Fiscal 2022

First Quarter Results

January 6, 2022

Walgreens Boots Alliance

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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 our fiscal year 2022 guidance, our long-term growth algorithm and related assumptions and drivers, as well as forward-looking statements concerning the expected execution and effect of our business strategies, the potential impacts on our business of the spread and impacts of the COVID-19 pandemic, our cost-savings and growth initiatives, including statements relating to our expected cost savings under our Transformational Cost Management and expansion of our Walgreens Health segment. 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,” “guidance,” “target,” “aim,” continue,” “transform,” “accelerate,” “model,” “long-term,” “believe,” “seek,” “estimate,” “anticipate,” “may,” “possible,” “assume,” 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, 2021 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.
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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 slide 23 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.

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Takeaways

- **Strong Execution**
  - *Delivering results across business segments*
  - *Demonstrated progress on strategic priorities*
- **Exceeding Our Expectations**
  - *Adj. EPS +53% in constant Fx*
- **FY22 Adj. EPS Guidance Raised to Low-Single Digit Growth**
  - *Includes 2 percentage points of incremental investments in our team members*
  - *Continues to include 4 percentage points of previously planned healthcare investments*
- **Well-Positioned for Sustainable, Long-Term Value Creation**
  - *Accelerating growth as healthcare segment scales up and margins build*
  - *Long-term algorithm leading to sustainable low-teens adj. EPS growth*

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Refer to safe harbor and non-GAAP on slide 2 and endnotes on slide 23

Leading the Fight Against the Pandemic

Walgreens

Vaccinations

Testing Solutions

>56 million vaccinations administered to date

>9 million boosters administered to date

Largest pediatric vaccine provider in the pharmacy channel

~40% of Walgreens stores offering the Pfizer COVID-19 vaccine to children ages 5-11 are located in areas with a high Social Vulnerability Index score

22.9 million COVID-19 tests completed to date

Note: Statistics to date as of January 3, 2022

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To Be the Leading Partner in Reimagining Local Healthcare and Wellbeing for All

Strategic Priorities:

1. *Transform and Align the Core*
2. *Build Our Next Growth Engine with Consumer-Centric Healthcare Solutions*
3. *Focus the Portfolio; Optimize Capital Allocation*
4. *Build a High-Performance Culture and a Winning Team*

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Recent Progress on Strategic Priorities

- ✓ U.S. digital sales +88% in 1Q, driven by 3.6 million same-day pick-up orders
- ✓ 92.4 million myWalgreens members at quarter-end, up 7.2 million since 4Q
- ✓ VillageMD and Shields transactions closed; CareCentrix expected to close by 3Q FY22
- ✓ 81 VillageMD co-located centers now open, on track toward 160+ by the end of CY22
- ✓ Walgreens Health consumer app launched in November
- ✓ 47 Walgreens Health Corners in operation, including 10 launched in California, on track toward 100+ by the end of CY22
- ✓ Portfolio actions to unlock shareholder value: 100% control of AllianceRx Walgreens Prime, and 100% control of German wholesale JV
- ✓ Recent appointments: Chief Customer Officer, Chief Clinical Officer, Chief Clinical Trials Officer, Chief Transformation & Integration Officer, Global Chief HR Officer

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Building Community Engagement Today

Walgreens Health Corner

VillageMD Co-Located Center

Walgreens Health Consumer App

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WBA Financial Performance

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1Q 2022 Financial Highlights

- **Adj. EPS $1.68, +53.1% above prior year in constant Fx, exceeding our expectations**
- **Strong first quarter performance driven by execution in COVID-19 vaccine and testing delivery, U.S. retail sales growth, and continued recovery in international performance**
- **Cash generation of $1.1B in operating cash flow and $645M of free cash flow**
- **Transformational Cost Management Program on track to deliver $3.3B of annual cost savings by FY24**
- **Raising FY22 adjusted EPS growth guidance to low-single digit growth (vs. flat previously)**

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1Q 2022 Financial Highlights

