First Quarter Fiscal 2025 Results

January 10, 2025

Walgreens Boots Alliance

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

Safe Harbor and Non-GAAP

Cautionary Note Regarding Forward-Looking Statements: All statements in this presentation that are not historical are forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

These include, without limitation, estimates of and goals for future operating, financial and tax performance and results, including the impact of opioid related claims and litigation settlements, our fiscal year 2025 outlook, our long-term outlook and targets and related assumptions and drivers, as well as forward-looking statements concerning the expected execution and effect of our business strategies, including the breadth, timing and impact of the actions related to our strategic review, our ability to successfully turn around the business and return to growth, our ability to reverse valuation allowances on deferred tax assets, the potential impacts on our business of COVID-19, the impact of adverse global macroeconomic conditions caused by factors including, among others, inflation, high interest rates, labor shortages, supply chain disruptions and pandemics like COVID-19 on our operations and financial results, the financial performance of our equity method investments, including Cencora, the amount of our goodwill impairment charge (which is based in part on estimates of future performance), the influence of certain holidays and seasonality, our cost-savings and growth initiatives, including statements relating to our expected cost savings under the Footprint Optimization Program, our 2025 priorities, including those related to the U.S. Retail Pharmacy segment, addressing reimbursement models with our partners, and monetization efforts, and expansion and future operating and financial results of our U.S. Healthcare segment, including our long-term sales targets and profitability expectations. All statements in the future tense and all statements accompanied by words such as “expect,” “outlook,” “forecast,” “would,” “could,” “should,” “can,” “will,” “project,” “intend,” “plan,” “goal,” “opportunity,” “guidance,” “projection,” “target,” “aim,” “continue,” “extend,” “transform,” “strive,” “enable,” “create,” “position,” “accelerate,” “model,” “long-term,” “believe,” “seek,” “estimate,” “anticipate,” “may,” “possible,” “assume,” “potential,” “preliminary,” “trend,” “future,” “predict,” “assumption,” “commentary,” “focus on,” “ambition,” “vision,” “belief,” “hypothetical,” “aspire,” “confident,” “remains,” “on track,” “priorities,” and variations of such words and similar expressions are intended to identify such forward-looking statements.

These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions, known or unknown, that could cause actual results to vary materially from those indicated or anticipated.

These risks, assumptions and uncertainties include those described in Item 1A (Risk Factors) of our Form 10-K for the fiscal year ended August 31, 2024, and in other documents that we file or furnish with the Securities and Exchange Commission. If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. All forward-looking statements we make or that are made on our behalf are qualified by these cautionary statements. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made.

We do not undertake, and expressly disclaim, any duty or obligation to update publicly any forward-looking statement after the date of this presentation, whether as a result of new information, future events, changes in assumptions or otherwise.

Non-GAAP Financial Measures: Today’s presentation includes certain non-GAAP financial measures, including all measures whose label includes the words “adjusted”, “constant currency”, or “free cash flow” or variations of such words and similar expressions, and we refer you to the endnotes on page 16 and the Appendix to the presentation materials for reconciliations to the most directly comparable U.S. GAAP financial measures and related information. The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the Company’s control or cannot be reasonably predicted, and that would impact the most directly comparable forward-looking GAAP financial measure. For the same reasons, the Company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures may vary materially from the corresponding GAAP financial measures.

These presentation materials and the Appendix hereto are integrally related and are intended to be presented, considered and understood together.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1Q Results Demonstrate Focus on 2025 Priorities

- 1Q financial results represent focus on several areas:
  - Execution on enterprise cost management
  - Strength in U.S. pharmacy services and maintained script market share
  - Underperformance in U.S. retail due to weaker cough cold flu season and continued challenging consumer discretionary spending environment
  - Strong performance in International, with gross profit growth across all businesses led by retail performance in Boots UK
  - Continued revenue and profitability growth in U.S. Healthcare
- Year-over-year free cash flow[1] favorably impacted by decreased capital expenditures and higher adjusted operating income[1] excluding sale-leaseback
- Maintaining full-year 2025 adjusted EPS[1] guidance of $1.40 - $1.80

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

Fiscal 2025 Priorities – 1Q Scorecard

Focus Area	1Q Progress
Rationalizing footprint and controlling costs	• Closed 67 U.S. stores in 1Q with sequencing and closure schedule finalized for next ~450 • Improved labor model driving cost savings • Efficiency gains from micro-fulfillment centers and centralized services drove operational benefits across footprint
Contracting to stabilize net reimbursement	• Contracts for calendar 2025 completed • Majority of new contracts incorporate levers to lessen reimbursement risk
Advancing execution of retail strategy	• Retail environment remains challenged including impact from weaker cough cold flu season • Owned brand items penetration +75 bps YOY, and ~60 new products launched in 1Q • Initial merchandising and inventory management efforts underway with expected ramp in second half
Monetizing non-strategic assets, improving net debt position	• Reduced capex by $223M vs. prior year • Decreased lease liability by $652M • Sale process underway for Village Medical; evaluating Summit/CityMD

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

WBA 1Q25 Financial Highlights

$ in millions (except EPS)

		1Q25	Reported Fx B/(W) vs. 1Q24	Constant Fx[1] B/(W) vs. 1Q24
Sales		$39,459	+ 7.5%	+ 6.9%
Operating Income	GAAP	($245)	($206)	
	Adjusted[1]	$593	(13.7)%	(14.0)%
Net Earnings	GAAP	($265)	($197)	
	Adjusted[1]	$440	(23.0)%	(23.2)%
EPS	GAAP	($0.31)	($0.23)	
	Adjusted[1]	$0.51	(23.1)%	(23.4)%

