

Fiscal 2022

Second Quarter Results

March 31, 2022



Walgreens Boots Alliance

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Safe Harbor and Non-GAAP

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

These include, without limitation, estimates of and goals for future operating, financial and tax performance and results, including our fiscal year 2022 guidance, our long-term growth algorithm and related assumptions and drivers, as well as forward-looking statements concerning the expected execution and effect of our business strategies, including the strategic review of Boots, the potential impacts on our business of the spread and impacts of the COVID-19 pandemic, our cost-savings and growth initiatives, including statements relating to our expected cost savings under our Transformational Cost Management and expansion of our Walgreens Health segment. All statements in the future tense and all statements accompanied by words such as “expect,” “outlook,” “forecast,” “would,” “could,” “should,” “can,” “will,” “project,” “intend,” “plan,” “goal,” “guidance,” “target,” “aim,” “continue,” “transform,” “accelerate,” “model,” “long-term,” “believe,” “seek,” “estimate,” “anticipate,” “may,” “possible,” “assume,” and variations of such words and similar expressions are intended to identify such forward-looking statements.

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

These risks, assumptions and uncertainties include those described in Item 1A (Risk Factors) of our Form 10-K for the fiscal year ended August 31, 2021 and in other documents that we file or furnish with the Securities and Exchange Commission. If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. All forward-looking statements we make or that are made on our behalf are qualified by these cautionary statements. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. 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 slide 24 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.



Takeaways

- **Strong Execution Across Segments**

- *Adj. EPS +26.5% in constant Fx*
- *Robust comparable sales growth across U.S. Pharmacy, U.S. Retail, and Boots UK Retail*

- **Continued Progress on Our Strategic Initiatives**

- *Walgreens Health on pace toward KPI milestones*
- *Strategic review of Boots business progressing*

- **Maintained Outlook to Grow FY22 Adj. EPS Low-Single Digits**

- **Well-Positioned for Sustainable, Long-Term Value Creation**

- *Accelerating growth as healthcare segment scales up and margins build*
- *Long-term algorithm leading to sustainable low-teens adj. EPS growth*



Leading the Fight Against Pandemic



Vaccinations

>62 million vaccinations administered to date

>12 million boosters administered to date

Largest pediatric vaccine provider in the pharmacy channel



Testing Solutions

>27 million COVID-19 tests completed to date

Launched the **Walgreens COVID-19 Index** to advance rapid detection of Omicron and track variant activity by state



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

Strategic Priorities:

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



Recent Progress on Strategic Priorities

- ✓ U.S. digital sales +38% in 2Q (116% on a 2-year basis), with 3.9 million same-day pick-up orders
- ✓ 96.1 million myWalgreens members at quarter-end, up 10.9 million since 4Q
- ✓ 102 VillageMD co-located clinics now open, on track toward 200+ by the end of CY22
- ✓ 47 Walgreens Health Corners in operation, on track toward 100+ by the end of CY22
- ✓ Completed the consolidation of holdings in AllianceRx Walgreens
- ✓ Acquired remaining interest in Germany wholesale business
- ✓ Strategic review of Boots business progressing



Delivering and Enabling Value-Based Care Through Consumer-Centric Solutions



Leveraging Our Strong Footprint, Deep Patient Relationships, and Independent Partnerships with Payors and Providers to Improve Outcomes and Lower Costs Along the Consumer Care Journey

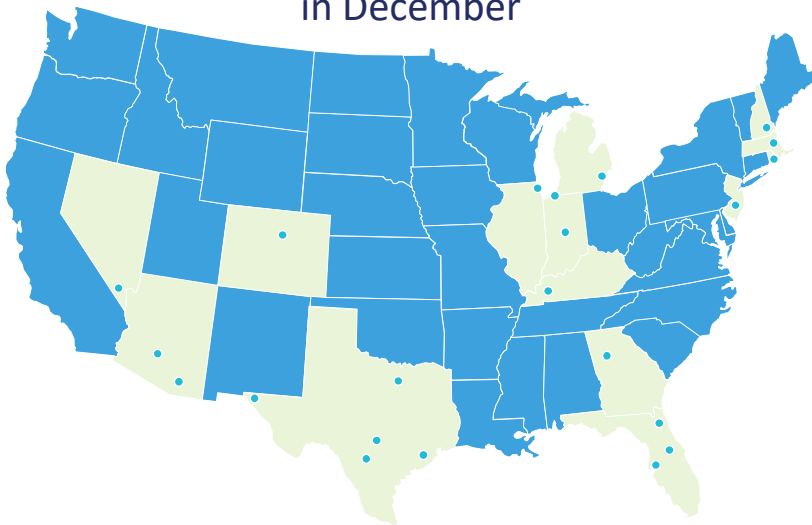


Executing to Build Our Growth Engine

128% Pro Forma Sales Growth for Walgreens Health Segment in 2Q



Expansion into **new markets** including Boston, Massachusetts; Jacksonville, Florida; and Tucson, Arizona in February; Denver, Colorado in January; and San Antonio, Texas in December



Contract wins with two significant health systems with geographic reach in the Northwest and Northeast U.S.