Continuing operations *$ in millions (except EPS)*		1Q22	Reported Fx B/(W) vs. 1Q21	Constant Fx B/(W) vs. 1Q21
Sales		$33,901	+ 7.8%	+ 7.6%
Operating income	GAAP	$1,283	+ $1,817	
	Adjusted	$1,777	+ 48.5%	+ 48.5%
Net earnings	GAAP	$3,580	+ $3,970	
	Adjusted	$1,455	+ 53.5%	+ 53.5%
EPS	GAAP	$4.13	+ $4.58	
	Adjusted	$1.68	+ 53.2%	+ 53.1%

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United States – Financials

$ in millions	1Q22	B/(W) vs. 1Q21
Sales	$28,032	+ 3.2%
Adj. gross profit	$6,368	+ 12.3%
Adj. SG&A % of sales	17.2%	- 0.2%p
Adj. operating income	$1,690	+ 46.3%
Adj. operating margin[1]	5.5%	+ 1.7%p

- Adj. operating income well above expectations, driven by strength in Pharmacy and Retail and aided by phasing of SG&A spend
- AllianceRx Walgreens Prime sales decline was a 2.7%p headwind, with minimal impact on adj. operating income

1) U.S. segment adj. operating margin excludes impact of adj. ABC equity earnings

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United States – Pharmacy

1Q22 vs. 1Q21	1Q Total	1Q Comparable
Pharmacy sales	+ 1.1%	+ 6.8%
Prescriptions	+ 5.5%	+ 6.2%

- Comparable scripts +6.2%, benefitting from COVID-19 vaccinations (+535 bps)
  - 15.6 million COVID-19 vaccinations in the quarter
  - Pharmacy performance aided by seasonal prescriptions, partly offset by fewer flu shots as current year season returned to more normalized levels versus prior year
  - Pharmacy volumes challenged by staffing shortages and temporary operating hour reductions
- 6.5 million COVID-19 tests[1] administered in the quarter; +4.9 million tests vs. 1Q21
- Higher gross margin reflects improved mix from COVID-19 vaccines/testing and specialty, partly offset by ongoing reimbursement pressure

1) COVID-19 tests are excluded from 30-day equivalent prescription calculation

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United States – Retail

1Q22 vs. 1Q21	1Q22
Total retail sales	+ 10.1%
Comparable retail sales	+ 10.6%

- 1Q comp retail sales +10.6%; excl. tobacco +11.7%; up low double-digits vs. pre-COVID
  - Transactions +9.0% and basket size +1.5%
  - Strength in Health & Wellness +24.7% (particularly at-home COVID-19 testing and cough, cold, flu), Beauty +16.6% and Personal Care +11.6%
- Digitally initiated retail sales +88%
- Margin negatively impacted by shrink and increased import freight costs

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International – Financials

Continuing operations *$ in millions*	1Q22	Constant Fx B/(W) vs. 1Q21
Sales	$5,818	+ 34.2%
Adj. gross profit	$1,207	+ 18.2%
Adj. SG&A % of sales	17.9%	+ 3.6%p
Adj. operating income	$164	+ 88.6%
Adj. operating margin	2.8%	+ 0.8%p

- Continued recovery due to focused execution and lapping prior year severe restrictions
- Formation of German wholesale JV provided +25.6% sales lift; dilutive to AOI margin by ~-90 bps
- Sales excluding benefit of JV formation +8.6%, with Boots UK growing +13.4%
- China retail equity method investment now at ~8,800 stores (+1,200 vs. last year)

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Boots UK – Financials

1Q22 vs. 1Q21 (constant Fx)	1Q22
Pharmacy comp. sales	+ 8.8%
Retail comp. sales	+ 16.3%

- Pharmacy comp. sales +8.8%; pharmacy services increased >200% YOY, partly offset by one-time favorable NHS reimbursement in FY21
- Strengthening Retail sales comps
  - Store footfall ~+33%, while remaining ~-20% below pre-COVID levels
  - Continued strength in store basket size, ~+12% above pre-COVID levels
  - Boots.com sales nearly 2x pre-COVID and representing >15% of Boots total retail sales
  - Boots growing retail market share across all categories, led by Beauty
- Monitoring Omicron impact

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Walgreens Health – Financials