- 1Q25 GAAP results include $252M after-tax charge related to the Footprint Optimization Program and $152M after-tax non-cash charge for fair value adjustments on variable prepaid forward derivatives related to the monetization of Cencora shares
- 1Q24 GAAP results included $278M after-tax charge for fair value adjustments on variable prepaid forward derivatives related to the monetization of Cencora shares

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

U.S. Retail Pharmacy Financials

$ in millions

	1Q25	B/(W) vs. 1Q24
Sales	$30,866	+ 6.6%
Adj. gross profit[1]	$5,251	(4.4)%
Adj. SG&A % of sales[1]	15.8%	+ 1.1%p
Adj. operating income[1]	$441	(36.4)%
Adj. operating margin[1,2]	1.2%	(0.9)%p

- Comparable sales[1] +8.5% with pharmacy growth partly offset by retail decline
- Adj. operating income[1] declined $253M driven by:
  - $184M due to prior year sale-leaseback gains and lower Cencora equity income
  - Lower retail sales partially offset by cost savings

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 16 and reconciliations on slides 18-31
2. AOI margin excludes equity income from Cencora

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

U.S. Pharmacy

1Q25 vs. 1Q24	1Q25 Total	1Q25 Comparable[1]
Pharmacy sales	+ 10.4%	+ 12.7%
Prescriptions	+ 1.5%	+ 2.3%
Prescriptions ex. Immunizations	+ 2.7%	+ 3.5%

- Comp pharmacy sales[1] +12.7% primarily due to brand inflation and prescription volume
- Favorable COVID vaccine margins largely offset lower immunization volume in market
- Adj. gross margin[1] negatively impacted by brand mix impacts and net reimbursement pressure

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

U.S. Retail

1Q25 vs. 1Q24	1Q25
Total retail sales	(6.2)%
Comparable retail sales[1]	(4.6)%

- Comp retail sales[1] down 4.6%:
  - ~270 bps driven by a weaker cough cold flu season
  - ~130 bps from discretionary categories including beauty, seasonal and general merchandise, reflecting continued channel shift
- Owned brand penetration +75 bps vs. prior year period to 17.8%, reflecting new product launches and value-seeking consumer behavior
- Retail adj. gross margin[1] was negatively impacted by pricing and promotions, as well as lower sales related to cough cold flu

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

International Financials

$ in millions	1Q25	Constant Fx[1] B/(W) vs. 1Q24
Sales	$6,425	+ 6.5%
Adj. gross profit[1]	$1,303	+ 3.4%
Adj. SG&A % of sales[1]	17.7%	+ 0.8%p
Adj. operating income[1]	$168	+ 16.1%
Adj. operating margin[1]	2.6%	+ 0.2%p

- Sales increase driven by Germany wholesale +11.3% and Boots UK +4.5%
- Adj. gross profit[1] growth across all businesses
- Adj. operating income[1] +16.1%, led by strong retail performance in Boots UK and growth in Germany, partly offset by cost inflation and technology investments

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

Boots UK Financials

1Q25 vs. 1Q24	**1Q25**
Pharmacy comp. sales[1]	+ 10.9%
Retail comp. sales[1]	+ 8.1%

- Strong retail comp sales[1] +8.1% with growth across all categories, on top of +9.8% in the prior year
- Retail sales growth in Destination Health & Beauty, Flagship, and Travel locations
- Boots.com sales grew +23% on a constant currency basis[1] aided by strong Black Friday performance, representing 22% of Boots total retail sales in 1Q

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

U.S. Healthcare Financials

$ in millions

	1Q25	B/(W) vs. 1Q24
Sales	$2,172	+ $241
Adj. gross profit[1]	$253	+ $107
Adj. SG&A[1]	($228)	+ $14
Adj. operating income[1]	$25	+ $121
Adj. EBITDA[1]	$70	+ $109

- 1Q sales led by VillageMD $1.6B, CareCentrix $0.4B, and Shields $0.2B
- Sales growth of +12% led by VillageMD +9%, CareCentrix +16% and Shields +30%
- Adj. EBITDA[1] improvement of +$109M driven by higher contribution from VillageMD risk-based and fee-for-service business and growth at Shields

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

Cash Flow & Balance Sheet

$ in millions	1Q25	B/(W) vs. 1Q24
Operating cash flow	$(140)	+ $141
Cash capital expenditure	$(284)	+ $223
Free cash flow[1]	$(424)	+ $363

- Operating cash flow negatively impacted by seasonal inventory build in U.S., UK and Germany, and legal payments of $137M
- Year-over-year free cash flow[1] favorably impacted by decreased capital expenditures and higher adjusted operating income[1] excluding sale-leaseback
- On track to achieve goal of year-over-year reduction of $150M in capital expenditure and $500M in working capital initiatives
- Decreased lease liability by $652M

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

Maintaining Full-Year Adj. EPS[1] Guidance in a Challenging Environment

- Maintaining FY25 adj. EPS[1] guidance of $1.40-$1.80
- Expect growth in U.S. Healthcare and International offset by pressure in U.S. Retail Pharmacy largely driven by weaker retail front end performance
- Footprint Optimization Program on track to achieve $100M in-year AOI[1] accretion with working capital benefits and sales proceeds from owned locations significantly higher than cash closure costs
- Cost discipline and relative strength in U.S. pharmacy services in 1Q potentially offset by continued risk of:
  - Softer retail performance
  - Weaker cough cold flu season

