Fourth Quarter and Fiscal 2023 Results

October 12, 2023

Walgreens Boots Alliance

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 2024 outlook, our long-term growth outlook and targets and related assumptions and drivers, as well as forward-looking statements concerning future leadership and the expected execution and effect of our business strategies, the potential impacts on our business of COVID-19, our cost-savings and growth initiatives, including statements relating to our expected cost savings under our Transformational Cost Management Program 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,” “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, 2023 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 32 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.

Focus on Execution

Ginger Graham
Interim Chief Executive Officer, WBA

Strong focus on execution to stabilize performance

- **Tim Wentworth** appointed **Chief Executive Officer,** effective October 23rd
- Near-term operational priorities representing **value creation opportunities**
  - Prioritization of **customer-centered** investments to support our stores and drive sales growth
  - Swift decision making to **realign our cost base, strictly evaluate all capital investments,** and **improve cash flow**
  - Operational clarity to **accelerate execution** and bolster business performance

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

4Q & FY23 Results

Manmohan Mahajan
Interim Global Chief Financial Officer, WBA

WBA 4Q23 Financial Highlights

$ in millions (except EPS)

		4Q23	Reported Fx B/(W) vs. 4Q22	Constant Fx B/(W) vs. 4Q22
Sales		$35,422	+ 9.2%	+ 8.3%
Operating Income	GAAP	($450)	+ $371	
	Adjusted	$683	(8.3)%	(9.8)%
Net Earnings	GAAP	($180)	+ $235	
	Adjusted	$575	(17.1)%	(18.1)%
EPS	GAAP	($0.21)	+ $0.27	
	Adjusted	$0.67	(17.0)%	(18.0)%

- 4Q23 GAAP results reflect certain legal and regulatory accruals and settlements, and higher costs related to the Transformational Cost Management Program
- 4Q22 GAAP results reflect $783M non-cash impairment charge related to intangible assets in Boots UK

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

WBA FY23 Financial Highlights

$ in millions (except EPS)

		FY23	Reported Fx B/(W) vs. FY22	Constant Fx B/(W) vs. FY22
Sales		$139,081	+ 4.8%	+ 5.6%
Operating Income	GAAP	($6,882)	($8,269)	
	Adjusted	$3,871	(24.6)%	(24.1)%
Net Earnings	GAAP	($3,080)	($7,417)	
	Adjusted	$3,439	(21.1)%	(20.5)%
EPS	GAAP	($3.57)	($8.58)	
	Adjusted	$3.98	(20.9)%	(20.3)%

- FY23 GAAP results include $5.5B after-tax charge for opioid-related claims and lawsuits, and $1.7B after-tax gain on sale of Cencora and Option Care Health shares
- FY22 GAAP results include $2.5B after-tax gain on investments in VillageMD and Shields

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

U.S. Retail Pharmacy Financials

$ in millions	4Q23	B/(W) vs. 4Q22	FY23	B/(W) vs. FY22
Sales	$27,666	+ 3.7%	$110,314	+ 1.1%
Adj. gross profit	$5,166	(4.6)%	$22,309	(6.4)%
Adj. SG&A % of sales	17.0%	0.9%p	17.3%	0.5%p
Adj. operating income	$554	(29.4)%	$3,689	(26.6)%
Adj. operating margin[1]	1.6%	(0.7)%p	2.9%	(1.1)%p

- 4Q comp sales growth of +5.7% compared to +1.6% in the prior year quarter
- 4Q AOI decline reflects:
  - ~27% COVID-19 headwind and lower levels of sale and leaseback
  - Partial offsets from higher underlying pharmacy gross profit and lower incentive accruals

1. *AOI margin excludes equity income from Cencora, formerly known as AmerisourceBergen*

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

U.S. Pharmacy

4Q23 vs. 4Q22 | FY23 vs. FY22	4Q23 Total	4Q23 Comparable	FY23 Total	FY23 Comparable
Pharmacy sales	+ 6.4%	+ 9.2%	+ 2.1%	+ 7.2%
Prescriptions	(0.5)%	+ 0.9%	(0.4)%	+ 0.6%
Prescriptions ex. Immunizations	+ 0.2%	+ 1.6%	+ 1.4%	+ 2.5%

- Comp pharmacy sales +9.2% primarily due to brand inflation and mix impacts
- 4Q comp scripts +0.9%; comp scripts excluding immunizations +1.6%
  - Scripts impacted by weaker overall market growth, which decelerated 160 basis points vs. 3Q due to weaker respiratory season and Medicaid redeterminations
  - 0.4 million COVID-19 vaccinations in 4Q vs. 2.9 million in the prior year quarter; minimal COVID-19 PCR tests[1] administered in 4Q vs. 3.4M in the prior year quarter
- Gross margin impacted in 4Q by lower COVID-19 vaccine and testing volume, reimbursement pressure net of procurement savings, and brand mix impacts

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

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

U.S. Retail

4Q23 vs. 4Q22 | FY23 vs. FY22	4Q23	FY23
Total retail sales	(4.3)%	(1.6)%
Comparable retail sales	(3.3)%	(0.8)%

- 4Q comp retail sales (3.3)%, impacted by a weaker respiratory season and macro-driven consumer pressure
  - Key headwinds: COVID-19 OTC test kits (~160 bps), cough cold flu (~100 bps), summer seasonal (~60 bps), and tobacco (~30 bps)
  - Growth in Personal Care +2.5% and Beauty +1.1% more than offset by softness in Health & Wellness category
  - Digitally initiated retail sales +14.2% in 4Q on top of +13.8% last year, driven by 4.2 million same-day pick-up orders
- Lower gross margin in 4Q impacted by higher shrink and unfavorable mix impacts; FY23 gross margin expanded nearly +100 bps, with ~+200 bps expansion over 2 years

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

International Financials

$ in millions	4Q23	Constant Fx B/(W) vs. 4Q22	FY23	Constant Fx B/(W) vs. FY22
Sales	$5,784	+ 6.7%	$22,198	+ 6.8%
Adj. gross profit	$1,284	+ 9.9%	$4,704	+ 7.3%
Adj. SG&A % of sales	17.7%	+ 0.7%p	17.0%	+ 0.7%p
Adj. operating income	$259	+ 52.2%	$935	+ 32.6%
Adj. operating margin	4.5%	+ 1.3%p	4.2%	+ 0.8%p

- 4Q sales growth of +6.7% driven by Boots UK +10.9% and Germany wholesale +3.5%
- Adj. gross profit growth of +9.9% in 4Q reflects solid growth across all International markets
- AOI increased +52.2% in the quarter, led by Boots UK with strong retail growth and pharmacy margin improvement

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

Boots UK Financials

4Q23 vs. 4Q22 | FY23 vs. FY22	4Q23	FY23
Pharmacy comp. sales	+ 9.9%	+ 3.9%
Retail comp. sales	+ 11.7%	+ 12.5%

- Strong retail comp sales growth of +11.7% in 4Q, with growth across all categories
  - Store footfall improved ~+4% vs. prior year
  - Continued growth in store basket size, ~+5% vs. prior year
  - 4Q Boots.com sales growth of +28.9% on a constant currency basis, representing over 13% of Boots total retail sales
- Boots grew retail market share for the tenth consecutive quarter, ~+1% year over year overall, with notable increases in Beauty and Health and Wellness

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U.S. Healthcare Financials

$ in millions	4Q23	B/(W) vs. 4Q22	FY23	B/(W) vs. FY22
Sales	$1,972	+ $1,351	$6,570	+ $4,774
Adj. gross profit	$147	+ $155	$414	+ $408
Adj. SG&A	($230)	($87)	($980)	($604)
Adj. operating loss	($83)	+ $68	($566)	($197)
Adj. EBITDA	($30)	+ $103	($376)	($64)

