Second Quarter Fiscal 2024 Results

March 28, 2024

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 the impact of opioid-related claims and litigation settlements, our fiscal year 2024 guidance, outlook and targets 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 COVID-19, the impact of adverse global macroeconomic conditions caused by factors including, among others, inflation, high interest rates, labor shortages, supply chain disruptions and pandemics like COVID-19 on our operations and financial results, the financial performance of our equity method investees, including Cencora, the amount of our goodwill impairment charge (which is based in part on estimates of future performance), the influence of certain holidays and seasonality, our cost-savings and growth initiatives, including statements relating to our expected cost savings under 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," "potential," "preliminary," 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, as amended, 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 20 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.

Another quarter of execution, advancing FY24 goals

- **2Q operational results in line with expectations**
  - Execution and cost discipline in U.S. Retail Pharmacy
  - Continued strong performance in International
  - First quarter of positive adj. EBITDA[1] in U.S. Healthcare
  - Adj. EPS[1] beat includes $0.36 benefit from tax planning
- **Results include a $5.8B after-tax non-cash impairment charge related to VillageMD goodwill**
- **Narrowing full-year 2024 adjusted EPS[1] guidance to $3.20 to $3.35**
  - Reflecting challenging retail environment in U.S. Retail Pharmacy
  - Early wind down of sale-leaseback program and lower earnings from Cencora share sales, offset by execution in pharmacy services and a lower adjusted effective tax rate

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Executive team now solidified to lead WBA

Tim Wentworth
Chief Executive Officer

Business Unit Leadership

Ornella Barra
Chief Operating Officer, International

Tracey Brown
Executive Vice President, President, Walgreens Retail and Chief Customer Officer

Rick Gates
Senior Vice President and Chief Pharmacy Officer

Mary Langowski
Executive Vice President and President, U.S. Healthcare

Corporate Leadership

Elizabeth Burger
Executive Vice President and Chief Human Resources Officer

Beth Leonard
Senior Vice President and Chief Corporate Affairs Officer

Manmohan Mahajan
Executive Vice President and Global Chief Financial Officer

Lanesha Minnix*
Executive Vice President and Global Chief Legal Officer

Neal Sample
Executive Vice President and Chief Information Officer

**Starting in April 2024*

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Performance across business segments in line with expectations

U.S. Retail Pharmacy

Execution in pharmacy and cost savings

- Comp scripts excluding immunizations +2.9% vs. 2Q23, maintaining market share, strong performance in pharmacy services
- Expanding role of and advocating for pharmacists: provider status and Deans Advisory Council
- Retail comp sales down 4.3% vs. 2Q23 in challenging retail environment; addressing challenges through customer engagement, owned brands (+95 bps vs. prior year quarter), and assortment decisions
- New field bonus plan to empower team members to drive growth

U.S. Healthcare

Positive adj. EBITDA

- First quarter of positive adjusted EBITDA[1], +$127M vs. 2Q23 led by VillageMD and Shields
- VillageMD growth from rightsizing cost structure, patient panel growth, and growth in risk lives
- Shields year-to-date revenue +20% vs. prior year period

International

Continued strong performance

- Gross profit growth vs. prior year quarter across all businesses, led by Boots UK
- Boots UK retail comp +5.9% vs. 2Q23, 12th consecutive quarter of market share gains
- Over 1,400 Boots pharmacies in England providing services through NHS Pharmacy First

WBA

Actions taken to right-size costs and increase cash flow

- Expect actions taken to date to deliver $1B in cost savings in FY24
- On track for $600M in capex reduction, and $500M in working capital improvements
- $1.7B proceeds year-to-date from Cencora monetization

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Mary Langowski

Executive Vice President and President, U.S. Healthcare

Walgreens Boots Alliance

WBA 2Q24 Financial Highlights

$ in millions (except EPS)

		2Q24	Reported Fx B/(W) vs. 2Q23	Constant Fx B/(W) vs. 2Q23
Sales		$37,052	+ 6.3%	+ 5.7%
Operating Income	GAAP	($13,171)	($13,368)	
	Adjusted[1]	$900	(25.9)%	(26.5)%
Net Earnings	GAAP	($5,908)	($6,610)	
	Adjusted[1]	$1,036	+ 3.5%	+ 3.0%
EPS	GAAP	($6.85)	($7.66)	
	Adjusted[1]	$1.20	+ 3.4%	+ 2.8%

- 2Q24 GAAP net loss included a $5.8 billion non-cash impairment charge related to VillageMD goodwill

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

WBA 1H24 Financial Highlights

$ in millions (except EPS)

		1H24	Reported Fx B/(W) vs. 1H23	Constant Fx B/(W) vs. 1H23
Sales		$73,760	+ 8.1%	+ 7.2%
Operating Income	GAAP	($13,209)	($7,255)	
	Adjusted[1]	$1,588	(28.8)%	(29.5)%
Net Earnings	GAAP	($5,975)	($2,957)	
	Adjusted[1]	$1,607	(19.8)%	(20.4)%
EPS	GAAP	($6.93)	($3.43)	
	Adjusted[1]	$1.86	(19.9)%	(20.5)%