$ in millions	1Q22	Constant Fx B/(W) vs. 1Q21
Sales	$51	n/a
Adj. gross profit	$20	n/a
Adj. SG&A	($33)	($30)
Adj. operating income	($13)	($10)

- Shields majority investment closed Oct. 29; immediately accretive with sales of $25M and adj. operating income of $10M
- VillageMD majority investment closed Nov. 24, with sales of $26M and adj. operating loss of $3M reflecting six days of ownership
- Walgreens Health investments are skewed to the second half of FY22

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Walgreens Health – Key Metrics

Walgreens Health

	Current Status	CY22 Goal
Lives	1.9M	2M+
Partners (Payor/Provider)	2	5
Sites of Care:		
Health Corners	47	100+
VillageMD Co-Located Centers	81	160+

	1Q22	FY22 Goal
Sales (Reported)	$51M	~$3B
Pro Forma Sales Growth YOY[1]:		
VillageMD	182%	
Shields	62%	

1) VillageMD and Shields pro forma revenue based on fiscal Q3: Jul – Sep 2021 vs. Jul – Sep 2020

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Cash Flow

$ in millions	1Q22	B/(W) vs. 1Q21
Operating cash flow	$1,099	($95)
Cash capital expenditure	($454)	($23)
Free cash flow	$645	($118)

- Cash generation of $1.1B in operating cash flow and $645M of free cash flow
- Free cash flow was adversely impacted versus prior year, due to phasing of working capital, and COVID-19 related government support in the prior year
- Increased capex to fund growth initiatives

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Increasing FY Guidance to Reflect Strong Start to FY22

Adj. EPS Growth (Constant Fx)	October 2021 FY Guidance		January 2022 FY Guidance
Base	+ 4%		+ 5-7%
Healthcare Organic	(3)%		(3)%
Healthcare M&A	(1)%		(1)%
Adjusted EPS	Flat	→	LSD Growth

- Now expecting ~30 million vaccinations in FY22 (vs. ~25 million prior)
- Decision to reinvest ~$120 million in labor, equivalent to 2 percentage points headwind to EPS growth

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FY22 Headwinds/Tailwinds vs. Prior Outlook

Raising FY22 Adj. EPS Guidance to Low-Single Digit Growth (Constant Fx)

Tailwinds (+)	Headwinds (-)
Vaccinations/Testing	Investments in Labor
Retail Comps	Shrink & Inflation
Cost Discipline	Rx Volume

Factors driving adj. EPS guidance raise:

- Q1 performance driven by U.S. segment, mainly vaccinations/testing and retail; includes timing benefit of ~$0.10
- Good start to 2Q
- Vaccinations expected to be a headwind in 2H, as previously anticipated
- Partial FY22 offset from labor investment ($0.10) and shrink/inflation

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Positive Momentum in FY22

		October 2021 FY Guidance	January 2022 FY Guidance	Comments
United States	Sales	(8)%	(6)%	Higher pharmacy/retail sales
	AOI	flat/down	flat/up	
	Vaccinations	25M	30M	Monitoring Omicron
International	Sales	+ 8-10%	+ 9-11%	Germany market/share growth
	AOI	> 50%	> 50%	Monitoring Omicron
Walgreens Health	Sales	~ $3B	~ $2.6B	Timing of CCX regulatory approval
	Organic AOI	$(210)-(230)M	$(210)-(230)M	2H weighted investments
	M&A	$(0.05)-(0.10)	$(0.05)-(0.10)	
Tax Rate		16%	16%	