- 4Q sales of $2B led by VillageMD $1.4B, CareCentrix $0.4B, and Shields $0.1B
- 4Q pro forma sales growth +19%: VillageMD +17%, CareCentrix +24%, Shields +29%
- Adj. EBITDA loss in 4Q reflects new clinic expansions at VillageMD, partly offset by contributions from Shields and CareCentrix
- Adj. EBITDA improvement vs. 4Q22 of +$103M driven by growth at Shields and CareCentrix, and disciplined cost management

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Cash Flow

$ in millions-	FY23	B/(W) vs. FY22
Operating cash flow	$2,258	($1,641)
Cash capital expenditure	($2,117)	($384)
Acquisition-related payments	$524	$524
Free cash flow	$665	($1,500)

- Generated $2.3B in operating cash flow and $665M of free cash flow
- Year over year operating cash flow adversely impacted by:
  - Lower earnings, driven by reduced COVID-19 contribution
  - Opioid-related settlement payments ~$360M
- Increased capex to fund growth initiatives including VillageMD rollout and automated microfulfillment centers
- Cash mobilization efforts resulted in debt reduction of $2.6B in FY23

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FY24 Guidance

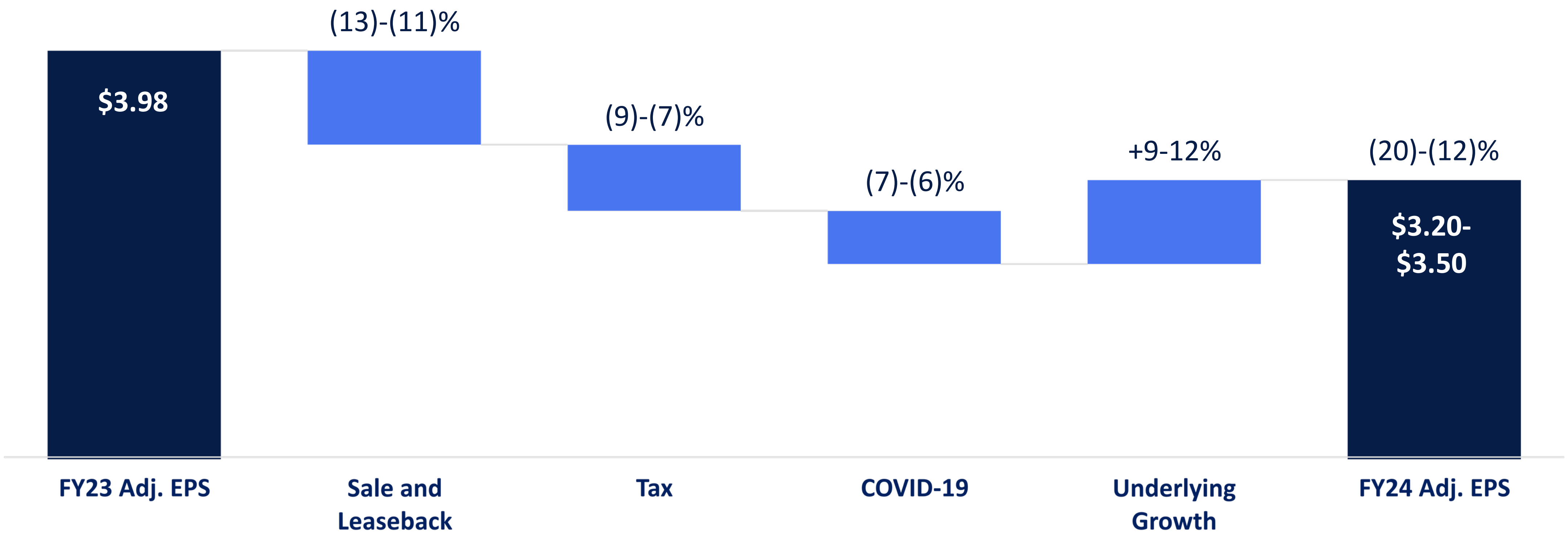
Manmohan Mahajan
Interim Global Chief Financial Officer, WBA

Introducing FY24 guidance

- **FY24 adj. EPS guidance of $3.20-$3.50** vs. FY23 adj. EPS of $3.98
  - Reflects lower sale and leaseback contribution, higher tax rate, and lower COVID-19 contribution
  - Excluding these headwinds, underlying growth expected to be driven by incremental cost savings and improving profitability in U.S. Healthcare
  - Prudent approach in light of continued macro-driven consumer pressures, ongoing script market softness, and COVID-19 uncertainty
  - Improving quarterly growth profile expected as initiatives ramp throughout the year
- **U.S. Healthcare adj. EBITDA expected breakeven** at midpoint of guidance range of ($50) to $50M
  - Unlocking embedded profitability at VillageMD/Summit Health/CityMD with patient panel growth and cost management
  - Segment continuing to scale to $8.3-$8.8B in sales, with +10-17% pro forma growth
- Not providing guidance beyond FY24; continuing to evaluate macroeconomic trends and challenges, and expecting to provide long term guidance, if any, in the future

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

Underlying growth reflects cost discipline and improving profitability in U.S. Healthcare



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WBA FY24 Guidance

WBA	FY24	CFx % YOY Change
Sales	\$141.0 - \$145.0B	+1% - +4%
Adj. Op. Income	\$3.4 - \$3.7B	(12)% - (5)%
Adj. EPS	\$3.20 - \$3.50	(20)% - (12)%

Key Considerations:

- Tailwinds: Cost savings, U.S. Healthcare scaling and profitability initiatives, U.S. pharmacy gross profit growth ex. COVID-19, retail initiatives
- Headwinds: Lower sale and leaseback activity, higher tax rate, lower COVID-19 contribution, consumer sentiment and spending, ongoing reimbursement pressure, higher wages and inflation
- Fx expected to be neutral to adj. EPS

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

U.S. Retail Pharmacy Guidance

U.S. Retail Pharmacy	FY24	% YOY Change
Sales	\$110.5 - \$113.0B	0% - +2%
Adj. Op. Income	\$3.2 - \$3.4B	(13)% - (8)%

Key Considerations:

- Sales flat to slightly up, with top-line growth driven by pharmacy
- Script volume primarily driven by market, adherence programs, and access initiatives
- Expecting ~5 million COVID-19 vaccinations vs. 12 million in FY23
- Flat retail comp with initiatives (category performance improvement program, owned brands, alternative profits) offsetting headwinds from weaker cough, cold, and flu, fewer COVID-19 OTC tests, and discretionary consumer pressure
- AOI decline reflects lower sale and leaseback activity, lower COVID-19 demand, and incentive accruals, partly offset by cost savings

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

International Guidance

International	FY24	% YOY Change	CFx % YOY
Sales	$22.5 - $23.5B	+1% - +6%	0% - +4%
Adj. Op. Income	$745 - $770M	(20)% - (18)%	(21)% - (18)%

Key Considerations:

- CFx sales growth of 0% - +4%, with all markets growing, partly offset by Chile business disposal
- AOI decline reflects 20% headwind from FY23 property transactions and Chile business disposal; excluding this headwind, AOI growth 0% - +2% expected to be driven by continued retail gains and cost efficiencies
- Fx expected to be a ~2% tailwind to sales growth with minimal AOI impact

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

U.S. Healthcare Guidance

U.S. Healthcare	FY24	YOY Change
Sales	$8.3 - $8.8B	+$1.7 - $2.2B
Adj. Op. Income	$(320) - $(220)M	+$250 - $350M
Adj. EBITDA	$(50) - $50M	+$325 - $425M

Key Considerations:

- Sales include full year contribution from Summit Health/CityMD
- Pro forma sales +10-17%, including growth in VillageMD full-risk lives and VillageMD patient visits
- Breakeven adj. EBITDA at midpoint of guidance, with improvement of $325-$425M vs. prior year
- Adj. EBITDA improvement led by VillageMD/Summit focus on profitability, and growth from the Walgreens Health business and Shields

