UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 29, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 0-27078

HENRY SCHEIN, INC.

(Exact name of registrant as specified in its charter)

Delaware	**11-3136595**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

135 Duryea Road
Melville, New York
(Address of principal executive offices)
11747
(Zip Code)

(631) 843-5500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.01 per share	HSIC	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of April 28, 2025, there were 121,719,546 shares of the registrant's common stock outstanding.

HENRY SCHEIN, INC.

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PART I. FINANCIAL INFORMATION
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HENRY SCHEIN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	March 29, 2025 (unaudited)	December 28, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 127	$ 122
Accounts receivable, net of allowance for credit losses of $81 and $78 (1)	1,578	1,482
Inventories, net	1,842	1,810
Prepaid expenses and other	490	569
Total current assets	4,037	3,983
Property and equipment, net	556	531
Operating lease right-of-use assets	294	293
Goodwill	3,956	3,887
Other intangibles, net	1,028	1,023
Investments and other	609	501
Total assets	$ 10,480	$ 10,218
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 908	$ 962
Bank credit lines	867	650
Current maturities of long-term debt	56	56
Operating lease liabilities	77	75
Accrued expenses:		
Payroll and related	243	303
Taxes	160	139
Other	606	618
Total current liabilities	2,917	2,803
Long-term debt (1)	1,968	1,830
Deferred income taxes	135	102
Operating lease liabilities	256	259
Other liabilities	485	387
Total liabilities	5,761	5,381
Redeemable noncontrolling interests	765	806
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 1,000,000 shares authorized, none outstanding	-	-
Common stock, $0.01 par value, 480,000,000 shares authorized, 122,243,683 outstanding on March 29, 2025 and 124,155,884 outstanding on December 28, 2024	1	1
Additional paid-in capital	-	-
Retained earnings	3,626	3,771
Accumulated other comprehensive loss	(317)	(379)
Total Henry Schein, Inc. stockholders' equity	3,310	3,393
Noncontrolling interests	644	638
Total stockholders' equity	3,954	4,031
Total liabilities, redeemable noncontrolling interests and stockholders' equity	$ 10,480	$ 10,218

(1) Amounts presented include balances held by our consolidated variable interest entity ("VIE"). At March 29, 2025 and December 28, 2024, includes trade accounts receivable of $ 471 million and $ 241 million, respectively, and long-term debt of $ 300 million and $150 million, respectively. See Note 1 – Basis of Presentation for further information.

See accompanying notes.

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HENRY SCHEIN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except share and per share data)
(unaudited)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net sales	$ 3,168	$ 3,172
Cost of sales	2,168	2,160
Gross profit	1,000	1,012
Operating expenses:		
Selling, general and administrative	738	791
Depreciation and amortization	62	61
Restructuring costs	25	10
Operating income	175	150
Other income (expense):		
Interest income	6	5
Interest expense	(35)	(30)
Other, net	(1)	2
Income before taxes, equity in earnings of affiliates and noncontrolling interests	145	127
Income taxes	(35)	(32)
Equity in earnings of affiliates, net of tax	3	3
Net income	113	98
Less: Net income attributable to noncontrolling interests	(3)	(5)
Net income attributable to Henry Schein, Inc.	$ 110	$ 93
Earnings per share attributable to Henry Schein, Inc.:		
Basic	$ 0.89	$ 0.72
Diluted	$ 0.88	$ 0.72
Weighted-average common shares outstanding:		
Basic	123,776,073	128,720,661
Diluted	124,848,221	129,769,580

See accompanying notes.

HENRY SCHEIN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(unaudited)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net income	$ 113	$ 98
Other comprehensive income, net of tax:		
Foreign currency translation gain (loss)	76	(54)
Unrealized gain (loss) from hedging activities	(5)	11
Other comprehensive income (loss), net of tax	71	(43)
Comprehensive income	184	55
Comprehensive income attributable to noncontrolling interests:		
Net income	(3)	(5)
Foreign currency translation loss (gain)	(9)	10
Comprehensive loss (income) attributable to noncontrolling interests	(12)	5
Comprehensive income attributable to Henry Schein, Inc.	$ 172	$ 60

See accompanying notes.

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HENRY SCHEIN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in millions, except share data)
(unaudited)

	Common Stock $0.01 Par Value		Additional Paid-in	Retained	Accumulated Other Comprehensive	Noncontrolling	Total Stockholders'
	Shares	Amount	Capital	Earnings	Income / (Loss)	Interests	Equity
Balance, December 28, 2024	124,155,884	$ 1	$ -	$ 3,771	$ (379)	$ 638	$ 4,031
Net income (excluding loss $2 attributable to Redeemable noncontrolling interests)	-	-	-	110	-	5	115
Foreign currency translation gain (excluding gain of $8 attributable to Redeemable noncontrolling interests)	-	-	-	-	67	1	68
Unrealized loss from hedging activities, net of tax benefit of $ 1	-	-	-	-	(5)	-	(5)
Pension adjustment gain, net of tax of $1	-	-	-	-	-	-	-
Change in fair value of redeemable securities	-	-	(28)	-	-	-	(28)
Noncontrolling interests and adjustments related to business acquisitions and contingent consideration	-	-	(60)	-	-	-	(60)
Repurchase and retirement of common stock	(2,255,485)	-	(21)	(141)	-	-	(162)
Stock issued upon exercise of stock options	10,351	-	1	-	-	-	1
Stock-based compensation expense	520,385	-	5	-	-	-	5
Shares withheld for payroll taxes	(187,493)	-	(11)	-	-	-	(11)
Settlement of stock-based compensation awards	41	-	-	-	-	-	-
Transfer of charges in excess of capital	-	-	114	(114)	-	-	-
Balance, March 29, 2025	122,243,683	$ 1	$ -	$ 3,626	$ (317)	$ 644	$ 3,954

	Common Stock $0.01 Par Value		Additional Paid-in	Retained	Accumulated Other Comprehensive	Noncontrolling	Total Stockholders'
	Shares	Amount	Capital	Earnings	Income / (Loss)	Interests	Equity
Balance, December 30, 2023	129,247,765	$ 1	$ -	$ 3,860	$ (206)	$ 634	$ 4,289
Net income (excluding $2 attributable to Redeemable noncontrolling interests)	-	-	-	93	-	3	96
Foreign currency translation loss (excluding loss of $0 attributable to Redeemable noncontrolling interests)	-	-	-	-	(44)	-	(44)
Unrealized gain from hedging activities, net of tax of $ 4	-	-	-	-	11	-	11
Change in fair value of redeemable securities	-	-	(42)	-	-	-	(42)
Noncontrolling interests and adjustments related to business acquisitions	-	-	1	-	-	-	1
Repurchase and retirement of common stock	(998,728)	-	(10)	(65)	-	-	(75)
Stock issued upon exercise of stock options	20,939	-	1	-	-	-	1
Stock-based compensation expense	314,759	-	8	-	-	-	8
Shares withheld for payroll taxes	(103,865)	-	(8)	-	-	-	(8)
Settlement of stock-based compensation awards	39	-	-	-	-	-	-
Transfer of charges in excess of capital	-	-	50	(50)	-	-	-
Balance, March 30, 2024	128,480,909	$ 1	$ -	$ 3,838	$ (239)	$ 637	$ 4,237

See accompanying notes.

HENRY SCHEIN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Cash flows from operating activities:		
Net income	$ 113	$ 98
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73	73
Impairment charge on intangible assets	1	-
Non-cash restructuring charges	1	1
Stock-based compensation expense	5	8
Provision for losses on trade and other accounts receivable	2	5
Provision for (benefit from) deferred income taxes	(7)	2
Equity in earnings of affiliates	(3)	(3)
Distributions from equity affiliates	2	2
Changes in unrecognized tax benefits	2	2
Other	(27)	(6)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(74)	190
Inventories	(14)	74
Other current assets	75	41
Accounts payable and accrued expenses	(112)	(290)
Net cash provided by operating activities	37	197
Cash flows from investing activities:		
Purchases of property and equipment	(31)	(41)
Payments related to equity investments and business acquisitions, net of cash acquired	(51)	(20)
Proceeds from loan to affiliate	-	1
Capitalized software costs	(12)	(9)
Other	(5)	(3)
Net cash used in investing activities	(99)	(72)
Cash flows from financing activities:		
Net change in bank credit lines	215	-
Proceeds from issuance of long-term debt	150	90
Principal payments for long-term debt	(15)	(60)
Proceeds from issuance of stock upon exercise of stock options	1	1
Payments for repurchases and retirement of common stock	(161)	(75)
Payments for taxes related to shares withheld for employee taxes	(12)	(7)
Distributions to noncontrolling shareholders	(4)	(6)
Payments for contingent consideration	(12)	-
Acquisitions of noncontrolling interests in subsidiaries	(73)	(94)
Net cash provided by (used in) financing activities	89	(151)
Effect of exchange rate changes on cash and cash equivalents	(22)	14
Net change in cash and cash equivalents	5	(12)
Cash and cash equivalents, beginning of period	122	171
Cash and cash equivalents, end of period	$ 127	$ 159

See accompanying notes.

HENRY SCHEIN, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except share and per share data)
(unaudited)

Note 1 – Basis of Presentation

Our condensed consolidated financial statements include the accounts of Henry Schein, Inc., and all of our controlled subsidiaries and VIE ("we", "us" and "our"). All intercompany accounts and transactions are eliminated in consolidation. Investments in unconsolidated affiliates for which we have the ability to influence the operating or financial decisions are accounted for under the equity method. Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications, individually and in the aggregate, did not have a material impact on our condensed consolidated financial condition, results of operations or cash flows.

Our accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnote disclosures required by U.S. GAAP for complete financial statements.

The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 28, 2024 and with the information contained in our other publicly-available filings with the Securities and Exchange Commission. The condensed consolidated financial statements reflect all adjustments considered necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods presented. All such adjustments are of a normal recurring nature.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the three months ended March 29, 2025 are not necessarily indicative of the results to be expected for any other interim period or for the year ending December 27, 2025.

Our condensed consolidated financial statements reflect estimates and assumptions made by us that affect, among other things, our goodwill, long-lived asset and definite-lived intangible asset valuation; inventory valuation; equity investment valuation; assessment of the annual effective tax rate; valuation of deferred income taxes and income tax contingencies; the allowance for credit losses; hedging activity; supplier rebates; measurement of compensation cost for certain share-based performance awards and cash bonus plans; and pension plan assumptions.

The primary beneficiary of a VIE is required to consolidate the assets and liabilities of the VIE. We are deemed to be the primary beneficiary of the VIE when we have the power to direct activities that most significantly affect its economic performance and have the obligation to absorb the majority of its losses or the right to receive benefits that could potentially be significant to the VIE. In determining whether we are the primary beneficiary, we consider factors such as ownership interest, debt investments, management representation, authority to control decisions, and contractual and substantive participating rights of each party. For this VIE, related to our U.S. trade accounts receivable securitization as discussed in Note 8 – Debt, the trade accounts receivable transferred to the VIE are pledged as collateral to the related debt. The VIE's creditors have recourse to us for losses on these trade accounts receivable. At March 29, 2025 and December 28, 2024, certain trade accounts receivable that can only be used to settle obligations of this VIE were $471 million and $ 241 million, respectively, and the liabilities of this VIE where the creditors have recourse to us were $00 million and $ 150 million, respectively.

HENRY SCHEIN, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except share and per share data)
(unaudited)

Note 2 – Significant Accounting Policies and Recently Issued Accounting Standards

Significant Accounting Policies

There have been no material changes in our significant accounting policies during the three months ended March 29, 2025, as compared to the significant accounting policies described in Item 8 of our Annual Report on Form 10-K for the year ended December 28, 2024.

Recently Issued Accounting Standards

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, "*Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosure (Subtopic 220-40) Disaggregation of Income Statement Expenses*," which requires additional disclosure about the specific expense categories in the notes to financial statements at interim and annual reporting periods. The amendments in this ASU do not change or remove current expense disclosure requirements but affect where this information appears in the notes to financial statements. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. We are currently evaluating the impact that ASU 2024-03 will have on our condensed consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*," which requires public business entities to disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate for federal, state and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a specified threshold. In addition to new disclosures associated with the rate reconciliation, the ASU requires information pertaining to taxes paid (net of refunds received) to be disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts exceed a quantitative threshold. The ASU also describes items that need to be disaggregated based on their nature, which is determined by reference to the item's fundamental or essential characteristics, such as the transaction or event that triggered the establishment of the reconciling item and the activity with which the reconciling item is associated. The ASU eliminates the historic requirement that entities disclose information concerning unrecognized tax benefits having a reasonable possibility of significantly increasing or decreasing in the 12 months following the reporting date. This ASU is effective for annual periods beginning after December 15, 2024. We are currently evaluating the impact that ASU 2023-09 will have on our consolidated financial statements.