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Endnotes

- Unless otherwise noted, all prior year numbers have been recast for continuing operations. Refer to WBA's Current Report on Form 8-K filed on March 31, 2021.
- 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.
  - United States segment GAAP results, dollars in millions – 1Q22: gross profit $6,347; selling general and administrative expenses $5,091; SG&A as a percent of sales 18.2%; operating income $1,356; and operating margin 4.5%.
  - International segment GAAP results on a reported currency basis, dollars in millions – 1Q22: gross profit $1,207; selling general and administrative expenses $1,153; SG&A as a percent of sales 19.8%; operating income $54; and operating margin 0.9%. In 1Q22 compared to prior-year quarter, on a reported currency basis, the segment's sales increased 35.8%; operating income increased 39.8% ; and operating margin was flat compared to prior year quarter.
  - Walgreens Health GAAP results, dollars in millions - 1Q22: gross profit $20; selling general and administrative expenses $65; SG&A as a percent of sales 128.9%; and operating loss $(45). Shields operating loss $16; VillageMD operating loss $3.
  - Adjusted gross margin is a non-GAAP financial measure defined as adjusted gross profit by business unit divided by sales by business unit. Adjusted gross profit is a non-GAAP financial measure defined as gross profit by business unit, excluding the impact of costs associated with Transformational cost management, LIFO provision, 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 business units from period to period.
- Net earnings, net earnings per common share – diluted figures are attributable to Walgreens Boots Alliance, Inc.
- For our United States and International segment, comparable sales are defined as sales from stores that have been open for at least twelve consecutive months without a 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. 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. Comparable retail sales for previous periods have been restated to include e-commerce sales. The method of calculating comparable sales varies across the retail industry. As a result, our method of calculating comparable sales may not be the same as other retailers’ methods. With respect to the International division, 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.
- United States Pharmacy prescriptions (including immunizations) are reported on a 30-day equivalent basis.
- Prescription market share information is an estimate derived from the use of information under license from the following IQVIA information service: IQVIA Prescription Services as of November 30, 2021 and includes prescriptions filled at stores acquired from Rite Aid from and after the cutover date. IQVIA expressly reserves all rights, including rights of copying, distribution and republication.
- United States retail refill scripts initiated via digital channel is inclusive of prescriptions filled at Walgreens and Duane Reade.
- Boots UK market share insights, where quoted, as of November 27, 2021.
- 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.
- Store gross margin is defined as sales less the direct product costs (including an allocation for variable supply chain costs and promotional scanning allowances) divided by sales.

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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 Earnings and Diluted Net Earnings (Loss) Per Share" reconciliation table on slide 29 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 2022 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, 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, including all comparable metrics, number of prescriptions, number of 30-day equivalent prescriptions and number of locations at period end, 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 have been calculated using unrounded amounts for the three months ended November 30, 2021.

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 2022" refer to our fiscal year ended August 31, 2022.

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Reconciliation of Non-GAAP financial measures

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

NET EARNINGS	Three months ended November 30, 2021	Three months ended November 30, 2020	Change vs. 1Q21 Amount	Change vs. 1Q21 Percent
Net earnings (loss) from continuing operations (GAAP)	**$ 3,580**	**$ (391)**	**$ 3,970**	**NM**
Transformational cost management [1]	203	100		
Acquisition-related amortization [2]	165	95		
Acquisition-related costs [3]	71	21		
Adjustments to equity earnings (loss) in AmerisourceBergen [4]	43	1,481		
LIFO provision [5]	14	33		
Total adjustments to operating income (loss)	495	1,731		
Adjustments to other income:				
Net investment hedging loss [6]	1	9		
Gain on previously held investments [7]	(2,576)	—		
Total adjustments to other income	(2,574)	9		
Adjustments to income tax provision (benefit):				
Equity method non-cash tax [8]	18	(346)		
Tax impact of adjustments [8]	(26)	(61)		
Total adjustments to income tax provision (benefit)	(8)	(407)		
Adjustments to post tax equity earnings from other equity method investments:				
Adjustments to equity earnings in other equity method investments [9]	15	13		
Total adjustments to post tax (loss) earnings from other equity method investments	15	13		

NM - Not meaningful. Percentage increases/decreases when one period includes income and other period includes loss are considered not meaningful.