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FY24 corporate assumptions

$ millions	FY23	FY24	Comments
Adj. Tax Rate	**9.8%**	**19% - 20%**	• Lower non-recurring tax benefits • Higher international statutory tax rates
Interest Expense	**$(580)**	**$(510) - $(490)**	• Reflects lower debt balances
EMI/NCI	**$340**	**$335 - $355**	• Impact of full year Summit transaction, including lower ownership percentage
Corporate Costs	**$(187)**	**$(220) - $(210)**	• Increase driven by reinstatement of bonus accruals, partly offset by reduced support center costs
Other Income	**$94**	**$20 - $30**	• Lower pension primarily in Boots UK

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Benefits from cost savings and U.S. Healthcare have a muted impact in 1Q, and are expected to scale over the balance of the year

Key YOY headwinds with outsized 1Q impact

1Q 2023 adj. EPS	**$1.16**
Tax rate increase & phasing	**($0.21) – ($0.20)**
COVID-19	**($0.16) – ($0.15)**
Rx labor investments	**~($0.08)**
Cough, cold, flu	**($0.09) – ($0.07)**
Sale & leaseback, net of rent	**~($0.04)**

Drivers of sequentially improving 2Q-4Q earnings profile

- **Cost savings:** Recent actions to improve cost base have immaterial impact on 1Q but are expected to scale over the fiscal year
- **U.S. Healthcare:** Improving adj. EBITDA expected positive in 2H with VillageMD/Summit Health focus on profitability and contributions from Shields and other businesses
- **U.S. Retail:** Growth during the fiscal year reflecting retail comp growth and margin improvement initiatives
- **Seasonality:** 2Q benefit, especially at Boots UK

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

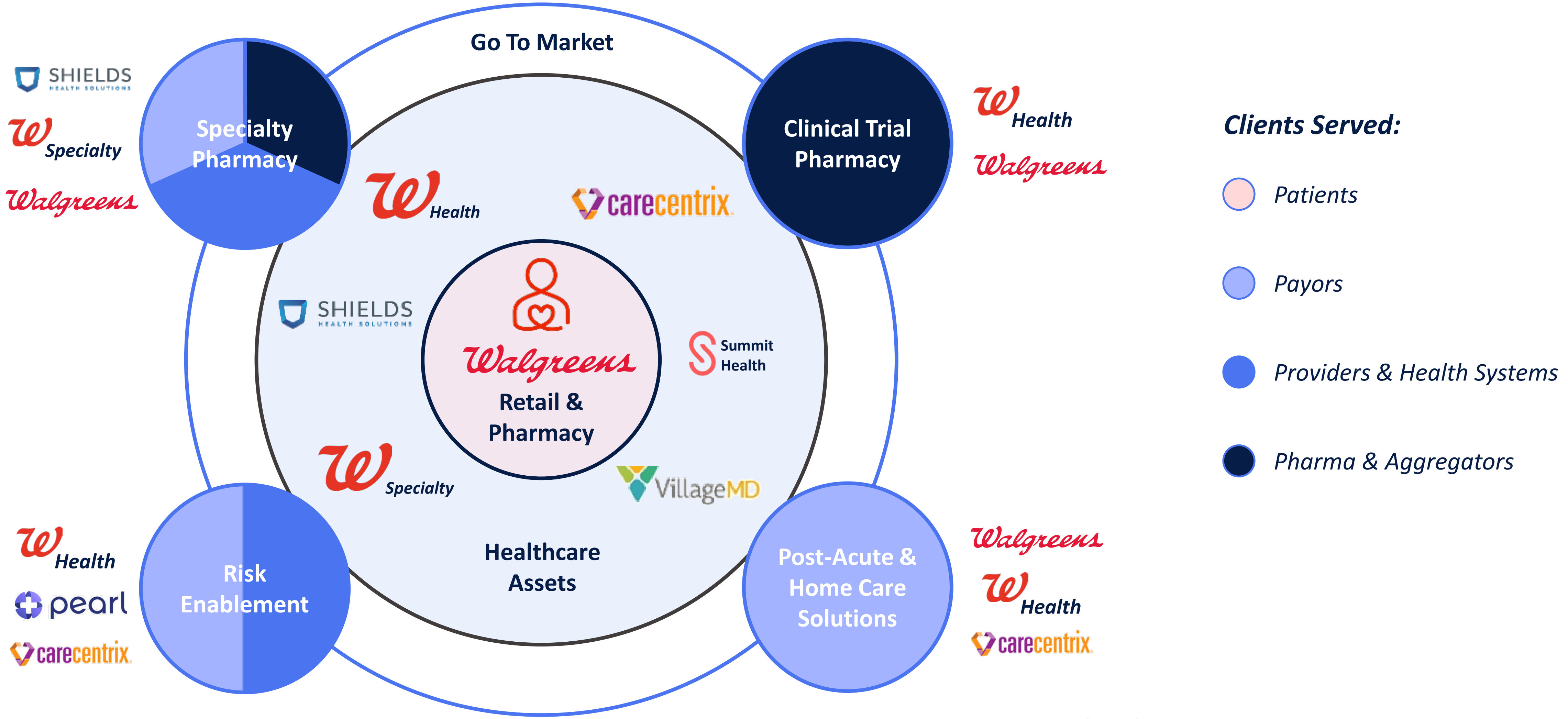
U.S. Healthcare

John Driscoll

EVP & President

U.S. Healthcare Segment

Investing in and scaling healthcare services, and building on the pharmacy foundation



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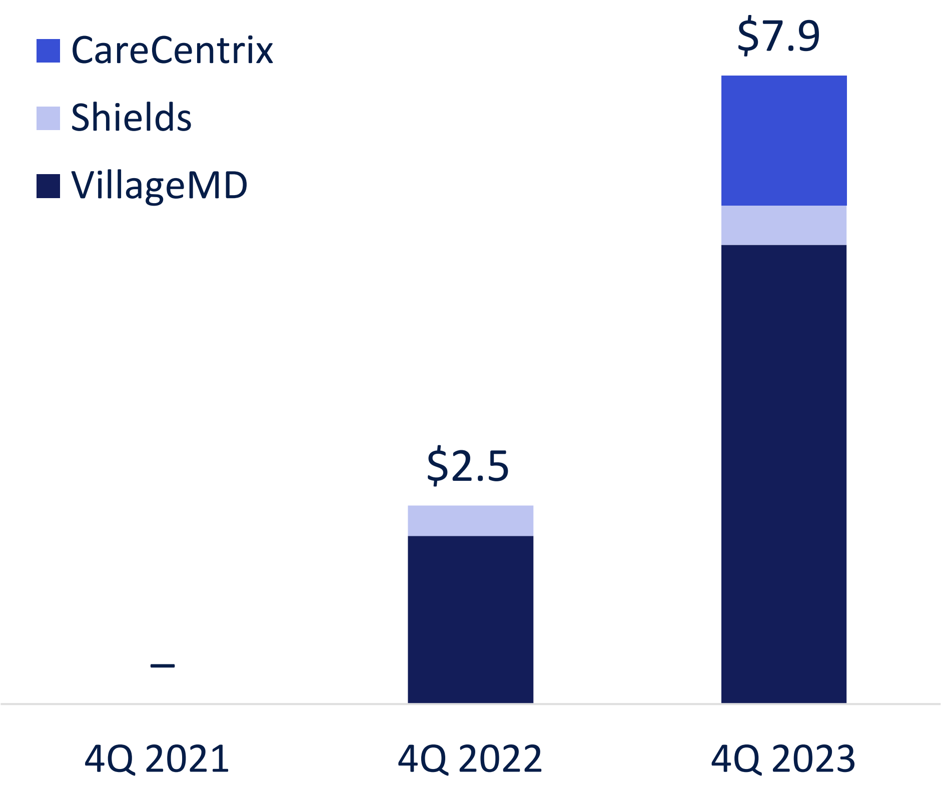
U.S. Healthcare has scaled to nearly $8 billion in sales in two years, now shifting focus to profitable growth