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

Conclusions

- 1Q results demonstrate **early progress against priorities for fiscal 2025**:
  - Payor contracting results support longer-term view of stabilizing pharmacy economics
  - On track to close ~500 stores this year, and early results are encouraging
  - Sale process underway for Village Medical

- We remain focused on **two guiding principles**:
  - A retail pharmacy-led operating model
  - A disciplined and sustainable economic model

- Our **turnaround will take time** but we are **executing with urgency**

- **Long-term value creation** underpinned by sustainable pharmacy economics, expanding adjacent services, a healthier store fleet, and a leading customer experience

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 16, and reconciliations on slides 18-31

Q&A

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

Endnotes

- Please see appendix for reconciliations of non-GAAP financial measures and related disclosures.
- The Company presents certain information related to current period operating results in “constant currency,” which is a non-GAAP financial measure. These amounts are calculated by translating current period results at the foreign currency exchange rates used in the comparable period in the prior year. The Company presents such constant currency financial information because it has significant operations outside of the United States reporting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.
    - Adjusted gross margin is a non-GAAP financial measure defined as adjusted gross profit by segment divided by segment sales. Adjusted gross profit is a non-GAAP financial measure defined as gross profit by segment, excluding the impact of costs associated with LIFO provision, Footprint optimization expenses, and acquisition-related amortization. The Company is providing comparative data relating to these non-GAAP financial measures to provide investors with additional perspective and insights when analyzing the core operating performance of the segments from period to period.
    - For the Company's U.S. Healthcare segment, Adjusted EBITDA is defined as segment operating income/(loss) before depreciation, amortization, and stock-based compensation; in addition to these items, the Company excludes certain other non-GAAP adjustments, when they occur, as further defined.
- All references to net earnings or net loss are to net earnings or net loss attributable to WBA, and all references to EPS are to diluted EPS attributable to WBA.
- For the Company's U.S. Retail Pharmacy and International segments, comparable sales are defined as sales from stores that have been open for at least twelve consecutive months without closure for seven or more consecutive days, including due to looting or store damage, and without a major remodel or being subject to a natural disaster, in the past twelve months as well as e-commerce sales. Comparable sales in constant currency exclude wholesale sales in Germany and sales from dispositions. E-commerce sales include digitally initiated sales online or through mobile applications. Relocated stores are not included as comparable sales for the first twelve months after the relocation. Acquired stores are not included as comparable sales for the first twelve months after acquisition or conversion, when applicable, whichever is later. Comparable sales, comparable pharmacy sales, comparable retail sales, comparable number of prescriptions and comparable number of 30-day equivalent prescriptions refer to total sales, pharmacy sales, retail sales, number of prescriptions and number of 30-day equivalent prescriptions, respectively. The method of calculating comparable sales varies across the retail industry and our method of calculating comparable sales may not be the same as other retailers’ methods. With respect to the International segment, comparable sales, comparable pharmacy sales and comparable retail sales, are presented on a constant currency basis, which is a non-GAAP financial measure. Refer to the discussion above for further details on constant currency calculations.
- U.S. Retail Pharmacy prescriptions (including vaccinations) are reported on a 30-day equivalent basis.
- Prescription market share information is an estimate derived from the use of information under license from IQVIA Prescription Services as of November 30, 2024. IQVIA expressly reserves all rights, including rights of copying, distribution and republication.
- U.S. Retail Pharmacy refill scripts initiated via digital channel is inclusive of prescriptions filled at Walgreens and Duane Reade.
- Boots UK retail market share insights, where quoted, as of November 23, 2024.
- Working capital includes changes in the following operating assets and liabilities: accounts receivable net; inventories; other current assets; trade accounts payable; and accrued expenses and other liabilities.
- Digitally initiated sales include online orders and mobile application purchases of retail products, photo and digital scripts, including Save a Trip refills.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Appendix

The information on the following pages provides reconciliations of the supplemental non-GAAP financial measures, as defined under SEC rules, presented in this presentation and discussed on the related conference call to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). The Company has provided the non-GAAP financial measures in the presentation, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. Please refer to the notes to the "Net loss to Adjusted net earnings and Diluted Net loss per share to Adjusted diluted net earnings per share" reconciliation table on slides 23-24 for definitions of non-GAAP financial measures and related adjustments presented in this presentation. These supplemental non-GAAP financial measures are presented because management has evaluated the Company's financial results both including and excluding the adjusted items or the effects of foreign currency translation, as applicable, and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the Company's business from period to period and trends in the Company's historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the presentation. The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information related to fiscal year 2025 guidance) where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the Company's control and/or cannot be reasonably predicted, such as unusual one-time charges, tax expenses, and material litigation expenses, and that would impact diluted net earnings per share, the most directly comparable forward-looking GAAP financial measure. For the same reasons, the Company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

The Company considers certain metrics, such as comparable sales (in constant currency), comparable pharmacy sales (in constant currency), comparable retail sales (in constant currency), comparable number of prescriptions, comparable 30-day equivalent prescriptions, and comparable prescriptions excluding immunizations to be key performance indicators because the Company's management has evaluated its results of operations using these metrics and believes that these key performance indicators presented provide additional perspective and insights when analyzing the core operating performance of the Company from period to period and trends in its historical operating results. These key performance indicators should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein. These measures may not be comparable to similarly-titled performance indicators used by other companies.