Note 3 – Cyber Incident

In October 2023 Henry Schein experienced a cyber incident that primarily affected the operations of our North American and European dental and medical distribution businesses. Henry Schein One, our practice management software, revenue cycle management and patient relationship management solutions business, was not affected, and our manufacturing businesses were mostly unaffected. On November 22, 2023, we experienced a disruption of our ecommerce platform and related applications, which was remediated.

With respect to the October 2023 cyber incident, we have a $60 million insurance policy, following a $ 5 million retention. During the three months ended March 30, 2024, we did not receive any insurance proceeds. During the year ended December 28, 2024, we received insurance proceeds of $40 million under this policy. During the three months ended March 29, 2025 we received insurance proceeds of $20 million under this policy, representing the remaining insurance recovery of losses related to the cyber incident. During the three months ended March 29, 2025 and March 30, 2024, we incurred zero and $5 million expenses, respectively, directly related to the cyber incident, mostly consisting of professional fees. The expenses and insurance recoveries related to the cyber incident are included in the selling, general and administrative line in our condensed consolidated statements of income.

HENRY SCHEIN, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except share and per share data)
(unaudited)

Note 4 – Net Sales from Contracts with Customers

Net sales are recognized in accordance with policies disclosed in Item 8 of our Annual Report on Form 10-K for the year ended December 28, 2024.

Disaggregation of Net Sales

As noted further in Note 5 – Segment Data during the fourth quarter of our fiscal year ended December 28, 2024, we revised our reportable segments to align with how the Chairman and Chief Executive Officer manages the business, assesses performance and allocates resources. All prior comparative segment information has been recast to reflect our new segment structure.

The following table disaggregates our net sales by reportable segment:

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net Sales:		
Global Distribution and Value-Added Services		
Global Dental merchandise	$ 1,185	$ 1,210
Global Dental equipment	384	402
Global Value-added services	52	56
Global Dental	1,621	1,668
Global Medical	1,055	1,025
Total Global Distribution and Value-Added Services	2,676	2,693
Global Specialty Products	367	360
Global Technology	162	157
Eliminations	(37)	(38)
Total	$ 3,168	$ 3,172

Contract Liabilities

The following table presents our contract liabilities:

	As of			
Description	March 29, 2025	December 28, 2024	March 30, 2024	December 30, 2023
Current contract liabilities	$ 85	$ 81	84	$ 89
Non-current contract liabilities	7	8	8	9
Total contract liabilities	$ 92	$ 89	92	$ 98

During the three months ended March 29, 2025, we recognized, in net sales, $ 34 million of the amount that was previously deferred at December 28, 2024. During the three months ended March 30, 2024, we recognized in net sales $36 million of the amount that was previously deferred at December 30, 2023. Current contract liabilities are included in accrued expenses: other and the non-current contract liabilities are included in other liabilities within our condensed consolidated balance sheets.

HENRY SCHEIN, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except share and per share data)
(unaudited)

Note 5– Segment Data

During the fourth quarter of our fiscal year ended December 28, 2024, we revised our reportable segments to align with how the Chairman and Chief Executive Officer manages the business, assesses performance and allocates resources. Our revised reportable segments now consist of: (i) Global Distribution and Value-Added Services; (ii) Global Specialty Products; and (iii) Global Technology. These segments offer different products and services to the same customer base. All prior comparative segment information has been recast to reflect our new segment structure.

We aggregate operating segments into these reportable segments based on economic similarities, the nature of their products, customer base, and methods of distribution.

Global Distribution and Value-Added Services includes distribution to the global dental and medical markets of national brand and corporate brand merchandise, as well as equipment and related technical services. This segment also includes value-added services such as financial services, continuing education services, consulting and other services. This segment also markets and sells under our own corporate brand, a portfolio of cost-effective, high-quality consumable merchandise. Global Specialty Products includes manufacturing, marketing and sales of dental implant and biomaterial products; and endodontic, orthodontic and orthopedic products and other health care-related products and services. Global Technology includes development and distribution of practice management software, e-services, and other products, which are distributed to health care providers.

Our organizational structure also includes Corporate, which consists primarily of income and expenses associated with support functions and projects.

Our chief operating decision maker ("CODM") is our Chairman and Chief Executive Officer. Our CODM uses adjusted operating income as the profitability metric for purposes of making decisions about allocation of resources to each segment and assessing performance of each segment. Adjusted operating income provides a measure of our underlying segment results that is in line with our approach to risk and performance management. We define adjusted operating income as operating income adjusted to exclude (a) direct cybersecurity costs and related insurance recovery proceeds, (b) amortization of acquisition intangibles, (c) organizational restructuring expenses, (d) impairment of intangible assets, (e) changes in fair value of contingent consideration, and (f) costs associated with shareholder advisory matters. These adjustments are either: (i) non-cash or non-recurring in nature; (ii) not allocable or controlled by the segment; or (iii) not tied to the operational performance of the segment. Assets by segment are not a measure used to assess the performance of the Company by CODM and thus are not reported in our disclosures.

HENRY SCHEIN, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except share and per share data)
(unaudited)

Segment adjusted operating income is presented in the following table to reconcile to operating income as presented on the condensed consolidated statement of operations. The reconciliation from operating income to income before taxes and equity in earnings of affiliates is presented on our condensed consolidated statements of income.

	Three Months Ended	
	March 29, 2025	March 30, 2024
Gross Sales:		
Global Distribution and Value-Added Services [1]	$ 2,676	$ 2,693
Global Specialty Products [2]	367	360
Global Technology [3]	162	157
Total Gross Sales	3,205	3,210
Less: Eliminations:		
Global Distribution and Value-Added Services	(4)	(8)
Global Specialty Products	(33)	(30)
Total eliminations	(37)	(38)
Net Sales		
Global Distribution and Value-Added Services	2,672	2,685
Global Specialty Products	334	330
Global Technology	162	157
Total Net Sales	$ 3,168	$ 3,172

	Three Months Ended	
	March 29, 2025	March 30, 2024
Operating Income		
Global Distribution and Value-Added Services	$ 167	$ 171
Global Specialty Products	56	43
Global Technology	42	34
Total Segment Operating Income	265	248
Corporate	(35)	(22)
Adjustments [4]	(55)	(76)
Total Operating Income	$ 175	$ 150
Depreciation and Amortization		
Global Distribution and Value-Added Services	$ 35	$ 36
Global Specialty Products	27	25
Global Technology	11	12
Total Depreciation and Amortization	$ 73	$ 73

(1) Global Distribution and Value-Added Services: Includes distribution of infection-control products, handpieces, preventatives, impression materials, composites, anesthetics, teeth, gypsum, acrylics, articulators, abrasives, personal protective equipment ("PPE") products, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, dental chairs, delivery units and lights, digital dental laboratories, X-ray supplies and equipment, high-tech and digital restoration equipment, equipment repair services, financial services on a non-recourse basis, continuing education services for practitioners, consulting and other services. This segment also markets and sells under our own corporate brand, a portfolio of cost-effective, high-quality consumable merchandise.

(2) Global Specialty Products: Includes manufacturing, marketing and sales of dental implant and biomaterial products; and endodontic, orthodontic and orthopedic products and other health care-related products and services.

(3) Global Technology: Includes development and distribution of practice management software, e-services, and other products, which are distributed to health care providers.

(4) Adjustments represent items excluded from segment operating income to enable comparison of financial results between periods. The following table presents a breakdown of such adjustments:

HENRY SCHEIN, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except share and per share data)
(unaudited)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Adjustments:		
Restructuring costs	$ (25)	$ (10)
Acquisition intangible amortization	(43)	(46)
Cyber incident-third-party advisory expenses, net of insurance	20	(5)
Changes in contingent consideration	2	(15)
Impairment of intangible assets	(1)	-
Costs associated with shareholder advisory matters	(8)	-
Total adjustments	$ (55)	$ (76)

Note 6– Business Acquisitions

Our acquisition strategy is focused on investments in companies that add new customers and sales teams, increase our geographic footprint (whether entering a new country, such as emerging markets, or building scale where we have already invested in businesses), and finally, those that enable us to access new products and technologies.

2025 Acquisitions

During the three months ended March 29, 2025, we acquired companies within the Global Distribution and Value-Added Services segment. We acquired a 100% interest in these companies. Total consideration for these acquisitions was $61 million (including cash paid of $ 50 million, estimated fair value of contingent consideration payable of $10 million, and deferred consideration of $ 1 million). Net assets acquired primarily consisted of $ 24 million of goodwill and $ 36 million of intangible assets. The intangible assets acquired consisted of customer relationships and lists of $ 31 million, trademarks and tradenames of $4 million and non-compete agreements of $ 1 million. Weighted average useful lives for these acquired intangible assets were 11 years, 6 years and 5 years, respectively.

The accounting for acquisitions in the three months ended March 29, 2025 has not been completed in several areas, including, but not limited to, pending assessment of certain assets and liabilities.

Goodwill is a result of the synergies and cross-selling opportunities that these acquisitions are expected to provide for us, as well as the expected growth potential. The majority of the acquired goodwill is deductible for tax purposes.

The impact of these acquisitions, individually and in the aggregate, was not considered material to our condensed consolidated financial statements.

Pro forma financial information since the acquisition date has not been presented because the impact of these acquisitions was immaterial to our condensed consolidated financial statements.

2024 Acquisitions

Acquisition of TriMed

On April 1, 2024, we acquired a 60% voting equity interest in TriMed Inc. (“TriMed”), a global developer of solutions for the orthopedic treatment of lower and upper extremities, headquartered in California, for consideration of $315 million. This acquisition is reported in our Global Specialty Products segment. During the year ended December 28, 2024, we completed the accounting for this acquisition.

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The following table aggregates the final fair value, as of the date of the acquisition, of consideration paid and net assets acquired in the TriMed acquisition:

	Final Allocation
Acquisition consideration:	
Cash	$ 141
Deferred consideration	21
Redeemable noncontrolling interests	153
Total consideration	$ 315
Identifiable assets acquired and liabilities assumed:	
Current assets	$ 35
Intangible assets	221
Other noncurrent assets	10
Current liabilities	(7)
Deferred income taxes	(62)
Other noncurrent liabilities	(6)
Total identifiable net assets	191
Goodwill	124
Total net assets acquired	$ 315

Goodwill is a result of synergies that are expected to originate from the acquisition as well as the expected growth potential of TriMed. The acquired goodwill is not deductible for tax purposes.

The intangible assets acquired consisted of product development of $ 204 million, trademarks and tradenames of $ 9 million, and in-process research and development of $ 8 million. Weighted average useful lives for these acquired intangible assets were 9 years, 7 years and indefinite-lived respectively. Except for in-process research and development ("IPR&D"), intangible assets acquired as a result of the TriMed acquisition are being amortized over their estimated useful lives using the straight-line method of amortization. IPR&D is accounted for as an indefinite-lived intangible asset and is not amortized until completion or abandonment of the associated research and development efforts. IPR&D is tested for impairment annually or periodically if an indicator of impairment exists during the period until completion.

Pro forma financial information and TriMed's revenue and earnings since the acquisition date have not been presented because the impact of the TriMed acquisition was immaterial to our condensed consolidated financial statements.

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Other 2024 Acquisitions

During the year ended December 28, 2024, we acquired companies within the Global Distribution and Value-Added Services and Global Specialty Products segments. Our acquired ownership interest in these companies range from 51% to 100%. Total consideration for these acquisitions was $113 million (including cash paid of $ 62 million, fair value of previously held equity investment of $ 30 million, noncontrolling interest of $ 18 million, estimated fair value of contingent consideration payable of $ 2 million, and deferred consideration of $ 1 million). Net assets acquired primarily consisted of $60 million of goodwill and $ 64 million of intangible assets. The intangible assets acquired consisted of customer relationships and lists of $ 33 million, trademarks and tradenames of $24 million, product development of $ 5 million and non-compete agreements of $ 2 million. Weighted average useful lives for these acquired intangible assets were 11 years, 7 years, 9 years and 5 years, respectively.

During the three months ended March 29, 2025 we completed the accounting for certain acquisitions that occurred in the year ended December 28, 2024. We did not record material adjustments in our condensed consolidated financial statements relating to changes in estimated values of assets acquired, liabilities assumed or contingent consideration assets and liabilities in respect to these acquisitions.