U.S. Healthcare Annualized Reported Sales ($B)

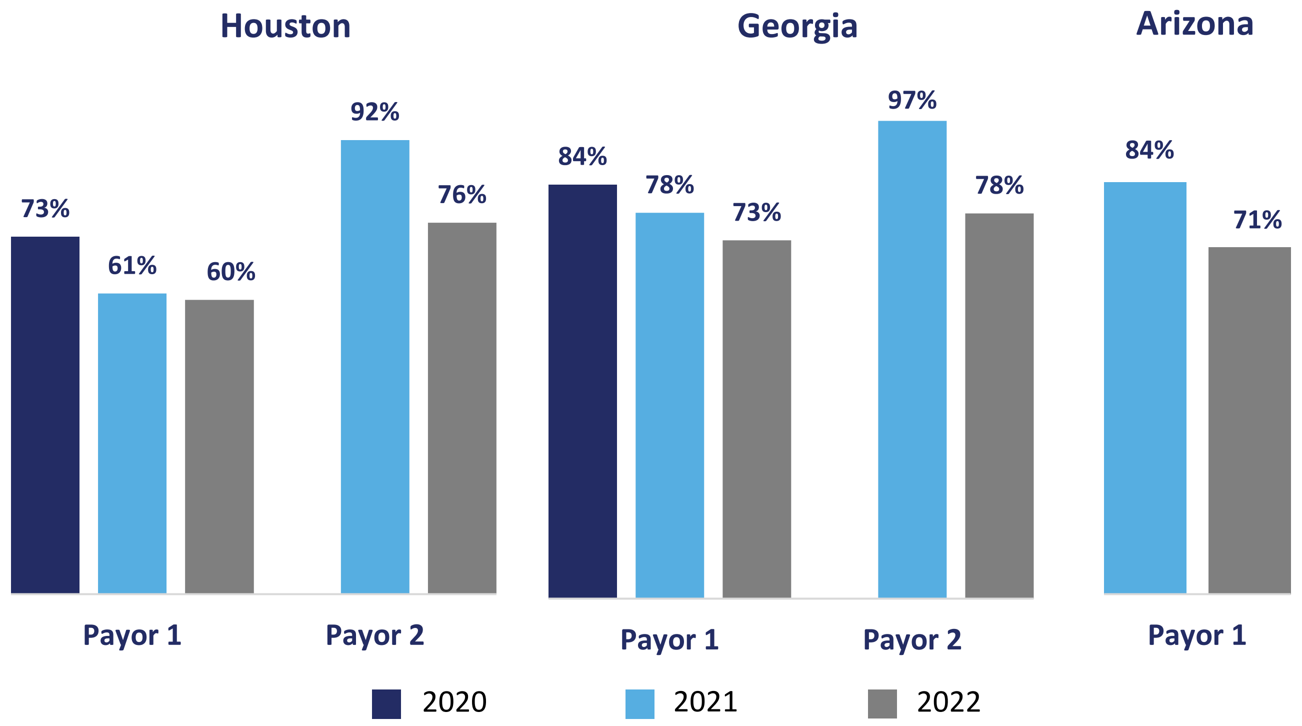


- VillageMD has quickly expanded, with legacy business achieving **+46% pro forma sales growth** in FY23, and Summit Health acquisition
- Rapid growth has happened with an **inefficient cost profile**
- Focus is now on **unlocking significant embedded adj. EBITDA potential:**
  - **Volume:** Going deeper in strategic markets, improving productivity in fee for service
  - **Sales:** Optimizing reimbursement through contracts to leverage scale
  - **Cost:** Exiting unprofitable markets (~60 clinics), realigning operating costs
- Fee for service provides near-term profit opportunities, and fuels future growth in value-based care

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

VillageMD is reducing healthcare costs and growing membership in value-based arrangements

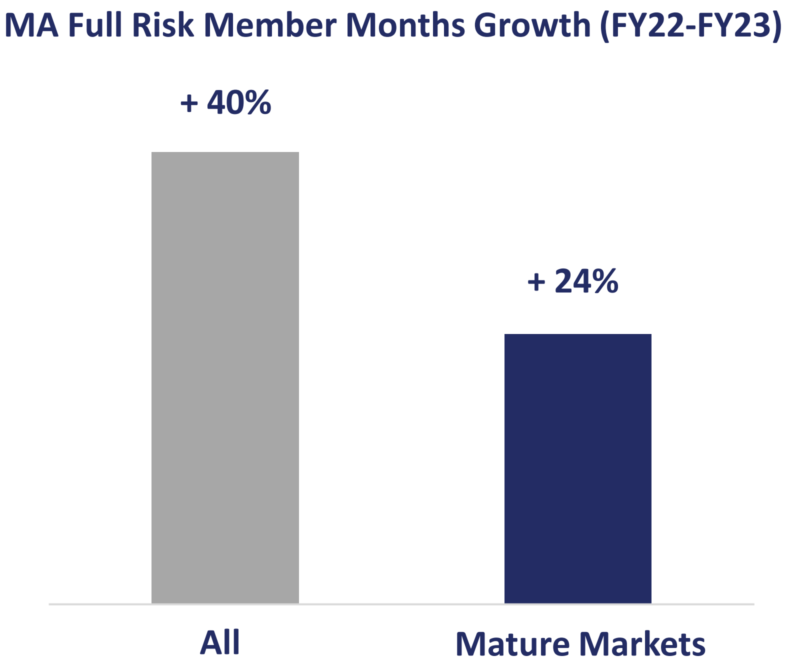
MA medical loss ratio member cohort progression shows **ability to bend the cost curve…**



Footnotes:

1. Performance as of May 2023 and may continue to develop as claims and sales finalize
2. Houston and Georgia tracks 2020 and 2021 member cohorts across multiple years for Payor 1 and Payor 2, respectively
3. Arizona tracks a 2021 member cohort across multiple years for Payor 1

…while **continuing to expand MA full risk membership**



Member Months	All	Mature Markets
FY23	984K	792K
FY22	701K	639K

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

Pearl Health partnership accelerates WBA's expansion into risk

- Walgreens will use Pearl Health's tech platform and provider network to take on **full risk for ~9,000 ACO REACH lives in 12 markets**
- Initial services through Walgreens Pharmacy and Walgreens Health, with future opportunities for wraparound services with other assets
- Services: Embedded pharmacist program with ACO providers, pharmacist-led medical reconciliations, care coordination, post hospitalization assistance, labs, and diagnostics
- Healthcare assets help to **deliver better outcomes** and **lower the total cost of care,** primarily through reduced hospital readmissions, **focusing on the chronic patient population**
- New, capital-light source of U.S. Healthcare sales growth, with profits tied to lowering the cost of care

Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 32 and reconciliations on slides 34-50

Closing Remarks

Ginger Graham
Interim Chief Executive Officer, WBA

Strong focus on execution to stabilize performance

- Prioritization of **customer-centered** investments to support our stores and drive sales growth
- Swift decision making to **realign our cost base, strictly evaluate all capital investments,** and **improve cash flow**
- Operational clarity to **accelerate execution** and bolster business performance