Amounts may not add due to rounding. All percentages and ratios have been calculated using unrounded amounts.

Certain assumptions and supplemental information

Unless otherwise indicated or the context otherwise requires:

- *This presentation assumes constant currency exchange rates after the date hereof based on current rates; and*
- *All financial estimates and goals assume constant currency exchange rates after the date hereof based on current rates and no major mergers, acquisitions, divestitures or strategic transactions.*

References in this presentation to the "Company," "we," "us" or "our" refer to Walgreens Boots Alliance, Inc. and its subsidiaries, and do not include unconsolidated partially-owned entities, except as otherwise indicated or the context otherwise requires. Our fiscal year ends on August 31, and references herein to "fiscal 2025" refer to our fiscal year ending August 31, 2025.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions, except net debt ratio and lease adjusted net debt ratio)

The Company defines net debt ratio as net debt divided by adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) and lease adjusted net debt ratio as lease adjusted net debt divided by Adjusted EBITDA before fixed operating lease costs (Adjusted EBITDAR). Further definitions and reconciliations to the closest GAAP measures are included below. Management uses lease adjusted net debt, net debt ratio and lease adjusted net debt ratio as supplemental measures to GAAP measures to review the liquidity of operations. We believe that these measures are useful indicators to assess the strength of the Company's balance sheet and its ability to meet its financial obligations. Net debt is not a measure of our liquidity under GAAP and should not be considered as an alternative to Cash Flows from Operating Activities or Cash Flows from Financing Activities.

LEASE ADJUSTED NET DEBT	As of November 30, 2024	
Total debt (GAAP) [1]	$	8,056
Less: Cash and cash equivalents (GAAP) [2]		1,192
Net debt		6,864
Operating lease obligations (GAAP) [3]		22,651
Finance lease obligations (GAAP) [3]		980
Less: Non-contractual lease payments [4]		(2,455)
Less: Contractual sublease income [5]		(450)
Lease adjusted net debt (Non-GAAP measure)	**$**	**27,590**

NET DEBT RATIO	As of November 30, 2024	
Net debt	$	6,864
Adjusted EBITDA (Non-GAAP measure) [6]		4,162
Net debt ratio		**1.6X**

LEASE ADJUSTED NET DEBT RATIO	As of November 30, 2024	
Lease adjusted net debt (Non-GAAP measure)	$	27,590
Adjusted EBITDAR (Non-GAAP measure) [7]		7,610
Lease adjusted net debt ratio		**3.6X**

1 Represents short-term debt and total long-term debt, including the current portion of long-term debt reported on the Company's consolidated condensed balance sheet as of November 30, 2024.

2 Represents Cash and cash equivalents and Marketable securities reported on the Company's consolidated condensed balance sheet as of November 30, 2024.

3 Represents the current and long-term portion of operating and finance lease obligations reported on the Company's consolidated condensed balance sheet as of November 30, 2024.

4 Non-contractual lease payments represent the present value of the Company's operating lease obligations related to optional renewal periods that have not been contractually exercised but are reasonably certain of being exercised, discounted using the Company's weighted average incremental borrowing rate of 5.7% over the weighted average remaining lease term.

5 Contractual sublease income represents future sublease rental income due to the Company under non-cancelable sublease terms, discounted using the Company's weighted average incremental borrowing rate of 5.7% over the weighted average remaining lease term.

6 The Company defines Adjusted EBITDA as operating income (loss) before depreciation, amortization, and stock-based compensation; in addition to these items, the Company excludes certain other non-GAAP adjustments, when they occur, as further defined. Adjusted EBITDA is calculated for the trailing twelve month period ended November 30, 2024.

7 The Company defines Adjusted EBITDAR as Adjusted EBITDA before fixed operating lease cost. Adjusted EBITDAR is calculated for the trailing twelve month period ended November 30, 2024.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions)

NET LOSS TO ADJUSTED OPERATING INCOME, ADJUSTED EBITDA and ADJUSTED EBITDAR	**As Reported Twelve months ended November 30, 2024**
Net loss (GAAP)	**$ (15,775)**
Post-tax earnings from other equity method investments	(9)
Income tax provision	1,385
Interest expense, net	506
Other income, net	(390)
Operating loss (GAAP)	**(14,282)**
Impairment of goodwill, intangibles and long-lived assets [1]	13,422
Acquisition-related amortization [2]	1,070
Transformation cost management [3]	766
Certain legal and regulatory accruals and settlements [4]	537
Acquisition and disposition-related costs [5]	483
Footprint optimization [6]	333
Adjustments to equity earnings in Cencora [7]	188
LIFO provision [8]	11
Adjusted operating income (Non-GAAP measure)	**2,530**
Depreciation expense	1,505
Stock-based compensation expense [9]	127
Adjusted EBITDA (Non-GAAP measure)	**4,162**
Operating lease cost [10]	3,448
Adjusted EBITDAR (Non-GAAP measure)	**$ 7,610**

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

[1] These charges are recorded within Selling, general and administrative expenses and Impairment of goodwill within the Consolidated Condensed Statements of Earnings. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance.