Goodwill is a result of the synergies and cross-selling opportunities that these acquisitions are expected to provide for us, as well as the expected growth potential. The majority of the acquired goodwill is not deductible for tax purposes.

Pro forma financial information for our 2024 acquisitions has not been presented because the impact of the acquisitions was immaterial to our condensed consolidated financial statements.

Acquisition Costs

During the three months ended March 29, 2025 and March 30, 2024, we incurred $ 2 million and $ 2 million in acquisition costs, respectively. These costs are included in selling, general and administrative in our condensed consolidated statements of income.

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Note 7 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs).

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1— Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

- Level 2— Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3— Inputs that are unobservable for the asset or liability.

The following section describes the fair values of our financial instruments and the methodologies that we used to measure their fair values.

Investments and notes receivable

There are no quoted market prices available for investments in unconsolidated affiliates and notes receivable. Certain of our notes receivable contain variable interest rates. We believe the carrying amounts of the notes receivable are a reasonable estimate of fair value based on the interest rates in the applicable markets. Our notes receivable fair value is based on Level 3 inputs within the fair value hierarchy.

Debt

The fair value of our debt (including bank credit lines, current maturities of long-term debt and long-term debt) is based on Level 3 inputs within the fair value hierarchy, and as of March 29, 2025 and December 28, 2024 was estimated at $2,891 million and $ 2,536 million, respectively. Factors that we considered when estimating the fair value of our debt include market conditions, such as interest rates and credit spreads.

Derivative contracts

Derivative contracts are valued using quoted market prices and significant other observable inputs. Our derivative instruments primarily include foreign currency forward contracts, interest rate swaps, and total return swaps.

The fair values for the majority of our foreign currency derivative contracts are obtained by comparing our contract rate to a published forward price of the underlying market rates, which are based on market rates for comparable transactions that are classified within Level 2 of the fair value hierarchy.

The fair value of the interest rate swap, which is classified within Level 2 of the fair value hierarchy, is determined by comparing our contract rate to a forward market rate as of the valuation date.

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The fair value of total return swaps is determined by valuing the underlying exchange traded funds of the swap using market-on-close pricing by industry providers as of the valuation date that are classified within Level 2 of the fair value hierarchy.

Redeemable noncontrolling interests

The values for redeemable noncontrolling interests are based on recent transactions and/or implied multiples of earnings that are classified within Level 3 of the fair value hierarchy. See Note 13 – Redeemable Noncontrolling Interests for additional information.

Intangible Assets

Assets measured on a non-recurring basis at fair value include intangibles. Inputs for measuring intangibles are classified as Level 3 within the fair value hierarchy.

Defined Benefit Plans

Assets of our defined benefit plans are measured on a recurring basis and are classified as Level 1 within the fair value hierarchy.

Contingent Consideration

We estimate the fair value of contingent consideration payments as part of the acquisition price and record the estimated fair value of contingent consideration as a liability on our condensed consolidated balance sheet. For transactions accounted for as business combinations, subsequent changes in the estimated fair value of contingent consideration payments are included in selling, general, and administrative expenses in our condensed consolidated statements of income (see Note 6 – Business Acquisitions). For transactions involving changes in our ownership in subsidiaries without a change in our control, subsequent changes in the estimated fair value of contingent consideration payments are recognized in additional paid-in capital in our condensed consolidated balance sheet. During the three months ended March 29, 2025, we recognized contingent consideration related to the acquisition of noncontrolling interest in a subsidiary of $ 83 million and a change in fair value of $ 3 million.

We measure contingent consideration at the fair value on a recurring basis using significant unobservable inputs classified as Level 3 of the fair value hierarchy. We use various valuation techniques, including the Monte Carlo simulation and probability-weighted scenarios, to determine the fair value of the contingent consideration liabilities on the acquisition date and at each reporting period. Our fair value measurement inputs include expected operating performance, discount and risk-free rates, and credit spread.

The components of the change in the fair value of contingent consideration for the three months ended March 29, 2025 and March 30, 2024 are presented in the following table:

	March 29, 2025	March 30, 2024
Balance, beginning of period	$ 30	$ 6
Increase in contingent consideration due to business acquisitions and acquisitions of noncontrolling interests in subsidiaries	93	-
Decrease in contingent consideration due to payments	(12)	-
Change in fair value of contingent consideration	1	15
Balance, end of period	$ 112	$ 21

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The following table presents our assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of March 29, 2025 and December 28, 2024:

	March 29, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative contracts designated as hedges	$ -	$ 5	$ -	$ 5
Derivative contracts undesignated	-	1	-	1
Total assets	$ -	$ 6	$ -	$ 6
Liabilities:				
Derivative contracts designated as hedges	$ -	$ 5	$ -	$ 5
Derivative contracts undesignated	-	1	-	1
Total return swap	-	5	-	5
Contingent consideration	-	-	112	112
Total liabilities	$ -	$ 11	$ 112	$ 123
Redeemable noncontrolling interests	$ -	$ -	$ 765	$ 765

	December 28, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative contracts designated as hedges	$ -	$ 10	$ -	$ 10
Derivative contracts undesignated	-	7	-	7
Total assets	$ -	$ 17	$ -	$ 17
Liabilities:				
Derivative contracts designated as hedges	$ -	$ 5	$ -	$ 5
Derivative contracts undesignated	-	4	-	4
Total return swap	-	3	-	3
Contingent consideration	-	-	30	30
Total liabilities	$ -	$ 12	$ 30	$ 42
Redeemable noncontrolling interests	$ -	$ -	$ 806	$ 806

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Note 8 – Debt

Bank Credit Lines

Bank credit lines consisted of the following:

	March 29, 2025	December 28, 2024
Revolving credit agreement	$ 200	$ -
Other short-term bank credit lines	667	650
Total	$ 867	$ 650

Revolving Credit Agreement

On August 20, 2021, we entered into a $1.0 billion revolving credit agreement (the "Revolving Credit Agreement") which was subsequently amended and restated on July 11, 2023 to extend the maturity date to July 11, 2028 and update the interest rate provisions to reflect the current market approach for a multicurrency facility. The interest rate on this revolving credit facility is based on Term Secured Overnight Financing Rate (" Term SOFR") plus a spread based on our leverage ratio at the end of each financial reporting quarter. As of March 29, 2025 the interest rate on this revolving credit facility was 4.25% plus 1.17% for a combined rate of 5.42%. As of December 28, 2024 the interest rate on this revolving credit facility was 4.45% plus 1.18% for a combined rate of 5.63%.

The Revolving Credit Agreement requires, among other things, that we maintain certain maximum leverage ratios. Additionally, the Revolving Credit Agreement contains customary representations, warranties and affirmative covenants as well as customary negative covenants, subject to negotiated exceptions, on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements. As of March 29, 2025 and December 28, 2024, we had $200 million and $ 0 million in borrowings, respectively, under this revolving credit facility. During the three months ended March 29, 2025, the average outstanding balance under the Revolving Credit Agreement was approximately $ 67 million. As of March 29, 2025 and December 28, 2024, there were $11 million and $ 11 million of letters of credit, respectively, provided to third parties under the Revolving Credit Agreement.

Other Short-Term Bank Credit Lines

As of March 29, 2025 and December 28, 2024, we had various other short-term bank credit lines available, in various currencies, with a maximum borrowing capacity of $ 786 million and $ 790 million, respectively. As of March 29, 2025 and December 28, 2024, $ 667 million and $ 650 million, respectively, were outstanding. During the three months ended March 29, 2025, the average outstanding balances under our various other short-term bank credit lines was approximately $ 666 million. As of March 29, 2025 and December 28, 2024, borrowings under other short-term bank credit lines had weighted average interest rates of 5.17% and 5.35%, respectively.

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Long-term debt

Long-term debt consisted of the following:

	March 29, 2025	December 28, 2024
Private placement facilities	$ 975	$ 975
Term loan	702	712
U.S. trade accounts receivable securitization	300	150
Various collateralized and uncollateralized loans payable with interest, in varying installments through 2031 at interest rates from 0.00% to 9.42% at March 29, 2025 and from 0.00% to 9.42% at December 28, 2024	41	43
Finance lease obligations	6	6
Total	2,024	1,886
Less current maturities	(56)	(56)
Total long-term debt	$ 1,968	$ 1,830

Private Placement Facilities

Our private placement facilities provided by four insurance companies have a total facility amount of $1.5 billion, and are available on an uncommitted basis at fixed rate economic terms to be agreed upon at the time of issuance, from time to time through October 20, 2026. The facilities allow us to issue senior promissory notes to the lenders at a fixed rate based on an agreed upon spread over applicable treasury notes at the time of issuance. The term of each possible issuance will be selected by us and can range from five to 15 years (with an average life no longer than 12 years). The proceeds of any issuances under the facilities will be used for general corporate purposes, including working capital and capital expenditures, to refinance existing indebtedness, and/or to fund potential acquisitions. The agreements provide, among other things, that we maintain certain maximum leverage ratios, and contain restrictions relating to subsidiary indebtedness, liens, affiliate transactions, disposal of assets and certain changes in ownership. These facilities contain make-whole provisions in the event that we pay off the facilities prior to the applicable due dates.

The components of our private placement facility borrowings as of March 29, 2025, which have a weighted average interest rate of 3.70% are presented in the following table:

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
June 16, 2017	$ 100	3.42%	June 16, 2027
September 15, 2017	100	3.52	September 15, 2029
January 2, 2018	100	3.32	January 2, 2028
September 2, 2020	100	2.35	September 2, 2030
June 2, 2021	100	2.48	June 2, 2031
June 2, 2021	100	2.58	June 2, 2033
May 4, 2023	75	4.79	May 4, 2028
May 4, 2023	75	4.84	May 4, 2030
May 4, 2023	75	4.96	May 4, 2033
May 4, 2023	150	4.94	May 4, 2033
Total	$ 975		

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The components of our private placement facility borrowings as of December 28, 2024, which have a weighted average interest rate of 3.70% are presented in the following table:

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
June 16, 2017	$ 100	3.42%	June 16, 2027
September 15, 2017	100	3.52	September 15, 2029
January 2, 2018	100	3.32	January 2, 2028
September 2, 2020	100	2.35	September 2, 2030
June 2, 2021	100	2.48	June 2, 2031
June 2, 2021	100	2.58	June 2, 2033
May 4, 2023	75	4.79	May 4, 2028
May 4, 2023	75	4.84	May 4, 2030
May 4, 2023	75	4.96	May 4, 2033
May 4, 2023	150	4.94	May 4, 2033
Total	$ 975		

Term Loan

On July 11, 2023, we entered into a three-year $750 million term loan credit agreement (the "Term Credit Agreement"). The interest rate on this term loan is based on the Term SOFR plus a spread based on our leverage ratio at the end of each financial reporting quarter. This term loan matures on July 11, 2026 . We are required to make quarterly payments of $9 million from September 2024 through June 2026, with the remaining balance due in July 2026. Previously, we had been required to make quarterly payments of $ 5 million from September 2023 through June 2024. As of March 29, 2025, the borrowings outstanding under this term loan were $ 702 million. At March 29, 2025, the interest rate under the Term Credit Agreement was 4.20% plus 1.60% for a combined rate of 5.80%. As of December 28, 2024, the borrowings outstanding under this term loan were $ 712 million. At December 28, 2024, the interest rate under the Term Credit Agreement was 4.45% plus 1.60% for a combined rate of 6.05%. However, we have a hedge in place that ultimately creates an effective fixed rate of 5.91% and 6.04% at March 29, 2025 and December 28, 2024, respectively. The Term Credit Agreement requires, among other things, that we maintain certain maximum leverage ratios. Additionally, the Term Credit Agreement contains customary representations, warranties and affirmative covenants as well as customary negative covenants, subject to negotiated exceptions, on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements.

U.S. Trade Accounts Receivable Securitization

We have a facility agreement based on our U.S. trade accounts receivable that is structured as an asset-backed securitization program with pricing committed for up to three years. On December 6, 2024, we extended the expiration date of this facility agreement to December 6, 2027 (the previous maturity date was December 15, 2025). This facility agreement has a purchase limit of $ 450 million with two banks as agents.

As of March 29, 2025 and December 28, 2024, the borrowings outstanding under this securitization facility were $300 million and $ 150 million, respectively. At March 29, 2025, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 4.49% plus 0.75%, for a combined rate of 5.24%. At December 28, 2024, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 4.73% plus 0.75%, for a combined rate of 5.48%.