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Q&A

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 transacting 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.
    - U.S. Retail Pharmacy segment GAAP results, dollars in millions – 4Q23: gross profit $5,077; selling, general and administrative expenses (“SG&A”) $5,460; SG&A as a percent of sales 19.7%; operating loss $317; and operating margin excluding equity earnings in Cencora, Inc. (“Cencora”), formerly known as AmerisourceBergen Corporation (“AmerisourceBergen”) (1.4)%. FY23: gross profit $22,115; SG&A expenses $27,674; SG&A as a percent of sales 25.1%; operating loss $5,307; and operating margin excluding equity earnings in Cencora (5.0)%.
    - International segment GAAP results on a reported currency basis, dollars in millions – 4Q23: gross profit $1,284; SG&A expenses $1,061; SG&A as a percent of sales 18.3%; operating income $222; and operating margin 3.8%. In 4Q23 compared to year-ago quarter, on a reported currency basis, the segment's sales increased 12.4%; and operating margin increased 16.9 percentage points. FY23: gross profit $4,704; SG&A expenses $4,326; SG&A as a percent of sales 19.5%; operating income $379; and operating margin 1.7%. In FY23 compared to prior year period, on a reported currency basis, the segment's sales increased 1.7%; and operating margin increased 3.3 percentage points.
    - U.S. Healthcare segment GAAP results, dollars in millions — 4Q23: gross profit $114; SG&A expenses $409; SG&A as a percent of sales 20.7%; and operating loss $294. FY23 — gross profit $252; SG&A expenses $1,977; SG&A as a percent of sales 30.1%; and operating loss $1,725.
    - 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, acquisition-related amortization, acquisition-related costs, and store damage and inventory loss insurance recovery . 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. Adjusted EBITDA margin is a non-GAAP financial measure defined as Adjusted EBITDA divided by segment sales.
- 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. 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 vaccination) 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 August 31, 2023. IQVIA expressly reserves all rights, including rights of copying, distribution and republication.
- U.S. Retail Pharmacy refill scripts initiated via digital channel are inclusive of prescriptions filled at Walgreens and Duane Reade.
- Boots UK retail market share insights, where quoted, as of September 2, 2023.
- 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.

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 (Loss) and Diluted Net Earnings (Loss) Per Share" reconciliation table on slide 40 to 41 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 2024 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, such as comparable sales (in constant currency), comparable pharmacy sales (in constant currency), comparable retail sales (in constant currency), comparable number of prescriptions, and comparable 30-day equivalent prescriptions 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 2023" refer to our fiscal year ended August 31, 2023.

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 August 31, 2023**
Total debt (GAAP)[1]	$	**9,062**
Less: Cash and cash equivalents (GAAP)[2]		(739)
Net debt		8,323
Operating lease obligations (GAAP)[3]		24,472
Finance lease obligations (GAAP)[3]		976
Less: Non-contractual lease payments[4]		(2,844)
Less: Contractual sublease income[5]		(464)
Lease adjusted net debt (Non-GAAP measure)	$	**30,462**

NET DEBT RATIO		**As of August 31, 2023**
Net debt	$	8,323
Adjusted EBITDA (Non-GAAP measure)[6]		5,453
Net debt ratio		**1.5X**

LEASE ADJUSTED NET DEBT RATIO		**As of August 31, 2023**
Lease adjusted net debt (Non-GAAP measure)	$	30,462
Adjusted EBITDAR (Non-GAAP measure)[7]		8,857
Lease adjusted net debt ratio		**3.4X**

1 Represents short-term debt and total long-term debt, including the current portion of long-term debt reported on the Company’s consolidated balance sheet as of August 31, 2023.

2 Represents Cash and cash equivalents and Marketable securities reported on the Company’s consolidated balance sheet as of August 31, 2023.

3 Represents the current and long-term portion of operating and finance lease obligations reported on the Company’s consolidated balance sheet as of August 31, 2023.

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 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 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 August 31, 2023.

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 August 31, 2023.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

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

	Fiscal 2023
Net loss (GAAP)	**$ (3,528)**
Post-tax earnings from other equity method investments	(33)
Income tax benefit	(1,858)
Interest expense, net	580
Other income, net	(2,043)
Operating loss (GAAP)	**(6,882)**
Certain legal and regulatory accruals and settlements [1]	7,466
Transformational cost management [2]	1,181
Acquisition-related amortization [3]	1,126
Acquisition-related costs [4]	323
Impairment of intangible assets [5]	299
Adjustments to equity earnings in Cencora [6]	211
LIFO provision [7]	187
Store damage and inventory loss insurance recovery [8]	(40)
Adjusted operating income (Non-GAAP measure)	**3,871**
Depreciation expense	1,458
Stock-based compensation expense [9]	125
Adjusted EBITDA (Non-GAAP measure)	**5,453**
Operating lease cost [10]	3,404
Adjusted EBITDAR (Non-GAAP measure)	**$ 8,857**

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

[1] 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 within Selling, general and administrative expenses within the Consolidated Statement of Earnings. In fiscal 2023, the Company recorded charges related to the opioid litigation settlement frameworks and certain other legal matters.

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

[3] Acquisition-related amortization includes amortization of acquisition-related intangible assets, inventory valuation adjustments 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 within Selling, general and administrative expenses. 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] Acquisition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities recorded in operating income within the Consolidated Statement of Earnings. Examples of such costs include deal costs, severance, stock compensation and employee transaction success bonuses. 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.

[5] Impairment of intangible assets do not relate to the ordinary course of the Company's business. 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 within Selling, general and administrative expenses. In fiscal 2023, the Company recognized a $431 million impairment of pharmacy license intangible assets in Boots UK of which $132 million was attributed to additional store closures recognized as part of the Transformational Cost Management Program.

[6] Adjustments to equity earnings in Cencora consist of the Company's proportionate share of non-GAAP adjustments reported by Cencora consistent with the Company's non-GAAP measures.

[7] 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.

[8] Store damage and inventory loss insurance recovery for losses incurred in fiscal 2020 as a result of looting in the U.S.

[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 August 31, 2023.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

NET (LOSS) EARNINGS TO ADJUSTED NET EARNINGS AND DILUTED NET (LOSS) EARNINGS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	Three months ended August 31,		Change vs. 4Q22		Twelve months ended August 31,		Change vs. FY22	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)	**$ (180)**	**$ (415)**	**$ 235**	**(56.7)%**	**$ (3,080)**	**$ 4,337**	**$ (7,417)**	**NM**
Adjustments to operating (loss) income:								
Certain legal and regulatory accruals and settlements [1]	217	34			7,466	768		
Transformational cost management [2]	485	305			1,181	763		
Acquisition-related amortization [3]	275	239			1,126	855		
Acquisition-related costs [4]	65	69			323	223		
Impairment of intangible assets [5]	—	783			299	783		
Adjustments to equity earnings in Cencora [6]	33	63			211	218		
LIFO provision [7]	97	71			187	135		
Store damage and inventory loss insurance recovery [8]	(40)	—			(40)	—		
Total adjustments to operating (loss) income	1,133	1,565			10,752	3,746		
Adjustments to other income, net:								
Impairment of equity method investment and investments in debt and equity securities [9]	—	—			—	190		
Loss on disposal of business [10]	34	—			34	38		
(Gain) loss on certain non-hedging derivatives [11]	(45)	—			(19)	1		
Gain on investments, net [12]	(32)	—			(109)	(2,576)		
Gain on sale of equity method investment [13]	(163)	(138)			(1,855)	(559)		
Total adjustments to other income, net	(207)	(138)			(1,949)	(2,906)		
Adjustments to interest expense, net:								
Early debt extinguishment [14]	—	—			—	4		
Total adjustments to interest expense, net	—	—			—	4		