- 1H24 GAAP net loss included a $5.8 billion non-cash impairment charge related to VillageMD goodwill
- 1H23 GAAP net loss included a $5.4 billion charge for opioid-related claims and lawsuits and a $1.4 billion gain on sale of Cencora shares

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

U.S. Retail Pharmacy Financials

$ in millions	2Q24	B/(W) vs. 2Q23	1H24	B/(W) vs. 1H23
Sales	$28,861	4.7%	$57,805	5.5%
Adj. gross profit[1]	$5,570	(4.8)%	$11,064	(5.9)%
Adj. SG&A % of sales[1]	17.0%	+ 0.7%p	17.0%	+ 1.0%p
Adj. operating income[1]	$752	(29.5)%	$1,446	(33.4)%
Adj. operating margin[1,2]	2.3%	(1.2)%p	2.2%	(1.3)%p

- 2Q comparable sales growth of 4.8% compared to 3.1% in the prior year
- 2Q and 1H adj. operating income[1] decline due to challenging retail environment and lower sale-leaseback gains, partly offset by cost savings initiatives

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37
2. AOI margin excludes equity income from Cencora

U.S. Pharmacy

2Q24 vs. 2Q23 | 1H24 vs. 1H23	2Q24 Total	2Q24 Comparable	1H24 Total	1H24 Comparable
Pharmacy sales	+ 8.2%	+ 8.7%	+ 9.5%	+ 10.9%
Prescriptions	+ 2.6%	+ 2.7%	+ 1.3%	+ 2.0%
Prescriptions ex. Immunizations	+2.7%	+ 2.9%	+ 1.6%	+ 2.3%

- Comp pharmacy sales +8.7% primarily due to brand inflation and strong execution in pharmacy services
- Comp scripts +2.7%; comp scripts excluding immunizations +2.9%
  - Growth in line with market, which remains impacted by Medicaid redeterminations
- Gross margin negatively affected by brand mix impacts and reimbursement pressure net of procurement savings

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

U.S. Retail

2Q24 vs. 2Q23 | 1H24 vs. 1H23	2Q24	1H24
Total retail sales	(4.5)%	(5.3)%
Comparable retail sales	(4.3)%	(4.6)%

- Comp retail sales (4.3)%, primarily due to a challenging retail environment, channel shift, and a weaker respiratory season, including:
  - (170) bps impact from lower seasonal and general merchandise sales
  - (90) bps direct impact from weaker cough cold flu trends
  - (40) bps from January weather impact
- Owned brand penetration now at 17.1%, +95 bps vs. prior year period reflecting new product launches and value-seeking consumer behavior
- Gross margin impacted by higher shrink levels vs. prior year, partially offset by category performance improvement program

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

International Financials

$ in millions

	2Q24	Constant Fx[1] B/(W) vs. 2Q23	1H24	Constant Fx[1] B/(W) vs. 1H23
Sales	$6,022	+ 3.2%	$11,854	+ 3.8%
Adj. gross profit[1]	$1,287	+ 3.2%	$2,498	+ 5.0%
Adj. SG&A % of sales[1]	17.3%	(2.2)%p	17.8%	(1.3)%p
Adj. operating income[1]	$245	(32.4)%	$387	(20.6)%
Adj. operating margin[1]	4.1%	(2.1)%p	3.3%	(1.0)%p

- Sales increase driven by Boots UK +3.0% and Germany wholesale +5.3%
- Adj. gross profit[1] growth across all businesses, led by Boots UK
- Adj. operating income[1] (32.4)%, entirely due to lapping real estate gains in the year-ago period; underlying growth offsetting inflationary pressures

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Boots UK Financials

2Q24 vs. 2Q23 | 1H24 vs. 1H23 (constant Fx)	2Q24	1H24
Pharmacy comp. sales	+ 1.7%	+ 1.2%
Retail comp. sales	+ 5.9%	+ 7.6%

- Strong retail comp sales +5.9% with growth across all categories, on top of +16.0% in the prior year
  - Growth in Destination Health & Beauty, Flagship, and Travel locations
  - Boots.com sales grew +16.8% on a constant currency basis, representing over 17% of Boots total retail sales in 2Q
- Total retail market share growth for the 12th consecutive quarter

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

U.S. Healthcare Financials

$ in millions	2Q24	B/(W) vs. 2Q23	1H24	B/(W) vs. 1H23
Sales	$2,176	+ $542	$4,107	+ $1,484
Adj. gross profit[1]	$211	+ $101	$357	+ $204
Adj. SG&A[1]	($244)	+ $25	($486)	($22)
Adj. operating loss[1]	($34)	+ $126	($129)	+ $182
Adj. EBITDA[1]	$17	+ $127	($22)	+ $211

- 2Q sales led by VillageMD $1.6B, CareCentrix $366M, and Shields $141M
- Pro forma sales +14% mainly driven by:
  - VillageMD +20%: Same clinic growth and additional full-risk lives
  - Shields +13%: Contract wins, expansion of existing partnerships
- First quarter of positive adj. EBITDA[1] +$127M vs. prior year driven by cost discipline, and growth from VillageMD and Shields

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Cash Flow

$ in millions	1H24	B/(W) vs. 1H23
Operating cash flow	($918)	($2,157)
Cash capital expenditure	($858)	$250
Free cash flow[1,2]	($1,397)	($1,957)