If our accounts receivable collection pattern changes due to customers either paying late or not making payments, our ability to borrow under this facility may be reduced. We are required to pay a commitment fee of 30 to 35 basis points depending upon program utilization.

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Note 9 – Income Taxes

For the three months ended March 29, 2025, our effective tax rate was 24.9% compared to 25.6% for the prior year period. The difference between our effective tax rate and the federal statutory tax rate is primarily due to state and foreign income taxes and interest expense.

The Organization of Economic Co-Operation and Development (OECD) issued technical and administrative guidance on Pillar Two rules in December 2021, which provides for a global minimum tax rate on the earnings of large multinational businesses on a country-by-country basis. Effective January 1, 2024, the minimum global tax rate is 15% for various jurisdictions pursuant to the Pillar Two rules. Future tax reform resulting from these developments may result in changes to long-standing tax principles, which may adversely impact our effective tax rate going forward or result in higher cash tax liabilities. As of March 29, 2025, the impact of the Pillar Two rules to our financial statements was immaterial.

The total amount of unrecognized tax benefits, which are included in "other liabilities" within our condensed consolidated balance sheets, as of March 29, 2025 and December 28, 2024 was $109 million and $ 108 million, respectively, of which $ 102 million and $ 100 million, respectively, would affect the effective tax rate if recognized. It is possible that the amount of unrecognized tax benefits will change in the next 12 months, which may result in a material impact on our condensed consolidated statements of income.

All tax returns audited by the IRS are officially closed through 2020. The tax years subject to examination by the IRS include years 2021 and forward. In addition, limited positions reported in the 2017 tax year are subject to IRS examination.

The amount of tax interest expense included as a component of the provision for taxes was $1 million and $ 1 million for the three months ended March 29, 2025 and March 30, 2024, respectively. The total amount of accrued interest is included in other liabilities within our consolidated balance sheets, and was $ 19 million as of March 29, 2025 and $18 million as of December 28, 2024. The amount of penalties accrued for during the periods presented was not material to our condensed consolidated financial statements.

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Note 10 – Plans of Restructuring

On August 6, 2024, we committed to a new restructuring plan (the "2024 Plan") to integrate recent acquisitions, right-size operations and further increase efficiencies. During the three months ended March 29, 2025, we recorded restructuring charges associated with the 2024 Plan of $25 million, which primarily related to severance and employee-related costs. We expect to record restructuring charges associated with the 2024 Plan through the end of 2025; however, an estimate of the amount of these charges has not yet been determined.

On August 1, 2022, we committed to a restructuring plan (the "2022 Plan") focused on funding the priorities of the BOLD+1 strategic plan, streamlining operations and other initiatives to increase efficiency. The 2022 Plan has been completed as of July 31, 2024. During the three months ended March 30, 2024, in connection with our 2022 Plan, we recorded restructuring costs of $10 million, which primarily related to severance and employee-related costs, accelerated amortization of right-of-use assets and fixed assets, and other exit costs.

Restructuring costs recorded for the three months ended March 29, 2025 and March 30, 2024, in connection with the 2024 Plan and 2022 Plan, respectively, consisted of the following:

	Three Months Ended March 29, 2025				
	Global Distribution and Value-Added Services	Global Specialty Products	Global Technology	Corporate	Total
2024 Plan					
Severance and employee-related costs	$ 10	$ 5	$ 1	$ 6	$ 22
Impairment and accelerated depreciation and amortization of right-of-use lease assets and other long-lived assets	1	-	-	-	1
Exit and other related costs	1	-	1	-	2
Restructuring costs-2024 Plan	$ 12	$ 5	$ 2	$ 6	$ 25

	Three Months Ended March 30, 2024				
	Global Distribution and Value-Added Services	Global Specialty Products	Global Technology	Corporate	Total
2022 Plan					
Severance and employee-related costs	$ 4	$ 2	$ 1	$ -	$ 7
Accelerated depreciation and amortization	4	-	-	(3)	1
Exit and other related costs	-	-	-	2	2
Restructuring costs-2022 Plan	$ 8	$ 2	$ 1	$ (1)	$ 10

The following table summarizes, by plan year the activity related to the liabilities associated with our restructuring initiatives under the 2022 Plan and the 2024 Plan for the three months ended March 29, 2025. The remaining accrued balance of restructuring costs as of March 29, 2025, which primarily relates to severance and employee-related costs, is included in accrued expenses: other within our condensed consolidated balance sheets. Liabilities related to exited leased facilities are recorded within our current and non-current operating lease liabilities within our condensed consolidated balance sheets.

	2022 Plan	2024 Plan	Total
Balance, December 28, 2024	$ 12	$ 28	$ 40
Restructuring costs	-	25	25
Non-cash accelerated depreciation and amortization	-	(1)	(1)
Cash payments and other adjustments	(6)	(16)	(22)
Balance, March 29, 2025	$ 6	$ 36	$ 42

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Note 11 – Legal Proceedings

Henry Schein, Inc. has been named as a defendant in multiple opioid related lawsuits (currently less than one-hundred (100); one or more of Henry Schein, Inc.'s subsidiaries is also named as a defendant in a number of those cases). Generally, the lawsuits allege that the manufacturers of prescription opioid drugs engaged in a false advertising campaign to expand the market for such drugs and their own market share and that the entities in the supply chain (including Henry Schein, Inc. and its subsidiaries) reaped financial rewards by refusing or otherwise failing to monitor appropriately and restrict the improper distribution of those drugs. These actions consist of some that have been consolidated within the MultiDistrict Litigation ("MDL") proceeding In Re National Prescription Opiate Litigation (MDL No. 2804; Case No. 17-md-2804) and are currently stayed, and others which remain pending in state courts and are proceeding independently and outside of the MDL. On March 19, 2025, the court granted our motion to dismiss the purported class action filed by San Miguel Hospital Corporation d/b/a Alta Vista Regional Hospital, et al. in the United States District Court for the District of New Mexico and dismissed all claims against Henry Schein with prejudice. Plaintiff has filed a motion to amend the judgment and for leave to file a second amended complaint, which is pending. Twenty other cases filed by legal guardians of children who were allegedly exposed to opioids in utero have been voluntarily dismissed. At this time, the following case is set for trial: the action filed by Florida Health Sciences Center, Inc. (and 25 other hospitals located throughout the State of Florida) in Florida state court, which is currently scheduled for a jury trial in September 2025. Of Henry Schein's 2024 net sales of approximately $12.7 billion, sales of opioids represented less than four-tenths of 1 percent. Opioids represent a negligible part of our business. We intend to defend ourselves vigorously against these actions.

From time to time, we may become a party to other legal proceedings, including, without limitation, product liability claims, employment matters, commercial disputes, governmental inquiries and investigations (which may in some cases involve our entering into settlement arrangements or consent decrees), and other matters arising out of the ordinary course of our business. While the results of any legal proceeding cannot be predicted with certainty, in our opinion none of these other pending matters are currently anticipated to have a material adverse effect on our consolidated financial position, liquidity or results of operations.

As of March 29, 2025, we had accrued our best estimate of potential losses relating to claims that were probable to result in liability and for which we were able to reasonably estimate a loss. This accrued amount, as well as related expenses, was not material to our financial position, results of operations or cash flows. Our method for determining estimated losses considers currently available facts, presently enacted laws and regulations and other factors, including probable recoveries from third parties.

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Note 12 – Stock-Based Compensation

Stock-based awards are provided to certain employees under our 2024 Stock Incentive Plan (formerly known as our 2020 Stock Incentive Plan) and to non-employee directors under our 2023 Non-Employee Director Stock Incentive Plan (together, the "Plans"). The Plans are administered by the Compensation Committee of the Board of Directors (the "Compensation Committee"). Historically, equity-based awards to our employees have been granted solely in the form of time-based and performance-based restricted stock units ("RSUs") with the exception of our 2021 plan year in which non-qualified stock options were issued in place of performance-based RSUs and in 2022, when we granted time-based and performance-based RSUs, as well as non-qualified stock options.

Starting with our 2023 plan year, we returned to granting our employees equity-based awards solely in the form of time-based RSUs (which vest solely based on the recipient's continued service over time) and performance-based RSUs (which vest based on achieving specified performance measurements and the recipient's continued service over time). Our non-employee directors receive equity-based awards solely in the form of time-based RSUs.

Starting with our 2025 plan year, we began granting only time-based RSU awards to our eligible director level employees. Our director level time-based RSU awards will vest 50% on the third anniversary of the grant date with the remaining 50% vesting on the fourth anniversary of the grant date. Stock-based awards issued in the 2025 plan year to our eligible vice-presidents will be allocated 80% to time-based RSU awards and 20% to performance-based RSU awards. Our vice-president level time-based awards will vest 50% on the third anniversary of the grant date with the remaining 50% vesting on the fourth anniversary of the grant date. Our vice-president level performance-based awards will vest based on achieving specified performance measurements and the recipient's continued service over time, primarily with three-year cliff vesting.

RSUs are stock-based awards granted to recipients with specified vesting provisions. In the case of RSUs, common stock is delivered on or following satisfaction of vesting conditions. We issue RSUs to employees that primarily vest (i) solely based on the recipient's continued service over time, primarily with four-year cliff vesting for RSU awards granted prior to 2025 and with vesting upon third and forth anniversary of the grant date for RSU awards granted in 2025 and/or (ii) based on achieving specified performance measurements and the recipient's continued service over time, primarily with three-year cliff vesting. RSUs granted to our non-employee directors primarily include 12-month cliff vesting. For the performance-based RSUs and the time-based RSUs with cliff vesting (issued in 2022-2024 plan years), we recognize the cost as compensation expense on a straight-line basis. For the time-based RSUs with graded vesting (issued in the 2025 plan year), we recognize the cost as compensation expense on an accelerated basis.

For all RSUs, we estimate the fair value based on our closing stock price on the grant date. With respect to performance-based RSUs, the number of shares that ultimately vest and are received by the recipient is based upon our performance as measured against specified targets over a specified period, as determined by the Compensation Committee. Although there is no guarantee that performance targets will be achieved, we estimate the fair value of performance-based RSUs based on our closing stock price at time of grant.

Each of the Plans provide for certain adjustments to the performance measurement in connection with awards under the Plans. With respect to the performance-based RSUs granted under our 2024 Stock Incentive Plan, such performance measurement adjustments relate to significant events, including, without limitation, acquisitions, divestitures, new business ventures, changes in fair value of contingent consideration (solely with respect to performance-based RSUs granted in the 2024 and 2025 plan years), certain capital transactions (including share repurchases), differences in budgeted average outstanding shares (other than those resulting from capital transactions referred to above), restructuring costs, amortization expense recorded for acquisition-related intangible assets, certain litigation settlements or payments, changes in accounting principles or in applicable laws or regulations, changes in income tax rates in certain markets, foreign exchange fluctuations, the financial impact either positive or negative, of the difference in projected earnings generated by COVID-19 test kits (solely with respect to performance-based RSUs granted in the 2023 plan year), intangibles impairment charges, costs related to

shareholder advisory matters (solely with respect to performance-based RSUs granted in the 2025 plan year) and unforeseen events or circumstances affecting us.

Over the performance period, the number of performance-based RSUs that will ultimately vest and be issued and the related compensation expense is adjusted upward or downward based upon our estimation of achieving such performance targets. The ultimate number of shares delivered to recipients and the related compensation cost recognized as an expense is based on our actual performance against the pre-determined performance metrics (in each case as adjusted).

Stock options are awards that allow the recipient to purchase shares of our common stock after vesting at a fixed price set at the time of grant. Stock options were granted at an exercise price equal to our closing stock price on the date of grant. Stock options issued in 2021 and 2022 vest one-third per year based on the recipient's continued service, subject to the terms and conditions of the 2020 Stock Incentive Plan, are fully vested three years from the grant date and have a contractual term of ten years from the grant date, subject to earlier termination of term and term acceleration upon certain events. Compensation expense for stock options is recognized on an accelerated basis. We estimate grant date fair value of stock options using the Black-Scholes valuation model. During the three months ended March 29, 2025, we did not grant any stock options.

Our condensed consolidated statements of income reflect pre-tax share-based compensation expense of $5 million and $8 million for the three months ended March 29, 2025 and March 30, 2024.

Total unrecognized compensation cost related to unvested awards as of March 29, 2025 was $107 million, which is expected to be recognized over a weighted-average period of approximately 3.2 years.

Our condensed consolidated statements of cash flows present our stock-based compensation expense as a reconciling adjustment between net income and net cash provided by operating activities for all periods presented. There were no cash benefits associated with tax deductions in excess of recognized compensation for the three months ended March 29, 2025 and March 30, 2024.