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

Reconciliation of Non-GAAP financial measures

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

NET (LOSS) EARNINGS TO ADJUSTED NET EARNINGS AND DILUTED NET (LOSS) EARNINGS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	Three months ended August 31,		Change vs. 4Q22		Twelve months ended August 31,		Change vs. FY22	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
Adjustments to income tax benefit:								
Equity method non-cash tax [15]	11	16			44	70		
Tax impact of adjustments [15]	(219)	(285)			(2,187)	(752)		
Total adjustments to income tax benefit	(208)	(270)			(2,143)	(681)		
Adjustments to post-tax earnings from other equity method investments:								
Adjustments to earnings in other equity method investments [16]	9	9			40	58		
Total adjustments to post-tax earnings from other equity method investments	9	9			40	58		
Adjustments to net loss attributable to non-controlling interests:								
Discrete tax items [15]	108	—			108	—		
Transformational cost management [2]	—	—			—	(1)		
Early debt extinguishment [14]	—	—			—	(1)		
Loss on business disposition [10]	(14)	—			(14)	—		
Acquisition-related costs [4]	(10)	(13)			(80)	(32)		
Acquisition-related amortization [3]	(56)	(45)			(196)	(164)		
Total adjustments to net loss attributable to non-controlling interests	28	(58)			(182)	(198)		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	**$ 575**	**$ 694**	**$ (118)**	**(17.1)%**	**$ 3,439**	**$ 4,360**	**$ (921)**	**(21.1)%**

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

NET (LOSS) EARNINGS TO ADJUSTED NET EARNINGS AND DILUTED NET (LOSS) EARNINGS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	Three months ended August 31,		Change vs. 4Q22		Twelve months ended August 31,		Change vs. FY22	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
Diluted net (loss) earnings per common share (GAAP) [17]	**$ (0.21)**	**$ (0.48)**	**$ 0.27**	**(56.6)%**	**$ (3.57)**	**$ 5.01**	**$ (8.58)**	**NM**
Adjustments to operating (loss) income	1.31	1.81			12.45	4.33		
Adjustments to other income, net	(0.24)	(0.16)			(2.26)	(3.36)		
Adjustments to interest expense, net	—	—			—	0.01		
Adjustments to income tax benefit	(0.24)	(0.31)			(2.48)	(0.79)		
Adjustments to post-tax earnings from other equity method investments	0.01	0.01			0.05	0.07		
Adjustments to net loss attributable to non-controlling interests	0.03	(0.07)			(0.21)	(0.23)		
Adjusted diluted net earnings per common share (Non-GAAP measure) [18]	**$ 0.67**	**$ 0.80**	**$ (0.14)**	**(17.0)%**	**$ 3.98**	**$ 5.04**	**$ (1.05)**	**(20.9)%**
Weighted average common shares outstanding, diluted (in millions) [18]	864.3	865.3			864.0	865.9		

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

Reconciliation of Non-GAAP financial measures

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

1 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 within Selling, general and administrative expenses within the Consolidated Statement of Earnings. In fiscal 2023, the Company recorded charges related to the opioid litigation settlement frameworks and certain other legal matters. In fiscal 2022, the Company recorded charges related to a settlement agreement with the State of Florida to resolve all claims related to the distribution and dispensing of prescription opioid medications across the Company's pharmacies in the State of Florida.

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

3 Acquisition-related amortization includes amortization of acquisition-related intangible assets, inventory valuation adjustments 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 within Selling, general and administrative expenses. 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 Acquisition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities recorded in operating income within the Consolidated Statement of Earnings. Examples of such costs include deal costs, severance, stock compensation and employee transaction success bonuses. 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.

5 Impairment of intangible assets do not relate to the ordinary course of the Company's business. 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 within Selling, general and administrative expenses. In fiscal 2023, the Company recognized a $431 million impairment of pharmacy license intangible assets in Boots UK of which $132 million was attributed to additional store closures recognized as part of the Transformational Cost Management Program. In fiscal 2022, the Company recorded an impairment loss of $783 million, related to indefinite-lived pharmacy license and trade name intangible assets in the Boots reporting unit, part of the International segment.

6 Adjustments to equity earnings in Cencora consist of the Company's proportionate share of non-GAAP adjustments reported by Cencora consistent with the Company's non-GAAP measures.

7 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.

8 Store damage and inventory loss insurance recovery for losses incurred in fiscal 2020 as a result of looting in the U.S.

9 Impairment of equity method investment and investments in debt and equity securities includes impairment of certain investments. The Company excludes these charges when evaluating operating performance because these do not relate to the ordinary course of the Company's business and it does not incur such charges on a predictable basis. Exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within Other income, net.

10 Includes losses related to the sale of businesses. These charges are recorded to Other income, net, in the Consolidated Statement of Earnings.

11 Includes fair value gains or losses on the variable prepaid forward derivatives and certain derivative instruments used as economic hedges of the Company's net investments in foreign subsidiaries. These charges are recorded within Other income, net. The Company does not believe this volatility related to the mark-to-market adjustments on the underlying derivative instruments reflects the Company's operational performance.

12 Includes significant gains resulting from the change in classification of investments as well as fair value adjustments recorded on investments in equity securities to Other income, net. In fiscal 2023, the Company recorded pre-tax gains of $109 million related to the change in classification of its previously held equity method investment in Option Care Health to an investment in equity security held at fair value and subsequent related fair value adjustments. In fiscal 2022, the Company recorded pre-tax gains of $2.2 billion and $402 million for VillageMD and Shields, respectively, related to the change in classification of previously held minority equity interests and debt securities to fair value on business combinations. These gains were recorded in Other income, net.

13 In fiscal 2023 and 2022, the Company recorded gains within Other income, net within the Consolidated Statement of Earnings resulting from the partial sale of its investments in Cencora and full sale of its equity method investment in Option Care Health.

14 In fiscal 2022, the Company incurred a $4 million loss in connection with the early extinguishment of debt related to the integration of Shields. The Company excludes these charges as related activities do not reflect the Company's ongoing financial performance.

15 Adjustments to income tax benefit include adjustments to the GAAP basis tax benefit commensurate with non-GAAP adjustments and certain discrete tax items including UK tax law changes and equity method non-cash tax. These charges are recorded within income tax benefit.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

16 Adjustments to post-tax 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 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.

17 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 calculation of weighted-average common shares outstanding for diluted net loss per common share for the three months ended August 31, 2022, and for the three and twelve months ended August 31, 2023.

18 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.

Reconciliation of Non-GAAP financial measures

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

	Three months ended August 31, 2023				
	U.S. Retail Pharmacy [1]	**International**	**U.S. Healthcare**	**Corporate and Other**	**Walgreens Boots Alliance, Inc.**
Sales	$ 27,666	$ 5,784	$ 1,972	$ —	$ 35,422
Gross profit (GAAP)	**$ 5,077**	**$ 1,284**	**$ 114**	**$ —**	**$ 6,475**
LIFO provision	97	—	—	—	97
Acquisition-related amortization	5	—	32	—	38
Store damage and inventory loss insurance recovery	(14)	—	—	—	(14)
Adjusted gross profit (Non-GAAP measure)	**$ 5,166**	**$ 1,284**	**$ 147**	**$ —**	**$ 6,596**
Selling, general and administrative expenses (GAAP)	**$ 5,460**	**$ 1,061**	**$ 409**	**$ 61**	**$ 6,991**
Transformational cost management	(462)	(16)	(2)	(5)	(485)
Acquisition-related amortization	(80)	(16)	(141)	—	(237)
Certain legal and regulatory accruals and settlements	(217)	—	—	—	(217)
Acquisition-related costs	(16)	(5)	(36)	(9)	(65)
Store damage and inventory loss insurance recovery	25	—	—	—	25
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,710**	**$ 1,025**	**$ 230**	**$ 48**	**$ 6,012**
Operating (loss) income (GAAP)	**$ (317)**	**$ 222**	**$ (294)**	**$ (61)**	**$ (450)**
Transformational cost management	462	16	2	5	485
Acquisition-related amortization	86	16	173	—	275
Certain legal and regulatory accruals and settlements	217	—	—	—	217
LIFO provision	97	—	—	—	97
Acquisition-related costs	16	5	36	9	65
Adjustments to equity earnings in Cencora	33	—	—	—	33
Store damage and inventory loss insurance recovery	(40)	—	—	—	(40)
Adjusted operating income (loss) (Non-GAAP measure)	**$ 554**	**$ 259**	**$ (83)**	**$ (48)**	**$ 683**
Gross margin (GAAP)	18.4 %	22.2 %	5.8 %		18.3 %
Adjusted gross margin (Non-GAAP measure)	18.7 %	22.2 %	7.4 %		18.6 %
Selling, general and administrative expenses percent to sales (GAAP)	19.7 %	18.3 %	20.7 %		19.7 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.0 %	17.7 %	11.7 %		17.0 %
Operating margin [2]	(1.4)%	3.8 %	(14.9)%		(1.5)%
Adjusted operating margin (Non-GAAP measure) [2]	1.6 %	4.5 %	(4.2)%		1.6 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