- Operating cash flow negatively impacted by $699M in payments related to legal matters, $379M Boots Pension Plan Annuity premium contributions, and underlying seasonality
- Year-over-year free cash flow[1,2] adversely impacted by phasing of working capital, lower earnings and payments related to legal matters
- Expecting second half improvement from lower payments related to legal matters, lower capex, benefits from working capital initiatives and underlying seasonality
  - We believe we are on track to achieve year-over-year reduction of $600M in capital expenditure and $500M in working capital improvement in FY24

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37
2. Free cash flow includes certain adjustments, refer to reconciliation on slide 37

Narrowing FY24 adj. EPS[1] guidance to $3.20 - $3.35

- Guidance incorporates challenging retail environment in the U.S., lower sale-leaseback contributions and Cencora share sales, offset by execution in pharmacy services and a lower adjusted effective tax rate[1]
- Continuing to expect U.S. Healthcare adj. EBITDA[1] breakeven at midpoint of guidance range of ($50)M to $50M

FY24 Headwinds/Tailwinds vs. October Guidance

Tailwinds (+)

- Strong execution in pharmacy services
- Tax rate favorability

Headwinds (-)

- Continued challenging retail environment
- Lower contributions from sale-leaseback and Cencora share sales
- Lower market growth in prescriptions

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Cost savings and U.S. Healthcare expected to benefit 2H FY24, offset by early wind-down of sale-leaseback and incentive accrual

Key YOY considerations in 2H

2H 2023 adj. EPS[1]	**$1.66**
Sale-leaseback, net of rent	**~($0.36)**
Incentive accrual	**~($0.26)**
Tax rate	**($0.09)-($0.07)**
U.S. Healthcare	**$0.15 –$0.20**
U.S. Retail Pharmacy	**$0.25 –$0.35**

2H Drivers

- **U.S. Healthcare:** On track to +$165M adj. EBITDA[1] at midpoint of guidance range, driven by VillageMD and Shields
- **U.S. Retail Pharmacy:**
  - **Cost savings:** Scales in 2H, with actions taken to date accounting for majority of benefit
  - **Pharmacy:** Market growth and execution helping offset reimbursement pressure
  - **Retail:** Slower than anticipated recovery and higher shrink

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Pharmacy performance and U.S. Healthcare fueled first half results, continued focus on capital efficient growth

- **Delivering two quarters of execution** despite challenging retail environment
- Building out an **asset light health services strategy rooted in our retail pharmacy footprint** to deliver care for communities and create value for partners
- Redefining what we can do to **help payors, providers, and pharma achieve their objectives**
- Taking actions to **expand the role of and advocate for pharmacists**, supporting our future growth
- **Leveraging our people, footprint, and trust** with the consumers and patients who come through our doors every day
- **Strategically reviewing our portfolio** of assets in an effort to ensure it drives growth and delivers value

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Q&A

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 20, and reconciliations on slides 22-37

Endnotes

- Please see appendix for reconciliations of non-GAAP financial measures and related disclosures.
- The Company presents certain information related to current period operating results in “constant currency,” which is a non-GAAP financial measure. These amounts are calculated by translating current period results at the foreign currency exchange rates used in the comparable period in the prior year. The Company presents such constant currency financial information because it has significant operations outside of the United States reporting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.
    - Adjusted gross margin is a non-GAAP financial measure defined as adjusted gross profit by segment divided by segment sales. Adjusted gross profit is a non-GAAP financial measure defined as gross profit by segment, excluding the impact of costs associated with LIFO provision, Transformational Cost Management Program expenses, acquisition-related amortization, and acquisition-related costs. 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 three and six month periods ended February 29, 2024 figures include an adjustment to remove February 29, 2024 results due to the leap year. The method of calculating comparable sales varies across the retail industry and our method of calculating comparable sales may not be the same as other retailers’ methods. With respect to the International segment, comparable sales, comparable pharmacy sales and comparable retail sales, are presented on a constant currency basis, which is a non-GAAP financial measure. Refer to the discussion above for further details on constant currency calculations.
- U.S. Retail Pharmacy prescriptions (including vaccinations) are reported on a 30-day equivalent basis.
- Prescription market share information is an estimate derived from the use of information under license from IQVIA Prescription Services as of February 29, 2024. IQVIA expressly reserves all rights, including rights of copying, distribution and republication.
- U.S. Retail Pharmacy refill scripts initiated via digital channel is inclusive of prescriptions filled at Walgreens and Duane Reade.
- Boots UK retail market share insights, where quoted, as of February 17, 2024.
- Working capital includes changes in the following operating assets and liabilities: accounts receivable net; inventories; other current assets; trade accounts payable; and accrued expenses and other liabilities.
- Digitally initiated sales include online orders and mobile application purchases of retail products, photo and digital scripts, including Save a Trip refills.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Appendix

The information on the following pages provides reconciliations of the supplemental non-GAAP financial measures, as defined under SEC rules, presented in this presentation and discussed on the related conference call to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). The Company has provided the non-GAAP financial measures in the presentation, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. Please refer to the notes to the "Net (loss) earnings to Adjusted net earnings & Net (loss) earnings per share to Adjusted diluted net earnings per share" reconciliation table on slides 27 and 28 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 2024" refer to our fiscal year ending August 31, 2024.