[2] Acquisition-related amortization includes amortization of acquisition-related intangible assets and stock-based compensation fair valuation adjustments. Amortization of acquisition-related intangible assets includes amortization of intangible assets such as customer relationships, trade names, trademarks, developed technology and contract intangibles. Intangible asset amortization excluded from the related non-GAAP measure represents the entire amount recorded within the Company's GAAP financial statements. The revenue generated by the associated intangible assets has not been excluded from the related non-GAAP measures. Amortization expense, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired, or the estimated useful life of an intangible asset is revised. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. The stock-based compensation fair valuation adjustment reflects the difference between the fair value based remeasurement of awards under purchase accounting and the grant date fair valuation. Post-acquisition compensation expense recognized in excess of the original grant date fair value of acquiree awards are excluded from the related non-GAAP measures as these arise from acquisition-related accounting requirements or agreements, and are not reflective of normal operating activities.

[3] Transformational Cost Management Program charges are costs associated with a formal restructuring plan. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.

[4] Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings.

[5] Acquisition and disposition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities recorded in Operating loss within the Consolidated Condensed Statements of Earnings. Examples of such costs include deal costs, severance, stock-based compensation, employee transaction success bonuses, and other integration related exit and disposal charges. These charges are primarily recorded within Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs are significantly impacted by the timing and complexity of the underlying merger, acquisition and divestitures related activities and do not reflect the Company's current operating performance. As part of the amendment to the VillageMD

[6] Footprint Optimization charges are costs associated with a formal restructuring plan. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.

[7] Adjustments to equity earnings (loss) in Cencora consist of the Company's proportionate share of non-GAAP adjustments reported by Cencora consistent with the Company's non-GAAP measures. Adjustments are recorded to Equity earnings (loss) in Cencora within the Consolidated Condensed Statements of Earnings.

[8] The Company's U.S. Retail Pharmacy segment inventory is accounted for using the last-in-first-out ("LIFO") method. This adjustment represents the impact on Cost of sales as if the U.S. Retail Pharmacy segment inventory is accounted for using first-in first-out ("FIFO") method. The LIFO provision is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences. Therefore, the Company cannot control the amounts recognized or timing of these items. These charges are recorded within Cost of sales within the Consolidated Condensed Statements of Earnings.

[9] Includes GAAP stock-based compensation expense excluding expenses related to acquisition-related amortization and acquisition-related costs.

[10] Represents fixed operating lease cost for the trailing twelve months ended November 30, 2024.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions)

NET LOSS TO ADJUSTED NET EARNINGS AND DILUTED NET LOSS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	**Three months ended November 30,**		**Change vs. 1Q24**	
	2024	**2023**	**Amount**	**Percent**
Net loss attributable to Walgreens Boots Alliance, Inc. (GAAP)	$ (265)	$ (67)	$ (197)	NM
Adjustments to operating loss				
Footprint optimization [1]	333	—		
Acquisition-related amortization [2]	269	275		
Acquisition and disposition-related costs [3]	104	163		
Adjustments to equity earnings (loss) in Cencora [4]	76	50		
Certain legal and regulatory accruals and settlements [5]	59	82		
LIFO provision [6]	12	48		
Transformational cost management [7]	(15)	109		
Total adjustments to operating loss [8]	838	726		
Adjustments to other expense, net:				
Gain on sale of equity method investment [9]	(32)	(139)		
Loss on disposal of business [10]	—	4		
Loss on certain non-hedging derivatives [11]	200	366		
Total adjustments to other expense, net	168	230		
Adjustments to interest expense, net				
Interest expense on debt [12]	9	—		
Total adjustments to interest expense, net	9	—		
Adjustments to income tax provision (benefit):				
Discrete tax items and tax impact of adjustments [13]	(45)	(203)		
Equity method non-cash tax [13]	(5)	4		
Total adjustments to income tax provision (benefit)	(49)	(199)		

NM - Not meaningful. Percentage increases above 200% or when one period includes income and other period includes loss are considered not meaningful.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions, except per share amounts)

NET LOSS TO ADJUSTED NET EARNINGS AND DILUTED NET LOSS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	**Three months ended November 30,**		**Change vs. 1Q24**	
	2024	**2023**	**Amount**	**Percent**
Adjustments to post-tax earnings (loss) from other equity method investments:				
Adjustments to earnings (loss) in other equity method investments [14]	7	9		
Total adjustments to post-tax earnings (loss) from other equity method investments	7	9		
Adjustments to net loss attributable to non-controlling interests:				
Impact of VillageMD debt amendment [15]	(137)	—		
Acquisition and disposition-related costs [3]	(65)	(70)		
Acquisition-related amortization [2]	(46)	(58)		
Certain legal and regulatory accruals and settlements [5]	(19)	—		
Total adjustments to net loss attributable to non-controlling interests	(268)	(128)		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	**$ 440**	**571**	**$ (131)**	**(23.0)%**
Diluted net loss per common share (GAAP) [16]	**$ (0.31)**	**$ (0.08)**	**$ (0.23)**	**NM**
Adjustments to operating loss	0.97	0.84		
Adjustments to other expense, net	0.19	0.27		
Adjustments to interest expense, net	0.01	—		
Adjustments to income tax provision (benefit)	(0.06)	(0.23)		
Adjustments to post-tax earnings (loss) from other equity method investments	0.01	0.01		
Adjustments to net loss attributable to non-controlling interests	$ (0.31)	$ (0.15)		
Adjusted diluted net earnings per common share (Non-GAAP measure) [17]	**$ 0.51**	**$ 0.66**	**$ (0.15)**	**(23.1)%**
Weighted average common shares outstanding, diluted (in millions) [17]	865.6	864.0		

NM - Not meaningful. Percentage increases above 200% or when one period includes income and other period includes loss are considered not meaningful.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

1 Footprint Optimization charges are costs associated with a formal restructuring plan. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.