	Three months ended August 31, 2022				
	U.S. Retail Pharmacy [1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 26,683	$ 5,144	$ 622	$ —	$ 32,449
Gross profit (loss) (GAAP)	**$ 5,337**	**$ 1,110**	**$ (37)**	**$ —**	**$ 6,410**
LIFO provision	71	—	—	—	71
Acquisition-related amortization	5	—	28	—	34
Adjusted gross profit (loss) (Non-GAAP measure)	**$ 5,413**	**$ 1,110**	**$ (9)**	**$ —**	**$ 6,515**
Selling, general and administrative expenses (GAAP)	**$ 5,174**	**$ 1,783**	**$ 301**	**$ 62**	**$ 7,320**
Impairment of intangible assets	—	(783)	—	—	(783)
Transformational cost management	(285)	(19)	—	(1)	(305)
Acquisition-related amortization	(75)	(16)	(115)	—	(206)
Acquisition-related costs	—	(16)	(44)	(8)	(69)
Certain legal and regulatory accruals and settlements	(34)	—	—	—	(34)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,779**	**$ 947**	**$ 143**	**$ 53**	**$ 5,922**
Operating income (loss) (GAAP)	**$ 251**	**$ (672)**	**$ (338)**	**$ (62)**	**$ (822)**
Impairment of intangible assets	—	783	—	—	783
Transformational cost management	285	19	—	1	305
Acquisition-related amortization	80	16	143	—	239
LIFO provision	71	—	—	—	71
Acquisition-related costs	—	16	44	8	69
Adjustments to equity earnings in Cencora	63	—	—	—	63
Certain legal and regulatory accruals and settlements	34	—	—	—	34
Adjusted operating income (loss) (Non-GAAP measure)	**$ 786**	**$ 163**	**$ (151)**	**$ (53)**	**$ 744**
Gross margin (GAAP)	20.0 %	21.6 %	(5.9)%		19.8 %
Adjusted gross margin (Non-GAAP measure)	20.3 %	21.6 %	(1.4)%		20.1 %
Selling, general and administrative expenses percent to sales (GAAP)	19.4 %	34.7 %	48.4 %		22.6 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.9 %	18.4 %	23.0 %		18.3 %
Operating margin [2]	0.6 %	(13.1)%	(54.4)%		(2.8)%
Adjusted operating margin (Non-GAAP measure) [2]	2.4 %	3.2 %	(24.3)%		1.8 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

	Twelve months ended August 31, 2023				
	U.S. Retail Pharmacy [1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 110,314	$ 22,198	$ 6,570	$ —	$ 139,081
Gross profit (GAAP)	**$ 22,115**	**$ 4,704**	**$ 252**	**$ —**	**$ 27,072**
LIFO provision	187	—	—	—	187
Acquisition-related amortization	21	—	102	—	123
Acquisition-related costs	—	—	60	—	60
Store damage and inventory loss insurance recovery	(14)	—	—	—	(14)
Adjusted gross profit (Non-GAAP measure)	**$ 22,309**	**$ 4,704**	**$ 414**	**$ —**	**$ 27,427**
Selling, general and administrative expenses (GAAP)	**$ 27,674**	**$ 4,326**	**$ 1,977**	**$ 228**	**$ 34,205**
Certain legal and regulatory accruals and settlements	(7,466)	—	—	—	(7,466)
Transformational cost management	(830)	(222)	(115)	(14)	(1,181)
Acquisition-related amortization	(301)	(60)	(642)	—	(1,003)
Impairment of intangible assets	—	(299)	—	—	(299)
Acquisition-related costs	(19)	25	(241)	(27)	(263)
Store damage and inventory loss insurance recovery	25	—	—	—	25
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 19,083**	**$ 3,769**	**$ 980**	**$ 187**	**$ 24,019**
Operating (loss) income (GAAP)	**$ (5,307)**	**$ 379**	**$ (1,725)**	**$ (228)**	**$ (6,882)**
Certain legal and regulatory accruals and settlements	7,466	—	—	—	7,466
Transformational cost management	830	222	115	14	1,181
Acquisition-related amortization	322	60	743	—	1,126
Acquisition-related costs	19	(25)	301	27	323
Impairment of intangible assets	—	299	—	—	299
Adjustments to equity earnings in Cencora	211	—	—	—	211
LIFO provision	187	—	—	—	187
Store damage and inventory loss insurance recovery	(40)	—	—	—	(40)
Adjusted operating income (loss) (Non-GAAP measure)	**$ 3,689**	**$ 935**	**$ (566)**	**$ (187)**	**$ 3,871**
Gross margin (GAAP)	20.0 %	21.2 %	3.8 %		19.5 %
Adjusted gross margin (Non-GAAP measure)	20.2 %	21.2 %	6.3 %		19.7 %
Selling, general and administrative expenses percent to sales (GAAP)	25.1 %	19.5 %	30.1 %		24.6 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.3 %	17.0 %	14.9 %		17.3 %
Operating margin [2]	(5.0)%	1.7 %	(26.3)%		(5.1)%
Adjusted operating margin (Non-GAAP measure) [2]	2.9 %	4.2 %	(8.6)%		2.4 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

	Twelve months ended August 31, 2022				
	U.S. Retail Pharmacy [1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 109,078	$ 21,830	$ 1,795	$ —	$ 132,703
Gross profit (loss) (GAAP)	**$ 23,669**	**$ 4,618**	**$ (22)**	**$ —**	**$ 28,265**
LIFO provision	135	—	—	—	135
Acquisition-related amortization	23	—	28	—	51
Adjusted gross profit (Non-GAAP measure)	**$ 23,827**	**$ 4,618**	**$ 6**	**$ —**	**$ 28,452**
Selling, general and administrative expenses (GAAP)	**$ 21,180**	**$ 4,964**	**$ 806**	**$ 345**	**$ 27,295**
Acquisition-related amortization	(375)	(66)	(363)	—	(804)
Impairment of intangible assets	—	(783)	—	—	(783)
Certain legal and regulatory accruals and settlements	(768)	—	—	—	(768)
Transformational cost management	(605)	(133)	—	(26)	(763)
Acquisition-related costs	2	(89)	(67)	(69)	(223)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 19,434**	**$ 3,893**	**$ 376**	**$ 251**	**$ 23,954**
Operating income (loss) (GAAP)	**$ 2,907**	**$ (346)**	**$ (829)**	**$ (345)**	**$ 1,387**
Acquisition-related amortization	398	66	392	—	855
Impairment of intangible assets	—	783	—	—	783
Certain legal and regulatory accruals and settlements	768	—	—	—	768
Transformational cost management	604	133	—	26	763
Acquisition-related costs	(2)	89	67	69	223
Adjustments to equity earnings in Cencora	218	—	—	—	218
LIFO provision	135	—	—	—	135
Adjusted operating income (loss) (Non-GAAP measure)	**$ 5,029**	**$ 726**	**$ (370)**	**$ (251)**	**$ 5,133**
Gross margin (GAAP)	21.7 %	21.2 %	(1.2)%		21.3 %
Adjusted gross margin (Non-GAAP measure)	21.8 %	21.2 %	0.3 %		21.4 %
Selling, general and administrative expenses percent to sales (GAAP)	19.4 %	22.7 %	44.9 %		20.6 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.8 %	17.8 %	20.9 %		18.1 %
Operating margin [2]	2.3 %	(1.6)%	(46.2)%		0.7 %
Adjusted operating margin (Non-GAAP measure) [2]	4.0 %	3.3 %	(20.6)%		3.4 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

1 Operating (loss) income for U.S. Retail Pharmacy includes equity earnings in Cencora. As a result of the two month reporting lag, operating loss for the three and twelve month period ended August 31, 2023 includes Cencora equity earnings for the period of April 1, 2023 through June 30, 2023 and July 1, 2022 through June 30, 2023, respectively. Operating income for the three and twelve month period ended August 31, 2022 includes Cencora equity earnings for the period of April 1, 2022 through June 30, 2022 and July 1, 2021 through June 30, 2022, respectively.