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 February 29, 2024	
Total debt (GAAP)[1]		**9,472**
Less: Cash and cash equivalents (GAAP)[2]		668
Net debt		8,805
Operating lease obligations (GAAP)[3]		24,151
Finance lease obligations (GAAP)[3]		1,004
Less: Non-contractual lease payments[4]		(2,854)
Less: Contractual sublease income[5]		(464)
Lease adjusted net debt (Non-GAAP measure)	**$**	**30,642**

NET DEBT RATIO	As of February 29, 2024	
Net debt	$	8,805
Adjusted EBITDA (Non-GAAP measure)[6]		4,852
Net debt ratio		**1.8X**

LEASE ADJUSTED NET DEBT RATIO	As of February 29, 2024	
Lease adjusted net debt (Non-GAAP measure)	$	30,642
Adjusted EBITDAR (Non-GAAP measure)[7]		8,328
Lease adjusted net debt ratio		**3.7X**

1 Represents short-term debt and total long-term debt, including the current portion of long-term debt reported on the Company's consolidated condensed balance sheet as of February 29, 2024 .

2 Represents Cash and cash equivalents and Marketable securities reported on the Company's consolidated condensed balance sheet as of February 29, 2024.

3 Represents the current and long-term portion of operating and finance lease obligations reported on the Company's consolidated condensed balance sheet as of February 29, 2024.

4 Non-contractual lease payments represent the present value of the Company's operating lease obligations related to optional renewal periods that have not been contractually exercised but are reasonably certain of being exercised, discounted using the Company's weighted average incremental borrowing rate 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 February 29, 2024.

7 The Company defines Adjusted EBITDAR as Adjusted EBITDA before fixed operating lease cost. Adjusted EBITDAR is calculated for the trailing twelve month period ended February 29, 2024.

Reconciliation of Non-GAAP financial measures

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

NET LOSS TO ADJUSTED OPERATING INCOME, ADJUSTED EBITDA and ADJUSTED EBITDAR		**As Reported Twelve months ended February 29, 2024**
Net loss (GAAP)	$	**(12,856)**
Post-tax earnings from other equity method investments		(36)
Income tax benefit		(1,336)
Interest expense, net		566
Other income, net		(473)
Operating loss (GAAP)		**(14,137)**
Certain legal and regulatory accruals and settlements [1]		809
Acquisition-related amortization [2]		1,093
Transformational cost management [3]		1,204
Acquisition-related costs [4]		547
Adjustments to equity earnings in Cencora [5]		166
LIFO provision [6]		196
Impairment of goodwill, intangibles, and long-lived assets [7]		13,389
Store damage and inventory loss insurance recovery [8]		(39)
Adjusted operating income (Non-GAAP measure)		**3,229**
Depreciation expense		1,513
Stock-based compensation expense [9]		110
Adjusted EBITDA (Non-GAAP measure)		**4,852**
Operating lease cost [10]		3,476
Adjusted EBITDAR (Non-GAAP measure)	$	**8,328**

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

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

[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 within the Consolidated Condensed Statements of Earnings. The stock-based compensation fair valuation adjustment reflects the difference between the fair value based remeasurement of awards under purchase accounting and the grant date fair valuation. Post-acquisition compensation expense recognized in excess of the original grant date fair value of acquiree awards are excluded from the related non-GAAP measures as these arise from acquisition-related accounting requirements or agreements, and are not reflective of normal operating activities.

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

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

[5] 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.

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

[7] Impairment of goodwill, intangibles and long-lived assets recognized in the three months ended February 29, 2024 resulting from the interim goodwill impairment assessment for the VillageMD reporting unit. These charges 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 and Impairment of goodwill within the Consolidated Condensed Statements of Earnings.

[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 February 29, 2024

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

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		Change vs. 2Q23		Six months ended		Change vs. 1H23	
	February 29, 2024	February 28, 2023	Amount	Percent	February 29, 2024	February 28, 2023	Amount	Percent
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)	**$ (5,908)**	**$ 703**	**$ (6,610)**	**NM**	**$ (5,975)**	**$ (3,018)**	**$ (2,957)**	**98.0 %**
Adjustments to operating (loss) income:								
Impairment of goodwill, intangibles and long-lived assets [6]	13,090	—			13,090	—		
Acquisition-related costs [2]	249	148			412	187		
Acquisition-related amortization [1]	270	247			545	577		
Certain legal and regulatory accruals and settlements [7]	242	427			324	6,981		
Transformational cost management [3]	197	145			306	283		
Adjustments to equity earnings in Cencora [4]	22	31			72	117		
LIFO provision [5]	—	20			48	38		
Total adjustments to operating (loss) income	14,071	1,018			14,797	8,183		
Adjustments to other income (expense), net:								
Loss on certain non-hedging derivatives [8]	522	—			888	—		
Gain on sale of equity method investment [9]	(712)	(544)			(852)	(1,513)		
Loss on disposal of business [10]	—	—			4	—		
Total adjustments to other income (expense), net	(190)	(544)			40	(1,513)		
Adjustments to interest expense, net:								
Interest expense on debt [11]	6	—			6	—		
Total adjustments to interest expense, net	6	—			6	—		
Adjustments to income tax (benefit) provision:								
Equity method non-cash tax [12]	11	14			15	23		
Tax impact of adjustments [12]	(595)	(122)			(798)	(1,560)		
Total adjustments to income tax (benefit) provision	(584)	(108)			(783)	(1,537)		