The following table summarizes the stock option activity for the three months ended March 29, 2025:

	Stock Options			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at beginning of period	963,491	$ 72.16		
Granted	-	-		
Exercised	(10,587)	62.71		
Forfeited	(4,755)	80.25		
Outstanding at end of period	948,149	$ 72.22	6.3	$ 3
Options exercisable at end of period	942,256	$ 72.19		

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Expected to vest	5,893	$ 78.26	7.3	$ -

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The following tables summarize the activity of our unvested RSUs for the three months ended March 29, 2025:

	Time-Based Restricted Stock Units			Performance-Based Restricted Stock Units		
	Shares/Units	Weighted Average Grant Date Fair Value Per Share	Intrinsic Value Per Share	Shares/Units	Weighted Average Grant Date Fair Value Per Share	Intrinsic Value Per Share
Outstanding at beginning of period	1,685,550	$ 72.90		389,111	$ 75.98	
Granted	551,610	75.45		98,068	75.54	
Vested	(507,463)	65.50		(13,541)	84.27	
Forfeited	(34,518)	77.18		(18,634)	78.77	
Outstanding at end of period	1,695,179	$ 75.85	$ 68.62	455,004	$ 75.88	$ 68.62

The fair value of time and performance RSUs that vested was $3 million and $ 1 million, respectively, for the three months ended March 29, 2025; and $ 19 million and $ 0 million, respectively, for the three months ended March 30, 2024.

Note 13 – Redeemable Noncontrolling Interests

Some minority stockholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value. Accounting Standards Codification Topic 480-10 is applicable for noncontrolling interests where we are or may be required to purchase all or a portion of the outstanding interest in a consolidated subsidiary from the noncontrolling interest holder under the terms of a put option contained in contractual agreements. The components of the change in the redeemable noncontrolling interests for the three months ended March 29, 2025 and March 30, 2024 are presented in the following table:

	March 29, 2025	March 30, 2024
Balance, beginning of period	$ 806	$ 864
Decrease in redeemable noncontrolling interests due to acquisitions of noncontrolling interests in subsidiaries	(73)	(94)
Net income (loss) attributable to redeemable noncontrolling interests	(2)	2
Distributions declared, net of capital contributions	(2)	(6)
Effect of foreign currency translation gain (loss) attributable to redeemable noncontrolling interests	8	(10)
Change in fair value of redeemable securities	28	42
Balance, end of period	$ 765	$ 798

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Note 14 – Comprehensive Income

Comprehensive income includes certain gains and losses that, under U.S. GAAP, are excluded from net income and are recorded directly to stockholders' equity.

The following table summarizes our Accumulated other comprehensive loss, net of applicable taxes as of:

	March 29, 2025	December 28, 2024
Attributable to redeemable noncontrolling interests:		
Foreign currency translation adjustment	$ (48)	$ (56)
Attributable to noncontrolling interests:		
Foreign currency translation adjustment	$ -	$ (1)
Attributable to Henry Schein, Inc.:		
Foreign currency translation adjustment	$ (304)	$ (371)
Unrealized loss from hedging activities	(5)	-
Pension adjustment loss	(8)	(8)
Accumulated other comprehensive loss	$ (317)	$ (379)
Total Accumulated other comprehensive loss	$ (365)	$ (436)

The following table summarizes the components of comprehensive income, net of applicable taxes as of:

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net income	$ 113	$ 98
Foreign currency translation gain (loss)	76	(54)
Tax effect	-	-
Foreign currency translation gain (loss)	76	(54)
Unrealized gain (loss) from hedging activities	(6)	15
Tax effect	1	(4)
Unrealized gain (loss) from hedging activities	(5)	11
Pension adjustment gain	1	-
Tax effect	(1)	-
Pension adjustment gain	-	-
Comprehensive income	$ 184	$ 55

Our financial statements are denominated in U.S. Dollars. Fluctuations in the value of foreign currencies as compared to the U.S. Dollar may have a significant impact on our comprehensive income. The foreign currency translation gain (loss) during the three months ended March 29, 2025 and three months ended March 30, 2024 was primarily due to changes in foreign currency exchange rates of the Brazilian Real, British Pound, Euro, New Zealand Dollar, Australian Dollar, Swiss Franc, and Canadian Dollar.

The hedging gain (loss) during the three months ended March 29, 2025, and March 30, 2024 was attributable to a net investment hedge.

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The following table summarizes our total comprehensive income, net of applicable taxes as follows:

	Three Months Ended	
	March 29, 2025	March 30, 2024
Comprehensive income attributable to		
Henry Schein, Inc.	$ 172	$ 60
Comprehensive income attributable to		
noncontrolling interests	6	3
Comprehensive income (loss) attributable to		
Redeemable noncontrolling interests	6	(8)
Comprehensive income	$ 184	$ 55

Note 15– Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to Henry Schein, Inc. by the weighted-average number of common shares outstanding for the period. Our diluted earnings per share is computed similarly to basic earnings per share, except that it reflects the effect of common shares issuable for unvested RSUs and upon exercise of stock options using the treasury stock method in periods in which they have a dilutive effect.

A reconciliation of shares used in calculating earnings per basic and diluted share follows:

	Three Months Ended	
	March 29, 2025	March 30, 2024
Basic	123,776,073	128,720,661
Effect of dilutive securities:		
Stock options and restricted stock units	1,072,148	1,048,919
Diluted	124,848,221	129,769,580

The number of antidilutive securities that were excluded from the calculation of diluted weighted average common shares outstanding are as follows:

	Three Months Ended	
	March 29, 2025	March 30, 2024
Stock options	402,268	419,139
Restricted stock units	200,568	245,667
Total anti-dilutive securities excluded from earnings per share computation	602,836	664,806

Note 16 – Supplemental Cash Flow Information

Cash paid for interest and income taxes was:

	Three Months Ended	
	March 29, 2025	March 30, 2024
Interest	$ 32	$ 26
Income taxes	18	21

For the three months ended March 29, 2025 and March 30, 2024, we had $(6) million and $ 15 million of non-cash net unrealized gains (losses) related to hedging activities, respectively.

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Note 17 – Related Party Transactions

During 2018, we entered into a joint venture with Internet Brands to create Henry Schein One, LLC. Internet Brands initially held a 26% noncontrolling interest, which has since increased to a 33.6% noncontrolling interest in Henry Schein One, LLC, and a freestanding and separately exercisable right to put its noncontrolling interest to Henry Schein, Inc. for fair value following the fifth anniversary of the effective date of the formation of the joint venture. On January 29, 2025, Henry Schein, Inc. signed a Memorandum of Understanding with Internet Brands to extend the time-based trigger for the exercise of our call option to July 1, 2032 and to pause the exercise by Internet Brands of its put option for a period of four years, to January 29, 2029.

In connection with the formation of Henry Schein One, LLC, we entered into a ten-year royalty agreement with Internet Brands whereby we will pay Internet Brands approximately $31 million annually for the use of their intellectual property. During the three months ended March 29, 2025 and March 30, 2024, we recorded $ 8 million and $8 million, respectively, within selling, general and administrative in our condensed consolidated statements of income, in connection with costs related to this royalty agreement. As of March 29, 2025 and December 28, 2024, Henry Schein One, LLC had a net payable balance to Internet Brands of $2 million and $ 1 million, respectively, comprised of amounts related to results of operations and the royalty agreement. The components of this payable are recorded within accrued expenses: other within our condensed consolidated balance sheets.

We have interests in entities that we account for under the equity accounting method. In our normal course of business, during the three months ended March 29, 2025 and March 30, 2024, we recorded net sales of $ 13 million and $12 million respectively, to such entities. During the three months ended March 29, 2025 and March 30, 2024, we purchased $2 million and $ 3 million respectively, from such entities. At March 29, 2025 and December 28, 2024, we had an aggregate $30 million and $ 31 million, respectively, due from our equity affiliates, and $ 6 million and $6 million, respectively, due to our equity affiliates.

Certain of our facilities related to our acquisitions are leased from employees and minority shareholders. These leases are classified as operating leases and have a remaining lease term ranging from less than a year to approximately 12 years. As of March 29, 2025, current and non-current liabilities associated with related party operating leases were $5 million and $ 20 million, respectively. At March 29, 2025, related party leases represented 6.8% and 7.8% of the total current and non-current operating lease liabilities, respectively. At December 28, 2024, current and non-current liabilities associated with related party operating leases were $ 5 million and $ 23 million, respectively. At December 28, 2024, related party leases represented 7.6% and 7.8% of the total current and non-current operating lease liabilities, respectively.

Note 18 – KKR Investment

On January 29, 2025, Henry Schein, Inc. announced a strategic investment by funds affiliated with KKR, a leading global investment firm. In addition to KKR's current holdings, KKR will make an additional $ 250 million investment in the Company's common stock. As a result, KKR will own approximately 12% of the Company's stock. KKR will also have the ability to purchase additional shares via open market purchases up to a total equity stake of 14.9% of the outstanding common shares of the Company. In addition, under the agreement between Henry Schein and KKR, two independent directors will join our Board of Directors. Upon consummation of this strategic investment, we will issue new shares of common stock to funds affiliated with KKR for an investment of $250 million, at approximately $ 76.10 per share. Consummation of these transactions is subject to customary closing conditions, including certain foreign regulatory approvals.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward-Looking Statements

In accordance with the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, we provide the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by us are subject to risks and uncertainties and are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements are generally identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate," "to be," "to make" or other comparable terms. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the documents we file with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: our dependence on third parties for the manufacture and supply of our products and where we manufacture products, our dependence on third parties for raw materials or purchased components; risks relating to the achievement of our strategic growth objectives; risks related to the Strategic Partnership Agreement with KKR Hawaii Aggregator L.P. entered into in January 2025; our ability to develop or acquire and maintain and protect new products (particularly technology products) and services and utilize new technologies that achieve market acceptance with acceptable margins; transitional challenges associated with acquisitions, dispositions and joint ventures, including the failure to achieve anticipated synergies/benefits, as well as significant demands on our operations, information systems, legal, regulatory, compliance, financial and human resources functions in connection with acquisitions, dispositions and joint ventures; certain provisions in our governing documents that may discourage third-party acquisitions of us; adverse changes in supplier rebates or other purchasing incentives; risks related to the sale of corporate brand products; risks related to activist investors; security risks associated with our information systems and technology products and services, such as cyberattacks or other privacy or data security breaches (including the October 2023 incident); effects of a highly competitive (including, without limitation, competition from third-party online commerce sites) and consolidating market; changes in the health care industry; risks from expansion of customer purchasing power and multi-tiered costing structures; increases in shipping costs for our products or other service issues with our third-party shippers, and increases in fuel and energy costs; changes in laws and policies governing manufacturing, development and investment in territories and countries where we do business; general global and domestic macro-economic and political conditions, including inflation, deflation, recession, unemployment (and corresponding increase in under-insured populations), consumer confidence, sovereign debt levels, ongoing wars, fluctuations in energy pricing and the value of the U.S. dollar as compared to foreign currencies, changes to other economic indicators and international trade agreements; the threat or outbreak of war, terrorism or public unrest (including, without limitation, the war in Ukraine, the Israel-Gaza war and other unrest and threats in the Middle East and the possibility of a wider European or global conflict); changes to laws and policies governing foreign trade, tariffs and sanctions, including the current imposition of additional new tariffs by the U.S. on numerous countries, retaliatory tariffs and potential for additional retaliatory tariffs; greater restrictions on imports and exports; supply chain disruption; geopolitical wars; failure to comply with existing and future regulatory requirements, including relating to health care; risks associated with the EU Medical Device Regulation; failure to comply with laws and regulations relating to health care fraud or other laws and regulations; failure to comply with laws and regulations relating to the collection, storage and processing of sensitive personal information or standards in electronic health records or transmissions; changes in tax legislation, changes in tax rates and availability of certain tax deductions; risks related to product liability, intellectual property and other claims; risks associated with customs policies or legislative import restrictions; risks associated with disease outbreaks, epidemics, pandemics (such as the COVID-19 pandemic), or similar wide-spread public health concerns and other natural or man-made disasters; risks associated with our global operations; litigation risks; new or unanticipated litigation developments and the status of litigation matters; our dependence on our senior management, employee hiring and retention, increases in labor costs or health care costs, and our relationships with

customers, suppliers and manufacturers; and disruptions in financial markets. The order in which these factors appear should not be construed to indicate their relative importance or priority.