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

Reconciliation of Non-GAAP financial measures

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

OPERATING LOSS TO ADJUSTED EBITDA FOR THE U.S. HEALTHCARE SEGMENT	Three months ended August 31,		Twelve months ended August 31,	
	2023	2022	2023	2022
Operating loss (GAAP) [1]	$ (294)	$ (338)	$ (1,725)	$ (829)
Acquisition-related amortization [2]	173	143	743	392
Acquisition-related costs [3]	36	44	301	67
Transformational cost management [4]	2	—	115	—
Adjusted operating loss (Non-GAAP measure)	(83)	(151)	(566)	(370)
Depreciation expense	37	14	129	36
Stock-based compensation expense [5]	16	4	61	22
Adjusted EBITDA (Non-GAAP measure)	$ (30)	$ (133)	$ (376)	$ (312)

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-related amortization includes amortization of acquisition-related intangible assets, inventory valuation adjustments 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 within Selling, general and administrative expenses. 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-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities recorded in operating income within the Consolidated Statement of Earnings. Examples of such costs include deal costs, severance, stock compensation and employee transaction success bonuses. 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 Transformational Cost Management Program charges are costs associated with a formal restructuring plan. These charges are primarily recorded within Selling, general and administrative expenses within the Consolidated Statement of Earnings. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

EQUITY EARNINGS IN CENCORA	Three months ended August 31,		Twelve months ended August 31,	
	2023	2022	2023	2022
Equity earnings in Cencora (GAAP)	**$ 65**	**$ 88**	**$ 252**	**$ 418**
Acquisition-related intangibles amortization	36	38	133	152
LIFO expense/ (credit)	4	5	35	(8)
Employee severance, litigation, and other	—	13	21	58
Restructuring and other expenses	8	—	18	—
Acquisition integration and restructuring expenses	2	—	18	—
Turkey hyperinflation impact	9	8	16	8
Tax reform	1	5	5	12
Goodwill impairment	—	7	—	8
Impairment of assets	—	—	—	5
Impairment of non-customer note receivable	—	—	—	4
Gain on sale of businesses	—	(12)	—	(12)
Recovery of non-customer note receivable	(1)	—	(1)	—
Gain on remeasurement of equity investment	—	—	(1)	(18)
Certain discrete tax expense	—	—	(2)	7
Litigation and opioid-related expenses	(12)	—	(8)	—
Gain from antitrust litigation settlements	(15)	—	(23)	3
Adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 98**	**$ 152**	**$ 463**	**$ 636**

Reconciliation of Non-GAAP financial measures

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

ADJUSTED EFFECTIVE TAX RATE	Three months ended August 31, 2023			Three months ended August 31, 2022		
	(Loss) earnings before income tax provision	Income tax (benefit) provision	Effective tax rate	(Loss) earnings before income tax provision	Income tax (benefit) provision	Effective tax rate
Effective tax rate (GAAP)	**$ (375)**	**$ (151)**	**40.3%**	**$ (758)**	**$ (235)**	**31.1%**
Impact of non-GAAP adjustments	926	394		1,428	323	
Adjusted tax rate true-up	—	(174)		—	(37)	
Equity method non-cash tax	—	(11)		—	(16)	
Subtotal	$ 551	$ 57		$ 670	$ 35	
Exclude adjusted equity earnings in Cencora	(98)	—		(152)	—	
Adjusted effective tax rate excluding adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 453**	**$ 57**	**12.6%**	**$ 519**	**$ 35**	**6.7%**

ADJUSTED EFFECTIVE TAX RATE	Twelve months ended August 31, 2023			Twelve months ended August 31, 2022		
	(Loss) earnings before income tax provision	Income tax (benefit) provision	Effective tax rate	Earnings before income tax provision	Income tax (benefit) provision	Effective tax rate
Effective tax rate (GAAP)	**$ (5,419)**	**$ (1,858)**	**34.3%**	**$ 3,985**	**$ (30)**	**(0.8)%**
Impact of non-GAAP adjustments	8,804	2,180		845	752	
Adjusted tax rate true-up	—	7		—	—	
Equity method non-cash tax	—	(44)		—	(70)	
Subtotal	$ 3,384	$ 285		$ 4,830	$ 651	
Exclude adjusted equity earnings in Cencora	(463)	—		(636)	—	
Adjusted effective tax rate excluding adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 2,921**	**$ 285**	**9.8%**	**$ 4,194**	**$ 651**	**15.5%**

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Reconciliation of Non-GAAP financial measures

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

FREE CASH FLOW

	Three months ended August 31,		Twelve months ended August 31,	
	2023	2022	2023	2022
Net cash provided by operating activities (GAAP)	**$ 1,039**	**$ 85**	**$ 2,258**	**$ 3,899**
Less: Additions to property, plant and equipment	(484)	(493)	(2,117)	(1,734)
Plus: Acquisition related payments [1]	(6)	—	524	—
Free cash flow - (Non-GAAP measure) [2]	**$ 549**	**$ (407)**	**$ 665**	**$ 2,165**

1 During the three months ended February 28, 2023, the Company paid $335 million to settle liability classified share-based payment awards related to acquiring the remaining 30% equity interest in Shields. The Company also paid one-time compensation costs related to VillageMD's acquisition of Summit. During the three months ended May 31, 2023, the Company paid $101 million to settle liability classified share-based payment awards related to acquiring the remaining 45% equity interest in CareCentrix. These payments are not indicative of normal operating performance.

2 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 the entire statements of cash flows.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32

Supplemental Financial Information

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

Supplemental sale-leaseback financial information	Three months ended August 31, 2023	Change vs. 4Q22	Twelve months ended August 31, 2023	Change vs. FY22
U.S. Retail Pharmacy				
Gain on sale-leaseback[1]	$ 100	$ (109)	$ 747	$ 189
Incremental sale-leaseback increases to rent[2]	(67)	(27)	(230)	(97)
Gain on sale-leaseback, net of rent increases	**$ 33**	**$ (136)**	**$ 517**	**$ 92**
International				
Gain on sale-leaseback[3]	$ —	$ —	$ 132	$ 72
Incremental sale-leaseback increases to rent[2]	(4)	(3)	(8)	(7)
Gain on sale-leaseback, net of rent increases	**$ (4)**	**$ (3)**	**$ 124**	**$ 64**

1 As reported for the period presented. Recorded in Selling, general & administrative expenses within the Consolidated Statement of Earnings.

2 Represents incremental GAAP fixed rent costs reported in the period presented as a result of the Company's sale-leaseback programs.

3 Excludes $47 million of gains related to the optimization of warehouse locations as part of acquisition integration activities in Germany for fiscal 2023.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 32