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

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		Change vs. 2Q23		Six months ended		Change vs. 1H23	
	February 29, 2024	February 28, 2023	Amount	Percent	February 29, 2024	February 28, 2023	Amount	Percent
Adjustments to post-tax earnings from other equity method investments:								
Adjustments to earnings in other equity method investments [13]	9	13			19	22		
Total adjustments to post-tax earnings from other equity method investments	9	13			19	22		
Adjustments to net loss attributable to non-controlling interests:								
Impairment of goodwill, intangibles and long-lived assets [6]	(6,195)	—			(6,195)	—		
Acquisition-related costs [2]	(116)	(40)			(186)	(54)		
Acquisition-related amortization [1]	(58)	(42)			(116)	(78)		
Total adjustments to net loss attributable to non-controlling interests	(6,369)	(82)			(6,497)	(133)		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	**$ 1,036**	**$ 1,000**	**$ 35**	**3.5 %**	**$ 1,607**	**$ 2,004**	**$ (397)**	**(19.8)%**
Diluted net (loss) earnings per common share (GAAP) [14]	**$ (6.85)**	**$ 0.81**	**$ (7.66)**	**NM**	**$ (6.93)**	**$ (3.50)**	**$ (3.43)**	**98.0 %**
Adjustments to operating (loss) income	16.27	1.18			17.12	9.47		
Adjustments to other income (expense), net	(0.22)	(0.63)			0.05	(1.75)		
Adjustments to interest expense, net	0.01	—			0.01	—		
Adjustments to income tax (benefit) provision	(0.68)	(0.12)			(0.91)	(1.78)		
Adjustments to post-tax earnings from other equity method investments	0.01	0.02			0.02	0.03		
Adjustments to net loss attributable to non-controlling interests	$ (7.37)	$ (0.09)			$ (7.52)	$ (0.15)		
Adjusted diluted net earnings per common share (Non-GAAP measure) [15]	**$ 1.20**	**$ 1.16**	**$ 0.04**	**3.4 %**	**$ 1.86**	**$ 2.32**	**$ (0.46)**	**(19.9)%**
Weighted average common shares outstanding, diluted (in millions) [15]	864.6	863.4			864.3	863.8		

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

[1] 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 within the Consolidated Condensed Statements of Earnings. The stock-based compensation fair valuation adjustment reflects the difference between the fair value based remeasurement of awards under purchase accounting and the grant date fair valuation. Post-acquisition compensation expense recognized in excess of the original grant date fair value of acquiree awards are excluded from the related non-GAAP measures as these arise from acquisition-related accounting requirements or agreements, and are not reflective of normal operating activities.

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

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

[4] 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.

[5] 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.

[6] Impairment of goodwill, intangibles and long-lived assets recognized in the three months ended February 29, 2024 resulting from the interim goodwill impairment assessment for the VillageMD reporting unit. These charges 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 and Impairment of goodwill within the Consolidated Condensed Statements of Earnings.

[7] Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses within the Consolidated Condensed Statements of Earnings. In fiscal 2023, the Company recorded charges related to the opioid litigation settlement frameworks and certain other legal matters.

[8] Includes fair value gains or losses on the VPF 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 (expense), 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.

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

[10] Includes losses related to the sale of businesses. These charges are recorded in Other income (expense) net, within the Consolidated Condensed Statements of Earnings.

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

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

[13] 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 in Post-tax earnings from other equity method investments within the Consolidated Condensed Statements of Earnings. Although the Company may have shareholder rights and board representation commensurate with its ownership interests in these equity method investees, adjustments relating to equity method investments are not intended to imply that the Company has direct control over their operations and resulting revenue and expenses. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all revenue and expenses of these equity method investees.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

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

[15] 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.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

