestations, capital expenditures to implement lower greenhouse gas emissions technology, and other measures to reduce emissions. Additionally, the varied timing of climate-related laws and regulations and disparate regulatory approaches in various jurisdictions could complicate our compliance with climate- related laws or regulations, and methodologies for reporting climate- related data may change. We cannot predict the potential impact on our competitive position, results of operations, or financial condition. These factors may negatively impact cost or availability of certain products, commodities, or energy, and could impair our ability to secure goods and services required for the operation of our business at quantities and levels we require. A shift in customer or consumer preference towards low- carbon products and services may also place us at a competitive disadvantage if we fail to effectively adjust for these shifts. Our supply chain is subject to these same physical and transitional risks. Events outside of our control also have, and will continue to, adversely impact our operations and financial results. These events include those related to public health crises, including epidemics or pandemics; geopolitical events or tensions, including civil unrest, trade wars, armed conflicts, or terrorism; or unstable international governments and legal systems. Among other potential affects, these events may have a disruptive and unpredictable impact on our operations and those of our suppliers and vendors, or customers, hinder manufacturing and transportation, result in significant excess costs, lead to shifts in customer demand, or have a negative impact on capital markets. Such events are inherently unpredictable, and our responses may involve the implementation of measures which may not be as successful as intended in mitigating adverse impacts.** 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 **each of** our **businesses** ~~pharmaceutical and medical segments~~ may be increased by new business models, new entrants, new regulations **or changes in enforcement priorities** , changes in consumer demand or general competitive dynamics **. Additionally, we may not be able to onboard new customers as efficiently as expect due to customer service issues or competitive service level offerings** . 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 **and Specialty Solutions** segment' s profit margin could be adversely affected by changes in industry or market dynamics that we are not able to accurately predict. **The** ~~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 **, which contribute to the performance of our generic pharmaceutical program,** 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 unable to offset the decline, our Pharmaceutical **and Specialty Solutions** 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~~ **Additionally** , 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. 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 **40Cardinal Health | Fiscal 2024 Form 10- K** 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 experienced higher supply chain costs, which had a negative impact on **our former** Medical segment profit in fiscal 2021, 2022 ~~and~~ **,** 2023 **and current GMPD segment in 2024** . Supply chain constraints ~~have~~ also had a negative impact on sales within our **former** Medical segment. We did not offset the full impact of these cost increases in fiscal year 2023

and 2024 ; however, we implemented certain cost reductions, price increases and surcharges 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~~ **mitigate future cost** ~~increase~~ **increases through increased** prices ~~as planned~~ **where necessary** or if supply cost increases do not continue to normalize as expected, ~~Medical~~ **GMPD** segment profit could be negatively impacted ~~to a greater extent than we currently anticipate~~ . We depend on others to manufacture some products **, including pharmaceuticals,** 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, **labor disputes,** 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 some supply constraints as a result of these and similar regulations, and it is possible that our business or 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. 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, **among others,** 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 **in the situation** where the combined enterprise selects one distributor from two incumbents **or a reduction in our ability to market our products and services to new customers. Consolidations also impact other objectives, including our ability to use acquisitions to expand or complement our existing businesses** . 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 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. **For example, products and materials sourced, directly or indirectly, from outside the U. S., including from China, may be subject to major changes in tax or trade policy between the U. S. and countries from which we source such products and materials. These changes may include the imposition of additional tariffs or duties on imports, which may require taking certain actions such as raising prices and seeking alternative sources of supply.** We may **also** 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 **Cardinal Health | Fiscal 2024 Form 10- K41** 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~~ **Each** of our segments have experienced increased costs in fiscal years 2022 ~~and ,~~ 2023 **and 2024** , including for fuel, and it is possible that we could experience supply disruptions or shortages if tariffs or other protective measures are enacted. 42Cardinal Health | Fiscal ~~2023~~ **2024** Form 10- K **Cybersecurity CybersecurityCybersecurity Risk ManagementWe identify, assess, and manage risks related to cybersecurity through documented policies, standards, and procedures as part of our overall approach to cybersecurity, which is a component of our wider enterprise risk management program. Our approach to detection, mitigation, remediation, and prevention of cybersecurity risks utilizes a range of measures including, among other elements: benchmarking to generally accepted industry standards and frameworks, such as the National Institute of Standards and Technology cybersecurity framework; use of periodic tabletop exercises to promote awareness and improve internal processes; periodic penetration testing; a dedicated staff of cybersecurity professionals; and implementation of security measures and policies intended to identify as well as assist in containing and remediating cybersecurity risks. We maintain cybersecurity incident response, disaster recovery, and business continuity plans that**

govern activities such as preparation, detection coordination, remediation and recovery, and escalation to senior management and, where appropriate, relevant committees of the Board. These plans are routinely reviewed under the leadership of our Chief Information Security Officer (" CISO"). We also maintain mandatory employee cybersecurity and privacy compliance awareness training requirements, which are supplemented by employee engagement campaigns. We utilize third parties to assist with, and assess the effectiveness of, our cybersecurity posture, in addition to supporting incident response and mitigation where necessary. We identify and assess third party risks associated with suppliers and service providers across a range of areas, including cybersecurity, through a third- party risk management process that incorporates, among other features, the use of risk assessments and, where appropriate, contractual requirements around evaluations, security, technology, service levels, and other terms. To date, we are not aware of risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect Cardinal Health. However, the scope and impact of any future incident cannot be predicted. For more information, please see Item 1A " Risk Factors " for the risk factor entitled " Our business and results of operations could be adversely affected if we experience a material cyber- attack or other systems breach. " GovernanceOur CISO, in coordination with our Chief Information Officer (" CIO ") to whom the CISO reports, leads our approach to assessing and managing cybersecurity- related risks. Our CISO has over twenty- five years of experience in information technology (" IT "), with twenty years in IT risk management, compliance, and information security, as well as a background in leading technical infrastructure teams and roles supporting business operations. As part of management' s oversight of our cybersecurity program, we maintain an IT risk governance process that includes multiple levels of escalation from our IT Risk Advisory Board, which meets on a monthly basis and whose membership includes the CISO and IT functional area leadership, to an executive- level committee to help address cybersecurity risks at an enterprise level. While the company' s Board oversees our overall risk management process, as part of its oversight, the Board has delegated certain responsibilities to committees of the Board. The Audit Committee of the Board has primary responsibility for discussing with management cybersecurity and other major IT risk exposures and management' s steps to monitor and control such exposures. In coordination with the Audit Committee, the Risk Oversight Committee of the Board monitors Cardinal Health' s compliance with applicable legal and regulatory requirements, including with respect to data privacy and security. Our Audit Committee receives quarterly updates from the CISO and CIO and the Board receives at least annual cybersecurity updates. Among other items, these updates cover a range of matters relevant to our cybersecurity program, including: the threat environment and related business risks; the state, priorities of, and investments in our cybersecurity program; the availability of cyber insurance; review of certain cybersecurity incidents that have occurred within the company and the industry; and relevant cybersecurity operational metrics. Cardinal Health | Fiscal 2024 Form 10- K43 Properties and Legal Proceedings