We caution that these factors may not be exhaustive and that many of these factors are beyond our ability to control or predict. Accordingly, any forward-looking statements contained herein should not be relied upon as a prediction of actual results. We undertake no duty and have no obligation to update forward-looking statements except as required by law.

Where You Can Find Important Information

We may disclose important information through one or more of the following channels: SEC filings, public conference calls and webcasts, press releases, the investor relations page of our website (www.henryschein.com) and the social media channels identified on the About Media Center page of our website.

Recent Developments

While the U.S. economy has experienced inflationary pressures and strengthening of the U.S. dollar, their impacts have not been material to our results of operations. Though inflation impacts both our revenues and costs, the depth and breadth of our product portfolio often allows us to offer lower-cost national brand solutions or corporate brand alternatives to our more price-sensitive customers who are unwilling to absorb price increases, thus positioning us to protect our gross profit.

Segment Reporting

During the fourth quarter of our fiscal year ended December 28, 2024, we revised our reportable segments to align with how the Chairman and Chief Executive Officer manages the business, assesses performance and allocates resources. Our revised reportable segments now consist of: (i) Global Distribution and Value-Added Services; (ii) Global Specialty Products; and (iii) Global Technology.

Global Distribution and Value-Added Services includes distribution to the global dental and medical markets of national brand and corporate brand merchandise, as well as equipment and related technical services. This segment also includes value-added services such as financial services, continuing education services, consulting and other services. This segment also markets and sells under our own corporate brand, a portfolio of cost-effective, high-quality consumable merchandise. Global Specialty Products includes manufacturing, marketing and sales of dental implant and biomaterial products; and endodontic, orthodontic and orthopedic products and other health care-related products and services. Global Technology includes development and distribution of practice management software, e-services, and other products, which are distributed to health care providers.

Cyber Incident

In October 2023 Henry Schein experienced a cyber incident that primarily affected the operations of our North American and European dental and medical distribution businesses. Henry Schein One, our practice management software, revenue cycle management and patient relationship management solutions business, was not affected, and our manufacturing businesses were mostly unaffected. On November 22, 2023, we experienced a disruption of our ecommerce platform and related applications, which was remediated.

During the three months ended March 30, 2024, we had a sales decrease in our dental and medical distribution businesses, which we believe was primarily a result of lower sales to episodic customers following the cyber incident.

During the three months ended March 29, 2025, we did not incur any expenses directly related to the cyber incident. During the three months ended March 30, 2024, we incurred $5 million of expenses directly related to the cyber incident, mostly consisting of professional fees. We maintain cyber insurance, subject to certain retentions and policy limitations. With respect to the October 2023 cyber incident, we have a $60 million insurance policy, following a $5 million retention. During the three months ended March 30, 2024, we did not receive any insurance

proceeds. During the three months ended March 29, 2025 we received insurance proceeds of $20 million under this policy, representing the remaining insurance recovery of losses related to the cyber incident. The expenses and insurance recoveries related to the cyber incident are included in the selling, general and administrative line in our condensed consolidated statements of income.

Tariffs and Related Economic Conditions

The U.S. has adopted new and increased tariffs on imports from countries, subject to evolving exemptions, with additional tariff increases proposed but currently on pause. Some countries have imposed retaliatory tariffs and other restrictions on imports from the U.S. These developments, and anticipated future developments, have created a volatile environment for global trade.

The tariffs did not have a material impact on our results of operations in the first quarter of this fiscal year. It is unclear whether, or the extent to which, the proposed tariffs on numerous countries that are incrementally higher than those in place today will take effect, the exceptions that may apply, and their timing.

Executive-Level Overview

Henry Schein, Inc. is a solutions company for health care professionals powered by a network of people and technology. We believe we are the world's largest provider of health care products and services primarily to office-based dental and medical practitioners, as well as alternate sites of care. We serve more than one million customers worldwide including dental practitioners, laboratories, physician practices and ambulatory surgery centers, as well as government, institutional health care clinics, home health providers, and other alternate care clinics. We believe that we have a strong brand identity due to our more than 93 years of experience distributing health care products.

We are headquartered in Melville, New York, employ more than 25,000 people (of which approximately 13,000 are based outside of the United States) and have operations or affiliates in 33 countries and territories. Our broad global footprint has evolved over time through our organic growth as well as through contribution from strategic acquisitions.

We have established strategically located distribution centers around the world to enable us to better serve our customers and increase our operating efficiency. This infrastructure, together with broad product and service offerings at competitive prices, and a strong commitment to customer service, enables us to be a single source of supply for our customers' needs.

As a distributor, we market and sell branded products as well as our own corporate brand portfolio of cost-effective, high-quality consumable merchandise products. We also manufacture, source and sell a range of company-owned manufactured products, primarily implants, biomaterial products, endodontics, handpiece and small equipment, hand instrument and repair, restoratives, orthodontics, wound care, orthopedics and dental lab products. We have achieved scale in these global businesses primarily through acquisitions, as manufacturers of these products typically do not utilize a distribution channel to serve customers.

During the fourth quarter of our fiscal year ended December 28, 2024, we revised our reportable segments to align with how the Chairman and Chief Executive Officer manages the business, assesses performance and allocates resources. Our revised reportable segments now consist of: (i) Global Distribution and Value-Added Services; (ii) Global Specialty Products; and (iii) Global Technology.

Global Distribution and Value-Added Services includes distribution to the global dental and medical markets of national brand and corporate brand merchandise, as well as equipment and related technical services. This segment also includes value-added services such as financial services, continuing education services, consulting and other services. This segment also markets and sells under our own corporate brand, a portfolio of cost-effective, high-quality consumable merchandise. Global Specialty Products includes manufacturing, marketing and sales of dental implant and biomaterial products; and endodontic, orthodontic and orthopedic products and other health care-related products and services. Global Technology includes development and distribution of practice management software, e-services, and other products, which are distributed to health care providers.

A key element to grow closer to our customers is our One Schein initiative, which is a unified go-to-market approach that enables practitioners to work synergistically with our supply chain, equipment sales and service and other value-added services, allowing our customers to leverage the combined value that we offer through a single program. Specifically, One Schein provides customers with streamlined access to our comprehensive offering of national brand products, corporate brand products and proprietary specialty products and solutions (including implant, orthodontic and endodontic products). In addition, customers have access to a wide range of services, including software and other value-added services.

Industry Overview

In recent years, the health care industry has increasingly focused on cost containment. This trend has benefited distributors capable of providing a broad array of products and services at low prices. It also has accelerated the growth of DSOs, GPOs, HMOs, group practices, other managed care accounts and collective buying groups, which, in addition to their emphasis on obtaining products at competitive prices, tend to favor distributors capable of providing specialized management information support. We believe that the trend towards cost containment has

the potential to favorably affect demand for technology solutions, including software, which can enhance the efficiency and facilitation of practice management.

Our operating results in recent years have been significantly affected by strategies and transactions that we undertook to expand our business, domestically and internationally, in part to address significant changes in the health care industry, including consolidation of health care distribution companies, health care reform, trends toward managed care, cuts in Medicare and collective purchasing arrangements.

Industry Consolidation

The health care products distribution industry, as it relates to office-based health care practitioners, is fragmented and diverse. The industry ranges from sole practitioners working out of relatively small offices to group practices or service organizations ranging in size from a few practitioners to a large number of practitioners who have combined or otherwise associated their practices.

Due in part to the inability of office-based health care practitioners to store and manage large quantities of supplies in their offices, the distribution of health care supplies and small equipment to office-based health care practitioners has been characterized by frequent, small quantity orders, and a need for rapid, reliable and substantially complete order fulfillment. The purchasing decisions within an office-based health care practice are typically made by the practitioner or an administrative assistant. Supplies and small equipment are generally purchased from more than one distributor, with one generally serving as the primary supplier.

The trend of consolidation extends to our customer base. Health care practitioners are increasingly seeking to partner, affiliate or combine with larger entities such as hospitals, health systems, group practices or physician hospital organizations. In many cases, purchasing decisions for consolidated groups are made at a centralized or professional staff level; however, orders are delivered to the practitioners' offices.

We believe that consolidation within the industry will continue to result in a number of distributors, particularly those with limited financial, operating and marketing resources, seeking to combine with larger companies that can provide growth opportunities. This consolidation also may continue to result in distributors seeking to acquire companies that can enhance their current product and service offerings or provide opportunities to serve a broader customer base.

Our approach to acquisitions and joint ventures has been to expand our role as a provider of products and services to the health care industry. This trend has resulted in our expansion into service areas that complement our existing operations and provide opportunities for us to develop synergies with, and thus strengthen, the acquired businesses.

As industry consolidation continues, we believe that we are positioned to capitalize on this trend, as we believe we have the ability to support increased sales through our existing infrastructure, although there can be no assurances that we will be able to successfully accomplish this. We are focused on building relationships with decision makers who do not reside in the office-based practitioner setting.

As the health care industry continues to change, we continually evaluate possible candidates for joint venture or acquisition and intend to continue to seek opportunities to expand our role as a provider of products and services to the health care industry. There can be no assurance that we will be able to successfully pursue any such opportunity or consummate any such transaction, if pursued. If additional transactions are entered into or consummated, we would incur merger and/or acquisition-related costs, and there can be no assurance that the integration efforts associated with any such transaction would be successful.

Aging Population and Other Market Influences

The health care products distribution industry continues to experience growth due to the aging population, increased health care awareness, the proliferation of medical technology and testing, new pharmacological treatments, and expanded third-party insurance coverage, partially offset by the effects of unemployment on

insurance coverage. In addition, the physician market continues to benefit from the shift of procedures and diagnostic testing from acute care settings to alternate-care sites, particularly physicians' offices.

According to the U.S. Census Bureau's International Database, between 2025 and 2035, the 45 and older population is expected to grow by approximately 10%. Between 2025 and 2045, this age group is expected to grow by approximately 17%. This compares with expected total U.S. population growth rates of approximately 4% between 2025 and 2035 and approximately 6% between 2025 and 2045.

According to the U.S. Census Bureau's International Database, in 2025 there are approximately seven million Americans aged 85 years or older, the segment of the population most in need of long-term care and elder-care services. By the year 2050, that number is projected to increase to approximately 17 million. The population aged 65 to 84 years is projected to increase by approximately 15% during the same period.

As a result of these market dynamics, annual expenditures for health care services continue to increase in the United States. We believe that demand for our products and services will grow while continuing to be impacted by current and future operating, economic, and industry conditions. The Centers for Medicare and Medicaid Services or CMS published "National Health Expenditure Data" indicating that total national health care spending reached approximately $4.9 trillion in 2023, or 17.6% of the nation's gross domestic product, the benchmark measure for annual production of goods and services in the United States. Health care spending is projected to reach approximately $7.7 trillion by 2032, or 19.7% of the nation's projected gross domestic product.

We believe similar demographic changes are also occurring in other markets we serve outside the U.S.

Government

Certain of our businesses involve the distribution, manufacturing, importation, exportation, marketing, sale and promotion of pharmaceuticals and/or medical devices, and in this regard, we are subject to extensive local, state, federal and foreign governmental laws and regulations, including as applicable to our wholesale distribution of pharmaceuticals and medical devices, manufacturing activities, and as part of our specialty home medical supplies businesses that distribute and sell medical equipment and supplies directly to patients. Federal, state and certain foreign governments have also increased enforcement activity in the health care sector, particularly in areas of fraud and abuse, anti-bribery and anti-corruption, controlled substances handling, medical device regulations and data privacy and security standards.

Certain of our businesses involve pharmaceuticals and/or medical devices, including orthopaedic, in vitro diagnostic devices, software regulated as a medical device, and sales of medical equipment and supplies directly to patients, that are paid for by third parties and/or patients and must operate in compliance with a variety of burdensome and complex coding, billing and record-keeping requirements in order to substantiate claims for payment under federal, state and commercial health care reimbursement programs.

Government and private insurance programs fund a large portion of the total cost of medical care, and there have been efforts to limit such private and government insurance programs, including efforts, thus far unsuccessful, to seek repeal of the entire United States Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, each enacted in March 2010.

Certain of our businesses are subject to various additional federal, state, local and foreign laws and regulations, including with respect to the sale, transportation, importation, storage, handling and disposal of hazardous or potentially hazardous substances; "forever chemicals" such as per- and polyfluoroalkyl substances; amalgam bans; pricing disclosures; supply chain transparency around labor practices; and safe working conditions. In addition, activities to control medical costs, including laws and regulations lowering reimbursement rates for pharmaceuticals, medical devices, medical supplies and/or medical treatments or services, are ongoing. Laws and regulations are subject to change and their evolving implementation may impact our operations and our financial performance.