2 Acquisition-related amortization includes amortization of acquisition-related intangible assets and stock-based compensation fair valuation adjustments. Amortization of acquisition-related intangible assets includes amortization of intangible assets such as customer relationships, trade names, trademarks, developed technology and contract intangibles. Intangible asset amortization excluded from the related non-GAAP measure represents the entire amount recorded within the Company's GAAP financial statements. The revenue generated by the associated intangible assets has not been excluded from the related non-GAAP measures. Amortization expense, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired, or the estimated useful life of an intangible asset is revised. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. The stock-based compensation fair valuation adjustment reflects the difference between the fair value based remeasurement of awards under purchase accounting and the grant date fair valuation. Post-acquisition compensation expense recognized in excess of the original grant date fair value of acquiree awards are excluded from the related non-GAAP measures as these arise from acquisition-related accounting requirements or agreements, and are not reflective of normal operating activities.

3 Acquisition and disposition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities recorded in Operating loss within the Consolidated Condensed Statements of Earnings. Examples of such costs include deal costs, severance, stock-based compensation, employee transaction success bonuses, and other integration related exit and disposal charges. These charges are primarily recorded within Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs are significantly impacted by the timing and complexity of the underlying merger, acquisition and divestitures related activities and do not reflect the Company's current operating performance. As part of the amendment to the VillageMD Secured Loan executed in the three months ended November 30, 2024, Walgreen Co. and VillageMD agreed to terminate certain intercompany leases resulting in an early termination charge of $107 million incurred by VillageMD within the U.S. Healthcare segment and a corresponding gain recognized within the U.S. Retail Pharmacy segment. The impacts of the intercompany lease termination eliminate in consolidation.

4 Adjustments to equity earnings (loss) in Cencora consist of the Company's proportionate share of non-GAAP adjustments reported by Cencora consistent with the Company's non-GAAP measures. Adjustments are recorded to Equity earnings (loss) in Cencora within the Consolidated Condensed Statements of Earnings.

5 Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings.

6 The Company's U.S. Retail Pharmacy segment inventory is accounted for using the last-in-first-out ("LIFO") method. This adjustment represents the impact on Cost of sales as if the U.S. Retail Pharmacy segment inventory is accounted for using first-in first-out ("FIFO") method. The LIFO provision is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences. Therefore, the Company cannot control the amounts recognized or timing of these items. These charges are recorded within Cost of sales within the Consolidated Condensed Statements of Earnings.

7 Transformational Cost Management Program charges are costs associated with a formal restructuring plan. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.

8 Total impairment charges for long-lived assets that were adjusted from Operating loss were $279 million in the three months ended November 30, 2024 and were $162 million in the three months ended November 30, 2023.

9 Gains on the sale of equity method investments are recorded in Other expense, net within the Consolidated Condensed Statements of Earnings. The Company excludes these charges when evaluating operating performance because these do not relate to the ordinary course of the Company's business.

10 Includes gains or losses related to the sale of businesses. These charges are recorded to Other expense, net, in the Consolidated Condensed Statements of Earnings. The Company excludes these charges when evaluating operating performance because these do not relate to the ordinary course of the Company's business.

11 Includes fair value gains or losses on the VPF derivatives. These charges are recorded within Other expense, net, in the Consolidated Condensed Statements of Earnings. The Company does not believe this volatility related to the non-cash mark-to-market adjustments on the underlying derivative instruments reflects the Company's operational performance.

12 Primarily includes interest expense on external debt to fund incremental contributions to the Boots Plan required to complete the Trustee's acquisition of a bulk annuity policy (the "Buy-In") from Legal & General. The payments and related incremental interest expense are not indicative of normal operating performance.

13 Adjustments to income tax provision (benefit) include adjustments to the GAAP basis tax provision (benefit) commensurate with non-GAAP adjustments and certain discrete tax items including U.S. and UK tax law changes and equity method non-cash tax. These charges are recorded within Income tax provision (benefit) within the Consolidated Condensed Statements of Earnings.

14 Adjustments to post-tax earnings (loss) from other equity method investments consist of the proportionate share of certain equity method investees' non-cash items or unusual or infrequent items consistent with the Company's non-GAAP adjustments. These charges are recorded in Post-tax earnings (loss) from other equity method investments within the Consolidated Condensed Statements of Earnings. Although the Company may have shareholder rights and board representation commensurate with its ownership interests in these equity method investees, adjustments relating to equity method investments are not intended to imply that the Company has direct control over their operations and resulting revenue and expenses. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all revenue and expenses of these equity method investees.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

[15] In the three months ended November 30, 2024, the Company and VillageMD executed an amendment to the VillageMD Secured Loan that consolidated certain VillageMD obligations to the Company, modified certain interest and fee terms, and provided VillageMD with additional borrowing capacity. These intercompany credit facilities eliminate in consolidation. The Company applies the legal claim approach to the attribution of intercompany transactions to non-controlling interests. The amendment of the VillageMD Secured Loan increased the Company's claim on VillageMD's net assets resulting in a pre-tax non-controlling interest benefit. The amendment and related one-time benefit to the Company are not indicative of normal operating performance.

[16] Due to the anti-dilutive effect resulting from periods where the Company reports a net loss, the impact of potentially dilutive securities on the per share amounts has been omitted from the calculation of weighted-average common shares outstanding for diluted net loss per common share.