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Reconciliation of Non-GAAP financial measures

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

NET EARNINGS	Three months ended November 30, 2021	2020	Change vs. 1Q21 Amount	Percent
Adjustments to net (loss) earnings attributable to noncontrolling interests:				
Transformational cost management [1]	(1)	—		
Acquisition-related amortization [2]	(32)	(4)		
Acquisition-related costs [3]	(17)	—		
LIFO provision [5]	—	(3)		
Total adjustments to net (loss) earnings attributable to noncontrolling interests	(50)	(8)		
Adjusted net earnings attributable to Continuing Operations (Non-GAAP measure)	**$ 1,455**	**$ 948**	**$ 507**	**53.5 %**
Net earnings attributable to Walgreens Boots Alliance, Inc. – discontinued operations (GAAP)	**$ —**	**$ 83**	**$ (83)**	**(100.0)%**
Acquisition-related amortization [2]	—	21		
Acquisition-related costs [3]	—	2		
Transformational cost management [1]	—	4		
Tax impact of adjustments [8]	—	(5)		
Total adjustments to net earnings attributable to Walgreens Boots Alliance, Inc. – discontinued operations	**$ —**	**$ 22**		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. - discontinued operations (Non-GAAP measure)	**$ —**	**$ 105**	**$ (105)**	**100.0 %**
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	**$ 1,455**	**$ 1,052**	**$ 403**	**38.3 %**

NM - Not meaningful. Percentage increases/decreases when one period includes income and other period includes loss are considered not meaningful.

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Reconciliation of Non-GAAP financial measures

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

DILUTED NET EARNINGS (LOSS) PER SHARE	Three months ended November 30,		Change vs. 1Q21	
	2021	2020	Amount	Percent
Diluted net earnings per common share - continuing operations (GAAP) [10]	$ 4.13	$ (0.45)	$ 4.58	NM
Adjustments to operating income	0.57	2.00		
Adjustments to other income	(2.97)	0.01		
Adjustments to income tax provision (benefit)	(0.01)	(0.47)		
Adjustments to post tax (loss) earnings from other equity method investments [9]	0.02	0.01		
Adjustments to net (loss) earnings attributable to noncontrolling interests	(0.06)	(0.01)		
Adjusted diluted net earnings per common share - continuing operations (Non-GAAP measure)	**$ 1.68**	**$ 1.09**		
Diluted net earnings per common share - discontinued operations (GAAP)	**—**	**0.10**	**$ (0.10)**	**(100.0)%**
Total adjustments to net earnings (loss) attributable to Walgreens Boots Alliance, Inc. – discontinued operations	—	0.03		
Adjusted diluted net earnings per common share - discontinued operations (Non-GAAP measure)	**—**	**0.12**	**$ (0.12)**	**(100.0)%**
Adjusted diluted net earnings per common share (Non-GAAP measure)	**$ 1.68**	**$ 1.22**	**$ 0.46**	**37.7 %**
Weighted average common shares outstanding, diluted (in millions) [11]	867.6	865.3		

NM - Not meaningful. Percentage increases/decreases when one period includes income and other period includes loss are considered not meaningful.

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Reconciliation of Non-GAAP financial measures

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

1 Transformational Cost Management Program charges are costs associated with a formal restructuring plan. These charges are primarily recorded within selling, general and administrative expenses. 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 inventory valuation adjustments. Amortization of acquisition-related intangible assets includes amortization of intangibles assets such as customer relationships, trade names, trademarks 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 within selling, general and administrative expenses. Business combination accounting principles require us to measure acquired inventory at fair value. The fair value of the inventory reflects cost of acquired inventory and a portion of the expected profit margin. The acquisition-related inventory valuation adjustments excludes the expected profit margin component from cost of sales recorded under the business combination accounting principles.

3 Acquisition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities. These costs include all charges incurred on certain mergers, acquisition and divestitures related activities, for example, including costs related to integration efforts for successful merger, acquisition and divestitures activities. Examples of such costs include deal costs, severance and stock compensation. These charges are primarily recorded within selling, general and administrative expenses. 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.

4 Adjustments to equity earnings (loss) in AmerisourceBergen consist of the Company's proportionate share of non-GAAP adjustments reported by AmerisourceBergen consistent with the Company's non-GAAP measures. The Company recognized equity losses in AmerisourceBergen of $1,373 million during the three months ended November 30, 2020. These equity losses are primarily due to AmerisourceBergen's recognition of $5.6 billion, net of tax, charges related to its ongoing opioid litigation in its financial statements for the three months period ended September 30, 2020.