Certain of our businesses also maintain contracts with governmental agencies and are subject to certain regulatory requirements specific to government contractors.

Our businesses are generally subject to numerous laws and regulations that could impact our financial performance, and failure to comply with such laws or regulations could have a material adverse effect on our business.

A more detailed discussion of governmental laws and regulations is included in Management's Discussion & Analysis of Financial Condition and Results of Operations, contained in our Annual Report on Form 10-K for the fiscal year ended December 28, 2024, filed with the SEC on February 25, 2025.

Results of Operations

The following tables summarize the significant components of our operating results and cash flows for the three months ended March 29, 2025 and March 30, 2024 (in millions):

	Three Months Ended	
	March 29, 2025	March 30, 2024
Operating results:		
Net sales	$ 3,168	$ 3,172
Cost of sales	2,168	2,160
Gross profit	1,000	1,012
Operating expenses:		
Selling, general and administrative	738	791
Depreciation and amortization	62	61
Restructuring costs	25	10
Operating income	$ 175	$ 150
Other expense, net	$ (30)	$ (23)
Income taxes	(35)	(32)
Net income	113	98
Net income attributable to Henry Schein, Inc.	110	93

	Three Months Ended	
	March 29, 2025	March 30, 2024
Cash flows:		
Net cash provided by operating activities	$ 37	$ 197
Net cash used in investing activities	(99)	(72)
Net cash provided by (used in) financing activities	89	(151)

Plans of Restructuring

On August 6, 2024, we committed to a new restructuring plan (the "2024 Plan") to integrate recent acquisitions, right-size operations and further increase efficiencies. During the three months ended March 29, 2025, we recorded restructuring charges associated with the 2024 Plan of $25 million, which primarily related to severance and employee-related costs. We expect to record restructuring charges associated with the 2024 Plan through the end of 2025; however, an estimate of the amount of these charges has not yet been determined.

On August 1, 2022, we committed to a restructuring plan (the "2022 Plan") focused on funding the priorities of the BOLD+1 strategic plan, streamlining operations and other initiatives to increase efficiency. The 2022 Plan has been completed as of July 31, 2024. During the three months ended March 30, 2024, in connection with our 2022 Plan, we recorded restructuring costs of $10 million, which primarily related to severance and employee-related costs, accelerated amortization of right-of-use assets and fixed assets, and other exit costs.

Three Months Ended March 29, 2025 Compared to Three Months Ended March 30, 2024

Note: Percentages for Net Sales; Gross Profit; Operating Expenses; Other Expense, Net; and Income Taxes are based on actual values and may not recalculate due to rounding.

During the fourth quarter of our fiscal year ended December 28, 2024, we revised our reportable segments to align with how the Chairman and Chief Executive Officer manages the business, assesses performance and allocates resources. Our revised reportable segments now consist of: (i) Global Distribution and Value-Added Services; (ii) Global Specialty Products; and (iii) Global Technology. All prior comparative segment information has been recast to reflect our new segment structure.

Net Sales

Net sales by reportable segment and by major product or service type were as follows:

	March 29, 2025	% of Total	March 30, 2024	% of Total	Increase / (Decrease) $	Increase / (Decrease) %
Global Distribution and Value-Added Services						
Global Dental merchandise [1]	$ 1,185	37.4 %	$ 1,210	38.1 %	$ (25)	(2.1)%
Global Dental equipment [2]	384	12.1	402	12.7	(18)	(4.5)
Global Value-added services [3]	52	1.7	56	1.8	(4)	(8.1)
Global Dental	1,621	51.2	1,668	52.6	(47)	(2.9)
Global Medical [4]	1,055	33.3	1,025	32.3	30	2.9
Total Global Distribution and Value-Added Services	2,676	84.5	2,693	84.9	(17)	(0.7)
Global Specialty Products [5]	367	11.6	360	11.3	7	2.0
Global Technology [6]	162	5.1	157	5.0	5	2.9
Eliminations	(37)	(1.2)	(38)	(1.2)	1	n/a
Total	$ 3,168	100.0	$ 3,172	100.0	$ (4)	(0.1)

(1) Includes infection-control products, handpieces, preventatives, impression materials, composites, anesthetics, teeth, dental implants, gypsum, acrylics, articulators, abrasives, PPE products, and our own corporate brand of consumable merchandise.
(2) Includes dental chairs, delivery units and lights, digital dental laboratories, X-ray supplies and equipment, equipment repair and high-tech and digital restoration equipment.
(3) Consists of financial services on a non-recourse basis, continuing education services for practitioners, consulting and other services.
(4) Includes branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products, X-ray products, equipment, PPE products and vitamins.
(5) Includes manufacturing, marketing and sales of dental implant and biomaterial products; and endodontic, orthodontic and orthopedic products and other health care-related products and services.
(6) Consists of practice management software, e-services, and other products, which are distributed to health care providers.

The components of our sales growth/(decline) were as follows:

	Constant Currency Growth/(Decline)				
	Local Internal Growth/(Decline)	Acquisition Growth	Total Constant Currency Growth/(Decline)	Foreign Exchange Impact	Total Sales Growth/ (Decline)
Global Distribution and Value-Added Services					
Global Dental Merchandise	-%	0.4%	0.4%	(2.5)%	(2.1)%
Global Dental Equipment	(3.2)	0.8	(2.4)	(2.1)	(4.5)
Global Value-added services	(14.4)	7.2	(7.2)	(0.9)	(8.1)
Global Dental	(1.3)	0.8	(0.5)	(2.4)	(2.9)
Global Medical	1.8	1.2	3.0	(0.1)	2.9
Total Global Distribution and Value-Added Services	(0.1)	0.9	0.8	(1.5)	(0.7)
Global Specialty Products	0.3	4.0	4.3	(2.3)	2.0
Global Technology	3.4	-	3.4	(0.5)	2.9
Total	0.2	1.2	1.4	(1.5)	(0.1)

Global Sales

Global net sales for the three months ended March 29, 2025 decreased 0.1%. Foreign exchange resulted in a 1.5% decrease in sales growth, partially offset by 1.2% acquisition sales growth. The components of our sales decrease are presented in the table above.

The 0.2% increase in our internally generated local currency sales was primarily attributable to lower sales of PPE products and COVID-19 test kits, and the impact of the deferral of sales of U.S. dental equipment from the fourth quarter of 2023 into the first quarter of 2024 as a result of the cyber incident, partially offset by dental merchandise and equipment sales growth in certain of our international markets, and medical sales growth attributable to increased patient traffic and growth of our Home Solutions business. For the three months ended March 29, 2025, the estimated increase in internally generated local currency sales, excluding PPE products and COVID-19 test kits, was 0.7%.

Global Distribution and Value-Added Services Sales

Global Distribution and Value-Added Services net sales for the three months ended March 29, 2025 decreased 0.7%. The components of our sales decrease are presented in the table above.

The 1.3% decrease in internally generated local currency dental sales was primarily due to lower sales of PPE products and the impact of the deferral of sales of U.S. dental equipment from the fourth quarter of 2023 into the first quarter of 2024 as a result of the cyber incident. The decrease was partially offset by dental merchandise and equipment sales growth in certain of our international markets.

The 1.8% increase in internally generated local currency medical sales was attributable to increased patient traffic and growth of our Home Solutions business, partially offset by lower sales of PPE products and COVID-19 test kits.

The decrease in internally generated local currency value-added services sales was attributable primarily to lower sales in our practice transitions business, which can fluctuate from quarter to quarter.

We estimate that sales of PPE products and COVID-19 test kits were approximately $163 million for the three months ended March 29, 2025, as compared to $180 million for the three months ended March 30, 2024, representing an estimated decrease of $17 million. The estimated $17 million net decrease in sales of PPE products and COVID-19 test kits represents 0.6% of Global Distribution and Value-Added Services net sales for the three months ended March 29, 2025, and was primarily due to lower glove prices. The estimated increase in the segment's internally generated local currency sales, excluding PPE products and COVID-19 test kits, was 0.5%.

Global Specialty Products

Global Specialty Products net sales for the three months ended March 29, 2025 increased 2.0%. The components of our sales increase are presented in the table above.

The 0.3% increase in internally generated local currency sales was attributable to growth in our implant and biomaterial businesses in certain of our international markets, partially offset by a decline in endodontic and orthodontic sales globally and implant sales in the United States. The increase in constant currency Global Specialty Products sales was also attributable to the acquisition of TriMed Inc. during the year ended December 28, 2024.

Global Technology

Global Technology net sales for the three months ended March 29, 2025 increased 2.9%. The components of sales growth are presented in the table above.

The internally generated local currency increase of 3.4% in Global Technology sales was primarily attributable to a continued increase in the number of cloud-based users of our practice management software and an increase in revenue cycle management solutions, partially offset by lower revenues of certain legacy products.

Gross Profit

Gross profit and gross margin percentages by segment and in total were as follows:

	March 29, 2025	Gross Margin %	March 30, 2024	Gross Margin %	Increase / (Decrease) $	Increase / (Decrease) %
Global Distribution and Value-Added Services	$ 681	25.4%	$ 707	26.2%	$ (26)	(3.7)%
Global Specialty Products	206	56.0	199	55.1	7	3.7
Global Technology	110	67.9	106	67.2	4	4.0
Corporate	3	n/a	-	n/a	3	n/a
Total	$ 1,000	31.6	$ 1,012	31.9	$ (12)	(1.2)

As a result of different practices of categorizing costs associated with distribution networks throughout our industry, our gross margins may not necessarily be comparable to other distribution companies. Gross margin percentages vary between our segments. We realize substantially higher gross margin from sales of products that we develop and manufacture within our Global Specialty Products segment compared to gross margin from sales of products that we distribute within our Global Distribution and Value-Added Services segment. Within our Global Technology segment, higher gross margins result from us being both the developer and seller of software products and services.

Within our Global Distribution and Value-Added Services segment, gross profit margins may vary between the periods as a result of the changes in the mix of products sold as well as changes in our customer mix. With respect to customer mix, sales to our large-group customers are typically completed at lower gross margins due to the higher volumes sold as opposed to the gross margin on sales to office-based practitioners, who normally purchase lower volumes.

The decrease in Global Distribution and Value-Added Services gross profit for the three months ended March 29, 2025 compared to the prior-year-period is due to lower sales of dental equipment in the U.S., lower sales in our practice transitions business and lower gross margins of our dental merchandise products.

The increase in Global Specialty Products gross profit reflects increased internally generated sales volume and gross profit from acquisitions. The increase in gross margin rates was due to product mix.

The increase in Global Technology gross profit is the result of higher internally generated sales, and improved gross margin rates.

Operating Expenses

Operating expenses (consisting of selling, general and administrative expenses; depreciation and amortization; and restructuring costs) by segment were as follows:

	March 29, 2025	% of Respective Net Sales	March 30, 2024	% of Respective Net Sales	Increase / (Decrease) $	Increase / (Decrease) %
Global Distribution and Value-Added Services	$ 514	19.2%	$ 536	19.9%	$ (22)	(4.1)%
Global Specialty Products	150	40.7	156	43.2	(6)	(3.9)
Global Technology	68	42.1	72	45.8	(4)	(5.4)
Corporate	38	n/a	22	n/a	16	n/a
	770	24.3	786	24.8	(16)	(2.1)
Adjustments [1]	55	n/a	76	n/a	(21)	n/a
Total operating expenses	$ 825	26.0	$ 862	27.2	$ (37)	(4.4)

(1) Adjustments represent items excluded from segment operating income to enable comparison of financial results between periods. These items may vary independently of business performance. Please see Note 5 – Segment Data. These adjustments (current quarter vs. prior quarter) consist of (i) acquisition intangible amortization ($43 million vs. $46 million), (ii) restructuring costs ($25 million vs. $10 million), (iii) changes in contingent consideration ($(2) million vs. $15 million), (iv) cyber incident third-party advisory expenses, net of insurance proceeds ($(20) million net proceeds vs. $5 million net expenses), (v) impairment of intangible assets ($1 million vs. $0 million), and (vi) costs associated with shareholder advisory matters ($8 million vs. $0 million).

The net decrease in operating expenses is attributable to the following:

	Operating Costs (excluding acquisitions)	Acquisitions	Adjustments	Total
Global Distribution and Value-Added Services	$ (28)	$ 6	$ -	$ (22)
Global Specialty Products	(4)	(2)	-	(6)
Global Technology	(4)	-	-	(4)
Corporate	16	-	-	16
	(20)	4	-	(16)
Adjustments	-	-	(21)	(21)
Total operating expenses	$ (20)	$ 4	$ (21)	$ (37)

The components of the net decrease in total operating expenses are presented in the table above. The decrease in operating costs (excluding acquisitions) during the three months ended March 29, 2025 included cost savings from our restructuring activities, certain changes in estimates and other operating cost efficiencies, partially offset by an increase in Corporate costs related to investments in technology, higher corporate administrative fees, as well as a return to historical levels of compensation.