[17] Includes impact of potentially dilutive securities in the calculation of weighted-average common shares, diluted for adjusted diluted net earnings per common share calculation purposes.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions)

	Three months ended November 30, 2024				
	U.S. Retail Pharmacy [1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 30,866	$ 6,425	$ 2,172	$ (4)	$ 39,459
Gross profit (GAAP)	**$ 5,232**	**$ 1,303**	**$ 240**	**$ 4**	**$ 6,779**
Acquisition-related amortization	5	—	14	—	19
LIFO provision	12	—	—	—	12
Footprint optimization	2	—	—	—	2
Adjusted gross profit (Non-GAAP measure)	**$ 5,251**	**$ 1,303**	**$ 253**	**$ 4**	**$ 6,812**
Selling, general and administrative expenses (GAAP)	**$ 5,207**	**$ 1,162**	**$ 565**	**$ 82**	**$ 7,015**
Footprint optimization	(321)	(3)	(4)	(3)	(331)
Acquisition-related amortization	(108)	(16)	(126)	—	(251)
Acquisition and disposition-related costs	96	(4)	(163)	(33)	(104)
Certain legal and regulatory accruals and settlements	(14)	—	(45)	—	(59)
Transformational cost management	18	(3)	1	(1)	15
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,877**	**$ 1,136**	**$ 228**	**$ 45**	**$ 6,286**
Operating income (loss)	**$ 17**	**$ 141**	**$ (325)**	**$ (78)**	**$ (245)**
Footprint optimization	323	3	4	3	333
Acquisition-related amortization	114	16	140	—	269
Acquisition and disposition-related costs	(96)	4	163	33	104
Adjustments to equity earnings (loss) in Cencora	76	—	—	—	76
Certain legal and regulatory accruals and settlements	14	—	45	—	59
LIFO provision	12	—	—	—	12
Transformational cost management	(18)	3	(1)	1	(15)
Adjusted operating income (loss) (Non-GAAP measure)	**$ 441**	**$ 168**	**$ 25**	**$ (41)**	**$ 593**
Gross margin (GAAP)	17.0 %	20.3 %	11.0 %		17.2 %
Adjusted gross margin (Non-GAAP measure)	17.0 %	20.3 %	11.7 %		17.3 %
Selling, general and administrative expenses percent to sales (GAAP)	16.9 %	18.1 %	26.0 %		17.8 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	15.8 %	17.7 %	10.5 %		15.9 %
Operating margin [2]	0.1 %	2.2 %	(15.0)%		(0.6)%
Adjusted operating margin (Non-GAAP measure) [2]	1.2 %	2.6 %	1.2 %		1.3 %

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions)

	Three months ended November 30, 2023				
	U.S. Retail Pharmacy [1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 28,944	$ 5,832	$ 1,931	$ —	$ 36,707
Gross profit (GAAP)	**$ 5,434**	**$ 1,211**	**$ 126**	**$ —**	**$ 6,771**
LIFO provision	48	—	—	—	48
Acquisition-related amortization	5	—	21	—	26
Transformational cost management	6	—	—	—	6
Adjusted gross profit (Non-GAAP measure)	**$ 5,493**	**$ 1,211**	**$ 146**	**$ —**	**$ 6,850**
Selling, general and administrative expenses (GAAP)	**$ 5,179**	**$ 1,095**	**$ 561**	**$ 17**	**$ 6,851**
Acquisition-related amortization	(89)	(15)	(144)	—	(249)
Acquisition-related costs	(26)	(4)	(173)	41	(163)
Transformational cost management	(91)	(6)	(2)	(4)	(103)
Certain legal and regulatory accruals and settlements	(82)	—	—	—	(82)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,891**	**$ 1,069**	**$ 242**	**$ 53**	**$ 6,255**
Operating income (loss) (GAAP)	**$ 297**	**$ 116**	**$ (436)**	**$ (17)**	**$ (39)**
Acquisition-related amortization	94	15	165	—	275
Acquisition-related costs	26	4	173	(41)	163
Transformational cost management	97	6	2	4	109
Certain legal and regulatory accruals and settlements	82	—	—	—	82
Adjustments to equity earnings in Cencora	50	—	—	—	50
LIFO provision	48	—	—	—	48
Adjusted operating income (loss) (Non-GAAP measure)	**$ 694**	**$ 142**	**$ (96)**	**$ (53)**	**$ 687**
Gross margin (GAAP)	18.8 %	20.8 %	6.5 %		18.4 %
Adjusted gross margin (Non-GAAP measure)	19.0 %	20.8 %	7.6 %		18.7 %
Selling, general and administrative expenses percent to sales (GAAP)	17.9 %	18.8 %	29.1 %		18.7 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.9 %	18.3 %	12.5 %		17.0 %
Operating margin [2]	0.9 %	2.0 %	(22.6)%		(0.2)%
Adjusted operating margin (Non-GAAP measure) [2]	2.1 %	2.4 %	(5.0)%		1.6 %

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)

[1] Operating income for U.S. Retail Pharmacy includes equity earnings in Cencora. As a result of the two-month reporting lag, operating income for the three month period ended November 30, 2024 includes Cencora equity earnings for the period of July 1, 2024 through September 30, 2024. Operating income for the three month period ended November 30, 2023 includes Cencora equity earnings for the period of July 1, 2023 through September 30, 2023.