	Three months ended February 29, 2024				
	U.S. Retail Pharmacy[1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 28,861	$ 6,022	$ 2,176	$ (6)	$ 37,052
Gross profit (GAAP)	**$ 5,563**	**$ 1,287**	**$ 191**	**$ —**	**$ 7,041**
Acquisition-related amortization	5	—	20	—	25
Transformational cost management	2	—	—	—	2
Adjusted gross profit (Non-GAAP measure)	**$ 5,570**	**$ 1,287**	**$ 211**	**$ —**	**$ 7,068**
Selling, general and administrative expenses (GAAP) [3]	**$ 5,938**	**$ 1,078**	**$ 13,250**	**$ 24**	**$ 20,290**
Impairment of goodwill, intangibles and long-lived assets	(478)	—	(12,579)	(34)	(13,090)
Acquisition-related costs	(34)	(5)	(285)	74	(249)
Acquisition-related amortization	(90)	(16)	(140)	—	(245)
Certain legal and regulatory accruals and settlements	(242)	—	—	—	(242)
Transformational cost management	(175)	(16)	(3)	(1)	(195)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,919**	**$ 1,042**	**$ 244**	**$ 63**	**$ 6,268**
Operating (loss) income (GAAP)	**$ (297)**	**$ 209**	**$ (13,059)**	**$ (24)**	**$ (13,171)**
Impairment of goodwill, intangibles and long-lived assets	478	—	12,579	34	13,090
Acquisition-related amortization	95	16	159	—	270
Acquisition-related costs	34	5	285	(74)	249
Certain legal and regulatory accruals and settlements	242	—	—	—	242
Transformational cost management	177	16	3	1	197
Adjustments to equity earnings in Cencora	22	—	—	—	22
Adjusted operating income (loss) (Non-GAAP measure)	**$ 752**	**$ 245**	**$ (34)**	**$ (63)**	**$ 900**
Gross margin (GAAP)	19.3 %	21.4 %	8.8 %		19.0 %
Adjusted gross margin (Non-GAAP measure)	19.3 %	21.4 %	9.7 %		19.1 %
Selling, general and administrative expenses percent to sales (GAAP) [3]	20.6 %	17.9 %	NM		54.8 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.0 %	17.3 %	11.2 %		16.9 %
Operating margin [2]	(1.3)%	3.5 %	NM		(35.8)%
Adjusted operating margin (Non-GAAP measure) [2]	2.3 %	4.1 %	(1.5)%		2.2 %

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

	Three months ended February 28, 2023				
	U.S. Retail Pharmacy[1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 27,577	$ 5,651	$ 1,634	$ —	$ 34,862
Gross profit (GAAP)	**$ 5,825**	**$ 1,198**	**$ 32**	**$ —**	**$ 7,055**
Acquisition-related amortization	5	—	18	—	23
Acquisition-related costs	—	—	60	—	60
LIFO provision	20	—	—	—	20
Adjusted gross profit (Non-GAAP measure)	**$ 5,850**	**$ 1,198**	**$ 110**	**$ —**	**$ 7,158**
Selling, general and administrative expenses (GAAP)	**$ 5,527**	**$ 846**	**$ 504**	**$ 56**	**$ 6,934**
Certain legal and regulatory accruals and settlements	(427)	—	—	—	(427)
Acquisition-related amortization	(72)	(15)	(137)	—	(224)
Transformational cost management	(138)	(4)	—	(2)	(145)
Acquisition-related costs	—	20	(98)	(10)	(88)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,890**	**$ 846**	**$ 269**	**$ 44**	**$ 6,050**
Operating income (loss) (GAAP)	**$ 373**	**$ 353**	**$ (472)**	**$ (56)**	**$ 197**
Certain legal and regulatory accruals and settlements	427	—	—	—	427
Acquisition-related amortization	78	15	154	—	247
Transformational cost management	138	4	—	2	145
Acquisition-related costs	—	(20)	158	10	148
Adjustments to equity earnings in Cencora	31	—	—	—	31
LIFO provision	20	—	—	—	20
Adjusted operating income (loss) (Non-GAAP measure)	**$ 1,067**	**$ 352**	**$ (159)**	**$ (44)**	**$ 1,215**
Gross margin (GAAP)	21.1 %	21.2 %	2.0 %		20.2 %
Adjusted gross margin (Non-GAAP measure)	21.2 %	21.2 %	6.7 %		20.5 %
Selling, general and administrative expenses percent to sales (GAAP)	20.0 %	15.0 %	30.9 %		19.9 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.7 %	15.0 %	16.5 %		17.4 %
Operating margin [2]	1.1 %	6.2 %	(28.9)%		0.3 %
Adjusted operating margin (Non-GAAP measure) [2]	3.5 %	6.2 %	(9.8)%		3.2 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

	Six months ended February 29, 2024				
	U.S. Retail Pharmacy[1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 57,805	$ 11,854	$ 4,107	$ (6)	$ 73,760
Gross profit (GAAP)	**$ 10,997**	**$ 2,498**	**$ 316**	**$ —**	**$ 13,811**
Acquisition-related amortization	11	—	40	—	51
LIFO provision	48	—	—	—	48
Transformational cost management	8	—	—	—	8
Adjusted gross profit (Non-GAAP measure)	**$ 11,064**	**$ 2,498**	**$ 357**	**$ —**	**$ 13,918**
Selling, general and administrative expenses (GAAP)[3]	**$ 11,117**	**$ 2,173**	**$ 13,811**	**$ 41**	**$ 27,141**
Impairment of goodwill, intangibles and long-lived assets	(478)	—	(12,579)	(34)	(13,090)
Acquisition-related amortization	(179)	(31)	(284)	—	(494)
Acquisition-related costs	(60)	(9)	(458)	115	(412)
Certain legal and regulatory accruals and settlements	(324)	—	—	—	(324)
Transformational cost management	(266)	(22)	(5)	(5)	(298)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 9,810**	**$ 2,110**	**$ 486**	**$ 117**	**$ 12,523**
Operating income (loss) (GAAP)	**$ 1**	**$ 325**	**$ (13,494)**	**$ (41)**	**$ (13,209)**
Impairment of goodwill, intangibles and long-lived assets	478	—	12,579	34	13,090
Acquisition-related amortization	189	31	324	—	545
Acquisition-related costs	60	9	458	(115)	412
Certain legal and regulatory accruals and settlements	324	—	—	—	324
Transformational cost management	274	22	5	5	306
Adjustments to equity earnings in Cencora	72	—	—	—	72
LIFO provision	48	—	—	—	48
Adjusted operating income (loss) (Non-GAAP measure)	**$ 1,446**	**$ 387**	**$ (129)**	**$ (117)**	**$ 1,588**
Gross margin (GAAP)	19.0 %	21.1 %	7.7 %		18.7 %
Adjusted gross margin (Non-GAAP measure)	19.1 %	21.1 %	8.7 %		18.9 %
Selling, general and administrative expenses percent to sales (GAAP)[3]	19.2 %	18.3 %	NM		36.8 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.0 %	17.8 %	11.8 %		17.0 %
Operating margin[2]	(0.2)%	2.7 %	NM		(18.1)%
Adjusted operating margin (Non-GAAP measure)[2]	2.2 %	3.3 %	(3.1)%		1.9 %