5 The Company's United States 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 United States 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.

6 Gain or loss on certain derivative instruments used as economic hedges of the Company's net investments in foreign subsidiaries. These charges are recorded within other income (loss). We do not believe this volatility related to mark-to-market adjustment on the underlying derivative instruments reflects the Company's operational performance.

7 Includes significant gains on business combinations due to the remeasurement of previously held minority equity interests and debt securities to fair value. During the three months ended November 30, 2021, the Company recorded such pretax gains of $2,174 million and $402 million for VillageMD and Shields respectively.

8 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. tax law changes and equity method non-cash tax. These charges are recorded within income tax provision (benefit).

9 Adjustments to post tax (loss) earnings 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 within post tax (loss) earnings from other equity method investments. 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.

10 Due to the anti-dilutive effect resulting from the reported net loss, the impact of potentially dilutive securities on the per share amounts has been omitted from the quarterly calculation of weighted-average common shares outstanding for diluted EPS for the three months ended November 30, 2020.

11 Includes impact of potentially dilutive securities in the quarterly calculation of weighted-average common shares, diluted for adjusted diluted net earnings per common share calculation purposes for the three months ended November 30, 2020.

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Reconciliation of Non-GAAP financial measures

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

	Three months ended November 30, 2021				
	United States[1]	International	Walgreens Health	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 28,032	$ 5,818	$ 51	$ —	$ 33,901
Gross profit (GAAP)	**$ 6,347**	**$ 1,207**	**$ 20**	**$ —**	**$ 7,574**
LIFO provision	14	—	—	—	14
Acquisition-related amortization	7	—	—	—	7
Adjusted gross profit (Non-GAAP measure)	**$ 6,368**	**$ 1,207**	**$ 20**	**$ —**	**$ 7,595**
Selling, general and administrative expenses (GAAP)	**$ 5,091**	**$ 1,153**	**$ 65**	**$ 82**	**$ 6,391**
Acquisition-related costs	3	(39)	(24)	(11)	(71)
Transformational cost management	(141)	(54)	—	(9)	(203)
Acquisition-related amortization	(133)	(17)	(8)	—	(158)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,821**	**$ 1,043**	**$ 33**	**$ 64**	**$ 5,961**
Operating income (loss) (GAAP)	**$ 1,356**	**$ 54**	**$ (45)**	**$ (82)**	**$ 1,283**
Adjustments to equity earnings in AmerisourceBergen	43	—	—	—	43
Acquisition-related amortization	140	17	8	—	165
Transformational cost management	141	54	—	9	203
LIFO provision	14	—	—	—	14
Acquisition-related costs	(3)	39	24	11	71
Adjusted operating income (loss) (Non-GAAP measure)	**$ 1,690**	**$ 164**	**$ (13)**	**$ (63)**	**$ 1,777**
Gross margin (GAAP)	22.6 %	20.7 %	40.3 %		22.3 %
Adjusted gross margin (Non-GAAP measure)	22.7 %	20.7 %	40.3 %		22.4 %
Selling, general and administrative expenses percent to sales (GAAP)	18.2 %	19.8 %	128.9 %		18.9 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.2 %	17.9 %	65.5 %		17.6 %
Operating margin[2]	4.5 %	0.9 %	(88.6)%		3.5 %
Adjusted operating margin (Non-GAAP measure)[2]	5.5 %	2.8 %	(25.2)%		4.8 %

Walgreens Boots Alliance

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Reconciliation of Non-GAAP financial measures