[2] Operating margins and adjusted operating margins have been calculated excluding equity earnings in Cencora and adjusted equity earnings in Cencora, respectively.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions)

OPERATING LOSS TO ADJUSTED EBITDA FOR U.S. HEALTHCARE SEGMENT	**Three months ended November 30,**	
	2024	**2023**
Operating loss (GAAP) [1]	**$ (325)**	**$ (436)**
Acquisition and disposition-related costs [2]	163	173
Acquisition-related amortization [3]	140	165
Certain legal and regulatory accruals and settlements [4]	45	—
Footprint optimization [5]	4	—
Transformational cost management [6]	(1)	2
Adjusted operating income (loss)	**25**	**(96)**
Depreciation expense	34	43
Stock-based compensation expense [7]	11	13
Adjusted EBITDA (Non-GAAP measure)	**$ 70**	**$ (39)**

1 The Company reconciles Adjusted EBITDA for the U.S. Healthcare segment to Operating loss as the closest GAAP measure for the segment profitability. The Company does not measure Net earnings attributable to Walgreens Boots Alliance, Inc. for its segments.

2 Acquisition and disposition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities recorded in Operating loss within the Consolidated Condensed Statements of Earnings. Examples of such costs include deal costs, severance, stock-based compensation, employee transaction success bonuses, and other integration related exit and disposal charges. These charges are primarily recorded within Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs are significantly impacted by the timing and complexity of the underlying merger, acquisition and divestitures related activities and do not reflect the Company's current operating performance. As part of the amendment to the VillageMD Secured Loan executed in the three months ended November 30, 2024, Walgreen Co. and VillageMD agreed to terminate certain intercompany leases resulting in an early termination charge of $107 million incurred by VillageMD within the U.S. Healthcare segment and a corresponding gain recognized within the U.S. Retail Pharmacy segment. The impacts of the intercompany lease termination eliminate in consolidation.

3 Acquisition-related amortization includes amortization of acquisition-related intangible assets and stock-based compensation fair valuation adjustments. Amortization of acquisition-related intangible assets includes amortization of intangible assets such as customer relationships, trade names, trademarks, developed technology and contract intangibles. Intangible asset amortization excluded from the related non-GAAP measure represents the entire amount recorded within the Company's GAAP financial statements. The revenue generated by the associated intangible assets has not been excluded from the related non-GAAP measures. Amortization expense, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired, or the estimated useful life of an intangible asset is revised. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. The stock-based compensation fair valuation adjustment reflects the difference between the fair value based remeasurement of awards under purchase accounting and the grant date fair valuation. Post-acquisition compensation expense recognized in excess of the original grant date fair value of acquiree awards are excluded from the related non-GAAP measures as these arise from acquisition-related accounting requirements or agreements, and are not reflective of normal operating activities.

4 Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings.

5 Footprint Optimization charges are costs associated with a formal restructuring plan. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.

6 Transformational Cost Management Program charges are costs associated with a formal restructuring plan. These charges are primarily recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.

7 Includes GAAP stock-based compensation expense excluding expenses related to acquisition-related amortization and acquisition-related costs.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions)

EQUITY EARNINGS (LOSS) IN CENCORA	**Three months ended November 30,**	
	2024	**2023**
Equity earnings (loss) in Cencora (GAAP)	**$ (9)**	**$ 42**
Goodwill impairment	42	—
Acquisition-related intangibles amortization	23	34
Restructuring and other expenses	7	6
Litigation and opioid-related expenses	6	2
Acquisition-related integration and restructuring expenses	3	5
LIFO expense	1	11
Turkey hyperinflation impact	1	5
Amortization of basis difference in OneOncology investment	—	1
Gain from divestitures	—	(7)
Remeasurement of equity investment	(1)	—
Tax reform	(2)	2
Gain from antitrust litigation settlements	(5)	(9)
Adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 67**	**$ 92**

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions)

ADJUSTED EFFECTIVE TAX RATE	**Three months ended November 30, 2024**			**Three months ended November 30, 2023**		
	Loss before income tax provision	**Income tax provision**	**Effective tax rate**	**Loss before income tax benefit**	**Income tax (benefit) provision**	**Effective tax rate**
Effective tax rate (GAAP)	**$ (538)**	**$ 66**	**(12.2)%**	**$ (358)**	**$ (74)**	**20.7%**
Impact of non-GAAP adjustments and discrete tax items	1,015	204		956	232	
Equity method non-cash tax	—	5		—	(4)	
Adjusted tax rate true-up	—	(160)		—	(29)	
Subtotal	$ 477	$ 115		$ 598	$ 125	
Exclude adjusted equity earnings in Cencora	(67)	—		(92)	—	
Adjusted effective tax rate excluding adjusted equity earnings (loss) in Cencora (Non-GAAP measure)	**$ 410**	**$ 115**	**28.0%**	**$ 507**	**$ 125**	**24.7%**

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.
Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions)

FREE CASH FLOW

	Three months ended November 30,	
	2024	**2023**
Net cash used for operating activities (GAAP)	**$ (140)**	**$ (281)**
Less: Additions to property, plant and equipment	(284)	(506)
Free cash flow (Non-GAAP measure) [1]	**$ (424)**	**$ (788)**

[1] Free cash flow is defined as net cash provided by operating activities in a period less additions to property, plant and equipment (capital expenditures), plus acquisition related payments and incremental pension payments made in that period. This measure does not represent residual cash flows available for discretionary expenditures as the measure does not deduct the payments required for debt service and other contractual obligations or payments for future business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to the Consolidated Condensed Statement of Cash Flows.

© 2025 Walgreens Boots Alliance, Inc. All rights reserved.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 16