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

	Six months ended February 28, 2023				
	U.S. Retail Pharmacy[1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 54,781	$ 10,840	$ 2,622	$ —	$ 68,244
Gross profit (GAAP)	**$ 11,711**	**$ 2,248**	**$ 49**	**$ —**	**$ 14,008**
Acquisition-related amortization	11	—	44	—	54
Acquisition-related costs	—	—	60	—	60
LIFO provision	38	—	—	—	38
Adjusted gross profit (Non-GAAP measure)	**$ 11,760**	**$ 2,248**	**$ 153**	**$ —**	**$ 14,161**
Selling, general and administrative expenses (GAAP)	**$ 17,225**	**$ 1,789**	**$ 958**	**$ 119**	**$ 20,091**
Certain legal and regulatory accruals and settlements	(6,981)	—	—	—	(6,981)
Acquisition-related amortization	(145)	(29)	(348)	—	(522)
Transformational cost management	(265)	(11)	—	(7)	(283)
Acquisition-related costs	(1)	32	(146)	(12)	(127)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 9,833**	**$ 1,780**	**$ 464**	**$ 100**	**$ 12,177**
Operating (loss) income (GAAP)	**$ (5,385)**	**$ 459**	**$ (909)**	**$ (119)**	**$ (5,954)**
Certain legal and regulatory accruals and settlements	6,981	—	—	—	6,981
Acquisition-related amortization	155	29	392	—	577
Transformational cost management	265	11	—	7	283
Acquisition-related costs	1	(32)	206	12	187
Adjustments to equity earnings in Cencora	117	—	—	—	117
LIFO provision	38	—	—	—	38
Adjusted operating income (loss) (Non-GAAP measure)	**$ 2,172**	**$ 468**	**$ (311)**	**$ (100)**	**$ 2,229**
Gross margin (GAAP)	21.4 %	20.7 %	1.9 %		20.5 %
Adjusted gross margin (Non-GAAP measure)	21.5 %	20.7 %	5.8 %		20.7 %
Selling, general and administrative expenses percent to sales (GAAP)	31.4 %	16.5 %	36.5 %		29.4 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.9 %	16.4 %	17.7 %		17.8 %
Operating margin [2]	(10.1)%	4.2 %	(34.6)%		(8.9)%
Adjusted operating margin (Non-GAAP measure) [2]	3.5 %	4.3 %	(11.9)%		2.9 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

[1] Operating (loss) income for U.S. Retail Pharmacy includes equity earnings in Cencora. As a result of the two-month reporting lag, operating income for the three and six month period ended February 29, 2024 includes Cencora equity earnings for the period of October 1, 2023 through December 31, 2023 and for the period of July 1, 2023 through December 31, 2023, respectively. Operating income for the three and six month period ended February 28, 2023 includes Cencora equity earnings for the period of October 1, 2022 through December 31, 2022 and for the period of July 1, 2022 through December 31, 2023, respectively.

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

[3] Includes goodwill impairment of $12.4 billion in U.S. Healthcare in both the three and six months ended February 29, 2024.

Reconciliation of Non-GAAP financial measures

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

OPERATING LOSS TO ADJUSTED EBITDA FOR U.S. HEALTHCARE SEGMENT	**Three months ended**		**Six months ended**	
	February 29, 2024	**February 28, 2023**	**February 29, 2024**	**February 28, 2023**
Operating loss (GAAP) [1]	$ (13,059)	$ (472)	$ (13,494)	$ (909)
Impairment of goodwill, intangibles and long-lived assets [2]	12,579	—	12,579	—
Acquisition-related amortization [3]	159	154	324	392
Acquisition-related costs [4]	285	158	458	206
Transformational cost management [5]	3	—	5	—
Adjusted operating loss	**(34)**	**(159)**	**(129)**	**(311)**
Depreciation expense	38	34	81	49
Stock-based compensation expense [6]	13	16	26	29
Adjusted EBITDA (Non-GAAP measure)	**$ 17**	**$ (109)**	**$ (22)**	**$ (233)**

[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] Impairment of goodwill, intangibles and long-lived assets recognized in the three months ended February 29, 2024 resulting from the interim goodwill impairment assessment for the VillageMD reporting unit. These charges 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 and Impairment of goodwill within the Consolidated Condensed Statements of Earnings.