Other Expense, Net

Other expense, net was as follows:

	March 29, 2025	March 30, 2024	Variance $	Variance %
Interest income	$ 6	$ 5	$ 1	13.6%
Interest expense	(35)	(30)	(5)	(15.5)
Other, net	(1)	2	(3)	(146.1)
Other expense, net	$ (30)	$ (23)	$ (7)	(31.2)

Interest income increased primarily due to increased late fee income. Interest expense increased primarily due to increased borrowings, partially offset by lower interest rates.

Income Taxes

Our effective tax rate was 24.9% for the three months ended March 29, 2025, compared to 25.6% for the prior year period. The difference between our effective and federal statutory tax rates primarily relates to state and foreign income taxes and interest expense.

The Organization of Economic Co-Operation and Development (OECD) issued technical and administrative guidance on Pillar Two rules in December 2021, which provides for a global minimum tax rate on the earnings of large multinational businesses on a country-by-country basis. Effective January 1, 2024, the minimum global tax rate is 15% for various jurisdictions pursuant to the Pillar Two rules. Future tax reform resulting from these developments may result in changes to long-standing tax principles, which may adversely impact our effective tax rate going forward or result in higher cash tax liabilities. As of March 29, 2025, the impact of the Pillar Two rules to our financial statements was immaterial.

Liquidity and Capital Resources

Our principal capital requirements have included funding of acquisitions, purchases of additional noncontrolling interests, repayments of debt principal, the funding of working capital needs, purchases of fixed assets and repurchases of common stock. Working capital requirements generally result from increased sales, special inventory forward buy-in opportunities and payment terms for receivables and payables. Historically, sales have tended to be stronger during the second half of the year and special inventory forward buy-in opportunities have been most prevalent just before the end of the year, and have caused our working capital requirements to be higher from the end of the third quarter to the end of the first quarter of the following year.

We finance our business primarily through cash generated from our operations, revolving credit facilities and debt placements. Please see Note 8 – Debt for further information. Our ability to generate sufficient cash flows from operations is dependent on the continued demand of our customers for our products and services, and access to products and services from our suppliers.

Our business requires a substantial investment in working capital, which is susceptible to fluctuations during the year as a result of inventory purchase patterns and seasonal demands. Inventory purchase activity is a function of sales activity, special inventory forward buy-in opportunities and our desired level of inventory.

We finance our business to provide adequate funding for at least 12 months. Funding requirements are based on forecasted profitability and working capital needs, which, on occasion, may change. Consequently, we may change our funding structure to reflect any new requirements.

We believe that our cash and cash equivalents, our ability to access private debt markets and public equity markets, and our available funds under existing credit facilities provide us with sufficient liquidity to meet our currently foreseeable short-term and long-term capital needs.

Our acquisition strategy is focused on investments in companies that add new customers and sales teams, increase our geographic footprint (whether entering a new country, such as emerging markets, or building scale where we have already invested in businesses), and finally, those that enable us to access new products and technologies.

Net cash provided by operating activities was $37 million for the three months ended March 29, 2025, compared to net cash provided by operating activities of $197 million for the prior year. The net change of $160 million was primarily attributable to changes in working capital accounts (primarily accounts receivable, inventory, and accounts payable and accrued expenses). Our operating cash flows during the three months ended March 30, 2024 were affected by the residual impacts of the 2023 cyber incident and included a higher-than-normal level of cash collections. Our cash collections normalized during the three months ended March 29, 2025.

Net cash used in investing activities was $99 million for the three months ended March 29, 2025, compared to net cash used in investing activities of $72 million for the prior year. The net change of $27 million was primarily attributable to increased payments for equity investments and business acquisitions.

Net cash provided by financing activities was $89 million for the three months ended March 29, 2025, compared to net cash used in financing activities of $151 million for the prior year. The net change of $240 million was primarily due to increased net borrowings from debt to finance our investments, partially offset by increased repurchases of common stock.

The following table summarizes selected measures of liquidity and capital resources:

	March 29, 2025	December 28, 2024
Cash and cash equivalents	$ 127	$ 122
Working capital[1]	1,120	1,180
Debt:		
Bank credit lines	$ 867	$ 650
Current maturities of long-term debt	56	56
Long-term debt	1,968	1,830
Total debt	$ 2,891	$ 2,536
Leases:		
Current operating lease liabilities	$ 77	$ 75
Non-current operating lease liabilities	256	259

(1) Includes $471 million and $241 million of certain accounts receivable which serve as security for U.S. trade accounts receivable securitization at March 29, 2025 and December 28, 2024, respectively.

Our cash and cash equivalents consist of bank balances and investments in money market funds representing overnight investments with a high degree of liquidity.

Accounts receivable days sales outstanding and inventory turns

Our accounts receivable days sales outstanding from operations decreased to 44.1 days as of March 29, 2025 from 50.4 days as of March 30, 2024, which was primarily attributable to impact that the cyber incident had on the cash collections during the three months ended March 30, 2024. During the three months ended March 29, 2025, we wrote off approximately $2 million of fully reserved accounts receivable against our trade receivable reserve. Our inventory turns from operations decreased to 4.8 as of March 29, 2025 from 4.9 as of March 30, 2024. Our working capital accounts may be impacted by current and future economic conditions.

Leases

We have operating and finance leases for corporate offices, office space, distribution and other facilities, vehicles and certain equipment. Our leases have remaining terms of less than one year to approximately 16 years, some of which may include options to extend the leases for up to 15 years. As of March 29, 2025, our right-of-use assets related to operating leases were $294 million and our current and non-current operating lease liabilities were $77 million and $256 million, respectively.

Stock Repurchases

On January 27, 2025, our Board of Directors authorized the repurchase of up to an additional $500 million in shares of our common stock.

From March 3, 2003 through March 29, 2025, we repurchased $5.3 billion, or 98,069,939 shares, under our common stock repurchase programs, with $718 million available as of March 29, 2025 for future common stock share repurchases. Subject to market conditions and other factors, we plan to continue to accelerate our share repurchase activity.

Redeemable Noncontrolling Interests

Some minority stockholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value. Accounting Standards Codification Topic 480-10 is applicable for noncontrolling interests where we are or may be required to purchase all or a portion of the outstanding interest in a consolidated subsidiary from the noncontrolling interest holder under the terms of a put option contained in contractual agreements. As of March 29, 2025 and December 28, 2024, our balance for redeemable noncontrolling interests was $765 million and $806 million, respectively. Please see Note 13 – Redeemable Noncontrolling Interests for further information.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in Item 7 of our Annual Report on Form 10-K for the year ended December 28, 2024.

Accounting Standards Update

For a discussion of accounting standards updates that have been adopted or will be adopted, see Note 2 - Significant Accounting Policies and Recently Issued Accounting Standards of the Notes to the Condensed Consolidated Financial Statements included under Item 1.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk from that disclosed in Item 7A of our Annual Report on Form 10-K for the year ended December 28, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective as of March 29, 2025, to ensure that all material information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to them as appropriate to allow timely decisions regarding required disclosure and that all such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and the rules of the Nasdaq stock exchange.

Changes in Internal Control over Financial Reporting

The combination of acquisitions and continued acquisition integrations undertaken during the quarter ended March 29, 2025, and carried over from prior quarters when considered in the aggregate, does not represent a material change in our internal control over financial reporting.

Limitations of the Effectiveness of Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of Legal Proceedings, see Note 11–Legal Proceedings of the Notes to the Condensed Consolidated Financial Statements included under Item 1.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Part 1, Item 1A, of our Annual Report on Form 10-K for the year ended December 28, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of equity securities by the issuer

Our share repurchase program, announced on March 3, 2003, originally allowed us to repurchase up to two million shares pre-stock splits (eight million shares post-stock splits) of our common stock, which represented approximately 2.3% of the shares outstanding at the commencement of the program. Subsequent additional increases totaling $5.9 billion, authorized by our Board, to the repurchase program provide for a total of $6.0 billion (including $500 million authorized on January 27, 2025) of shares of our common stock to be repurchased under this program. Subject to market conditions and other factors, we plan to continue to accelerate our share repurchase activity.

As of March 29, 2025, we had repurchased approximately $5.3 billion of common stock (98,069,939 shares) under these initiatives, with $718 million available for future common stock share repurchases.

The following table summarizes repurchases of our common stock under our stock repurchase program during the fiscal quarter ended March 29, 2025:

Fiscal Month	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Our Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under Our Program (2)
12/29/2024 through 2/1/2025	-	$ -	-	10,999,064
2/2/2025 through 3/1/2025	450,000	72.99	450,000	11,737,257
3/2/2025 through 3/29/2025	1,805,485	71.23	1,805,485	10,470,368
	2,255,485		2,255,485	

(1) All repurchases were executed in the open market under our existing publicly announced authorized program.

(2) The maximum number of shares that may yet be purchased under this program is determined at the end of each month based on the closing price of our common stock at that time. This table excludes shares withheld from employees to satisfy minimum tax withholding requirements for equity-based transactions.

ITEM 5. OTHER INFORMATION

On May 3, 2025, the Compensation Committee approved the amendment and restatement of the Henry Schein, Inc. Incentive Plan (the "HSIP"), effective as of January 1, 2025. The HSIP is our annual incentive-based cash bonus plan, which was amended and restated to incorporate the following key changes:

- ***Administration of the HSIP***. The HSIP was amended to clarify that administration of the HSIP for participants who are not executive officers will be overseen by the Chief Executive Officer, Chief Financial Officer or other appropriate member of the Executive Management Committee of the Company (or in each case, their designated delegates). Administration of the HSIP for executive officers continues to be overseen by the Compensation Committee. The amendment and restatement also clarifies that the administration of the HSIP for our affiliates will be overseen by such affiliate's governance body, such as its board of directors or compensation committee.

- ***Participation in Multiple Bonus plans*** The HSIP was amended to clarify that our employees may not participate in more than one annual incentive-based cash bonus plan at the same time, unless approved by an authorized officer or, with respect to executive officers, by the Compensation Committee.

- ***Conduct of Participants*** The HSIP was amended to explicitly state that, in achieving goals under the HSIP, participants are expected to conduct business ethically, with a high level of integrity and in compliance with laws, regulations and our policies (including internal controls over financial reporting).

In addition, we adopted certain other minor clarifying amendments to the HSIP.

The foregoing summary of the amendment and restatement of the HSIP does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the HSIP, which is attached as Exhibit 10.4 and incorporated herein by reference.

ITEM 6. EXHIBITS

10.1	Letter Agreement on Voting Commitment by and between us and KKR Hawaii Aggregator L.P. (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 9, 2025.)
10.2	Henry Schein, Inc. Executive Severance Plan (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 15, 2025.)**
10.3	Amended and Restated Henry Schein, Inc. Executive Change in Control Plan (Ronald N. South) (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on April 15, 2025.)**
10.4	Henry Schein, Inc. Incentive Plan and Plan Summary, effective as of January 1, 2025**+
10.5	Letter Agreement to Remove Voting Commitment by and between us and KKR Hawaii Aggregator L.P. (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on May 2, 2025).
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+
99.1	Letter Agreement on Share Repurchases by and between us and KKR Hawaii Aggregator L.P.+
99.2	Form of 2025 Restricted Stock Unit Agreement for time-based restricted stock unit awards pursuant to the Henry Schein, Inc. 2024 Stock Incentive Plan (as amended and restated on May 21, 2024).**+
99.3	Form of 2025 Restricted Stock Unit Agreement for performance-based restricted stock unit awards pursuant to the Henry Schein, Inc. 2024 Stock Incentive Plan (as amended and restated on May 21, 2024).**+
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document+
101.SCH	Inline XBRL Taxonomy Extension Schema Document+
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document+
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document+
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document+
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document+
104	The cover page of Henry Schein, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 29, 2025, formatted in Inline XBRL (included within Exhibit 101 attachments).+

+ Filed or furnished herewith.
** Indicates management contract or compensatory plan or agreement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Henry Schein, Inc.
(Registrant)

By: /s/ RONALD N. SOUTH
Ronald N. South
Senior Vice President and
Chief Financial Officer
(Authorized Signatory and Principal Financial and Accounting Officer)

Dated: May 5, 2025