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

	Three months ended November 30, 2020				
	United States[1]	International	Walgreens Health[3]	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 27,163	$ 4,285	$ —	$ (10)	$ 31,438
Gross profit (GAAP)	**$ 5,639**	**$ 990**	**$ —**	**$ 1**	**$ 6,630**
Transformational cost management	(1)	—	—	—	(1)
LIFO provision	33	—	—	—	33
Adjusted gross profit (Non-GAAP measure)	**$ 5,671**	**$ 990**	**$ —**	**$ 1**	**$ 6,663**
Selling, general and administrative expenses (GAAP)	**$ 4,770**	**$ 952**	**$ 3**	**$ 67**	**$ 5,792**
Acquisition-related amortization	(76)	(19)	—	—	(95)
Transformational cost management	(61)	(27)	—	(12)	(100)
Acquisition-related costs	(8)	(2)	—	(12)	(21)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,625**	**$ 904**	**$ 3**	**$ 43**	**$ 5,574**
Operating income (loss) (GAAP)	**$ (504)**	**$ 39**	**$ (3)**	**$ (66)**	**$ (535)**
Adjustments to equity earnings (loss) in AmerisourceBergen	1,481	—	—	—	1,481
Acquisition-related amortization	76	19	—	—	95
Transformational cost management	60	27	—	12	100
LIFO provision	33	—	—	—	33
Acquisition-related costs	8	2	—	12	21
Adjusted operating income (loss) (Non-GAAP measure)	**$ 1,155**	**$ 87**	**$ (3)**	**$ (42)**	**$ 1,196**
Gross margin (GAAP)	20.8 %	23.1 %	— %		21.1 %
Adjusted gross margin (Non-GAAP measure)	20.9 %	23.1 %	— %		21.2 %
Selling, general and administrative expenses percent to sales (GAAP)	17.6 %	22.2 %	— %		18.4 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.0 %	21.1 %	— %		17.7 %
Operating margin[2]	3.2 %	0.9 %	— %		2.7 %
Adjusted operating margin (Non-GAAP measure)[2]	3.9 %	2.0 %	— %		3.5 %

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Reconciliation of Non-GAAP financial measures

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

1 Operating income (loss) for United States includes equity earnings (loss) in AmerisourceBergen. As a result of the two-month reporting lag, operating income (loss) for the three month period ended November 30, 2021 includes AmerisourceBergen equity earnings (loss) for the period of July 1, 2021 through September 30, 2021. Operating income (loss) for the three month period ended November 30, 2020 includes AmerisourceBergen equity earnings (loss) for the period of July 1, 2020 through September 31, 2020.

2 Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.

3 Fiscal 2021 data related to Walgreens Health operating segment has been reclassified to conform to the current period presentation.

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Reconciliation of Non-GAAP financial measures

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

EQUITY EARNINGS (LOSS) IN AMERISOURCEBERGEN	Three months ended November 30, 2021	Three months ended November 30, 2020
Equity earnings in AmerisourceBergen (GAAP)	**$ 100**	**$ (1,373)**
Acquisition-related intangibles amortization	35	30
Employee severance, litigation, and other	13	1,548
Impairment of non-customer note receivable	4	—
Gains from antitrust litigation settlements	3	—
Impairment of assets	3	3
Tax reform	3	(100)
Certain discrete tax benefits	—	6
New York State Opioid Stewardship Act	—	3
LIFO credit	(1)	(7)
Goodwill impairment	(2)	—
Gain on remeasurement of equity investment	(18)	—
Adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	**$ 143**	**$ 108**

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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, 2021			Three months ended November 30, 2020		
	Earnings before income tax provision	Income tax provision	Effective tax rate	Earnings before income tax provision	Income tax provision	Effective tax rate
Effective tax rate (GAAP)	**$ 3,814**	**$ 275**	**7.2%**	**$ (607)**	**$ (207)**	**(34.0)%**
Impact of non-GAAP adjustments	(2,080)	4		1,740	55	
Equity method non-cash tax	—	(18)		—	346	
Adjusted tax rate true-up	—	22		—	6	
Subtotal	$ 1,733	$ 284		$ 1,132	$ 200	
Exclude adjusted equity earnings in AmerisourceBergen	(143)	—		(108)	—	
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	**$ 1,591**	**$ 284**	**17.8%**	**$ 1,024**	**$ 200**	**19.5%**

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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,	
	2021	**2020**
Net cash provided by operating activities (GAAP)	**$ 1,099**	**$ 1,195**
Less: Additions to property, plant and equipment - as reported	(454)	(431)
Free cash flow - (Non-GAAP measure) [1]	**$ 645**	**$ 763**

[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) 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 our entire statements of cash flows.

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