[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 within the Consolidated Condensed Statements of Earnings. The stock-based compensation fair valuation adjustment reflects the difference between the fair value based remeasurement of awards under purchase accounting and the grant date fair valuation. Post-acquisition compensation expense recognized in excess of the original grant date fair value of acquiree awards are excluded from the related non-GAAP measures as these arise from acquisition-related accounting requirements or agreements, and are not reflective of normal operating activities.

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

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

[6] 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 20

Reconciliation of Non-GAAP financial measures

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

EQUITY EARNINGS IN CENCORA	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Equity earnings in Cencora (GAAP)	$ 79	$ 75	$ 120	$ 129
Acquisition-related intangibles amortization	33	27	67	65
Restructuring and other expenses	5	—	11	—
Turkey hyperinflation impact	3	1	7	5
Acquisition-related deal and integration expenses	2	5	7	23
Tax reform	—	1	3	4
Amortization of basis difference in OneOncology investment	—	—	1	—
Certain discrete tax expense	—	—	—	(2)
Gain/Loss from divestitures	—	—	(7)	—
LIFO expense	(6)	3	5	24
Gain from antitrust litigation settlements	(6)	(8)	(14)	(8)
Litigation and opioid-related expenses	(10)	2	(9)	5
Adjusted equity earnings in Cencora (Non-GAAP measure)	$ 101	$ 107	$ 192	$ 246

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

ADJUSTED EFFECTIVE TAX RATE	**Three months ended February 29, 2024**			**Three months ended February 28, 2023**		
	(Loss) Earnings before income tax benefit	**Income tax benefit**	**Effective tax rate**	**Earnings before income tax provision**	**Income tax provision**	**Effective tax rate**
Effective tax rate (GAAP)	**$ (13,114)**	**$ (782)**	**6.0%**	**$ 607**	**$ 70**	**11.5%**
Impact of non-GAAP adjustments	13,887	700		474	96	
Equity method non-cash tax	—	(11)		—	(14)	
Adjusted tax rate true-up	—	(105)		—	26	
Subtotal	$ 773	$ (198)		$ 1,081	$ 177	
Exclude adjusted equity earnings in Cencora	(101)	—		(107)	—	
Adjusted effective tax rate excluding adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 672**	**$ (198)**	**(29.4)%**	**$ 975**	**$ 177**	**18.2%**

	Six months ended February 29, 2024			**Six months ended February 28, 2023**		
	(Loss) Earnings before income tax benefit	**Income tax benefit**	**Effective tax rate**	**(Loss) earnings before income tax (benefit) provision**	**Income tax (benefit) provision**	**Effective tax rate**
Effective tax rate (GAAP)	**$ (13,472)**	**$ (856)**	**6.4%**	**$ (4,662)**	**$ (1,377)**	**29.5%**
Impact of non-GAAP adjustments	14,843	932		6,671	1,369	
Equity method non-cash tax	—	(15)		—	(23)	
Adjusted tax rate true-up	—	(134)		—	191	
Subtotal	$ 1,371	$ (73)		$ 2,009	$ 160	
Exclude adjusted equity earnings in Cencora	(192)	—		(246)	—	
Adjusted effective tax rate excluding adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 1,179**	**$ (73)**	**(6.2)%**	**$ 1,763**	**$ 160**	**9.1%**

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Reconciliation of Non-GAAP financial measures

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

FREE CASH FLOW

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Net cash (used for) provided by operating activities (GAAP)	**$ (637)**	**$ 745**	**$ (918)**	**$ 1,239**
Less: Additions to property, plant and equipment	(351)	(497)	(858)	(1,108)
Plus: Acquisition related payments [2]	—	429	—	429
Plus: Bulk Purchase Annuity premium contributions[3]	379	—	379	—
Free cash flow (Non-GAAP measure) [1]	**$ (610)**	**$ 677**	**$ (1,397)**	**$ 560**

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

[2] 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. The payments are not indicative of normal operating performance.

[3] During the three-month period ending on February 29, 2024, the Company made incremental pension contributions of $379M to the Boots Plan as part of the Trustee's acquisition of a bulk annuity policy (the "Buy-In") from Legal and General. The payments are not indicative of normal operating performance.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20

Sale-Leaseback Financial Information

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

Sale-leaseback financial information	Three months ended February 29, 2024	Change vs. 2Q23	Six months ended February 29, 2024	Change vs. 1H23
U.S. Retail Pharmacy				
Gain on sale-leaseback [1]	$ 98	$ (114)	$ 258	$ (126)
Incremental sale-leaseback increases to rent [2]	(81)	(25)	(156)	(54)
Gain on sale-leaseback, net of rent increases	**$ 17**	**$ (139)**	**$ 102**	**$ (180)**
International				
Gain on sale-leaseback [3]	$ —	$ (108)	$ —	$ (108)
Incremental sale-leaseback increases to rent [2]	(3)	(3)	(7)	(7)
Gain on sale-leaseback, net of rent increases	**$ (3)**	**$ (111)**	**$ (7)**	**$ (115)**

1 As reported for the period presented. Recorded in SG&A expenses within the Consolidated Condensed 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 $24 million and $41 million of gains related to the optimization of warehouse locations as part of acquisition integration activities in Germany for the three and six months ended February 28, 2023, respectively.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 20