1M+
PATIENTS REPRESENTED



30+
INTEGRATED DISEASE STATES



70+
HEALTH SYSTEM PARTNERS



\$30
BILLION
ANNUAL SPECIALTY PRESCRIPTION OPPORTUNITY



First 11 Health Corners open with Blue Shield of California; **next 9 to open in April**

Added features to the Walgreens Health consumer app, including secure chat with health advisors, to increase access, engagement, and convenience



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Note: Pro forma sales growth is compared to year-ago standalone results

Refer to safe harbor and non-GAAP on slide 2 and endnotes on slide 24

WBA Financial Performance



2Q 2022 Financial Highlights

- **Adj. EPS \$1.59, +26.5% above prior year in constant Fx**
- **Second quarter performance driven by strong execution in COVID-19 vaccine and testing delivery, U.S. retail sales growth, and continued recovery in International segment performance, partly offset by Walgreens Health investments**
- **Cash generation of \$1.1B in operating cash flow and \$669M of free cash flow**
- **Transformational Cost Management Program on track to deliver \$3.3B of annual cost savings by FY24**
- **Maintaining FY22 outlook of low-single digit growth in adjusted EPS**



2Q 2022 Financial Highlights

<i>Continuing operations</i> <i>\$ in millions (except EPS)</i>		2Q22	Reported Fx B/(W) vs. 2Q21	Constant Fx B/(W) vs. 2Q21
Sales		\$33,756	+ 3.0%	+ 3.8%
Operating income	GAAP	\$1,246	+ 49.7%	
	Adjusted	\$1,657	+ 35.3%	+ 35.9%
Net earnings	GAAP	\$883	- 4.1%	
	Adjusted	\$1,377	+ 25.8%	+ 26.4%
EPS	GAAP	\$1.02	- 4.1%	
	Adjusted	\$1.59	+ 25.9%	+ 26.5%



First Half FY22 Financial Highlights

<i>Continuing operations</i> <i>\$ in millions (except EPS)</i>		1H22	Reported Fx B/(W) vs. 1H21	Constant Fx B/(W) vs. 1H21
Sales		\$67,656	+ 5.4%	+ 5.7%
Operating income	GAAP	\$2,529	+ \$2,231	
	Adjusted	\$3,434	+ 41.8%	+ 42.1%
Net earnings	GAAP	\$4,463	+ \$3,932	
	Adjusted	\$2,833	+ 38.7%	+ 39.0%
EPS	GAAP	\$5.15	+ \$4.54	
	Adjusted	\$3.27	+ 38.6%	+ 38.8%



United States – Financials

<i>\$ in millions</i>	2Q22	B/(W) vs. 2Q21	1H22	B/(W) vs. 1H21
Sales	\$27,667	+ 1.2%	\$55,699	+ 2.2%
Adj. gross profit	\$6,487	+ 13.7%	\$12,855	+ 13.0%
Adj. SG&A % of sales	18.3%	- 1.2%p	17.7%	- 0.7%p
Adj. operating income	\$1,588	+ 36.5%	\$3,277	+ 41.4%
Adj. operating margin ¹	5.2%	+ 1.4%p	5.4%	+ 1.5%p

- AllianceRx Walgreens sales decline was a 680 basis point headwind to sales and a 140 basis point adverse impact to SG&A % of sales, with minimal impact on adj. operating income
 - U.S. comparable sales increased 9.5% vs. the year-ago quarter
- Adj. operating income driven by continued execution in COVID-19 vaccinations and testing, and strength in retail



United States – Pharmacy

2Q22 vs. 2Q21	2Q Total	2Q Comparable	1H Total	1H Comparable
Pharmacy sales	- 3.3%	+ 7.3%	- 1.1%	+ 7.1%
Prescriptions	+ 3.9%	+ 4.7%	+ 4.7%	+ 5.4%

- Comparable pharmacy sales grew +7.3% in the quarter
- Comparable scripts +4.7%, benefitting from COVID-19 vaccinations by 275 bps
 - 11.8 million COVID-19 vaccinations in the quarter
 - Pharmacy performance aided by seasonal prescriptions as well as flu immunizations
 - Pharmacy volumes challenged by staffing shortages and temporary operating hour reductions
- 6.6 million COVID-19 tests¹ administered in the quarter; +4 million tests vs. 2Q21
- Higher gross margin reflects favorable mix from COVID-19 vaccines/testing and specialty, partly offset by ongoing reimbursement pressure



United States – Retail

2Q22 vs. 2Q21	2Q22	1H22
Total retail sales	+ 14.5%	+ 12.4%
Comparable retail sales	+ 14.7%	+ 12.8%

- **2Q comp retail sales +14.7%, or excl. tobacco +15.7%; up mid-teens vs. pre-COVID levels**
 - Transactions +9.5% and basket size +4.7%
 - Strength in Health & Wellness +43.3% led by at-home COVID-19 testing and cough, cold, flu; Personal Care +9.7% and Beauty +6.5%
- **2Q digitally initiated retail sales +38%, driven by 3.9 million same-day pick-up orders**
- **Improved core gross margin more than offset by higher shrink**



International – Financials

<u>Continuing operations</u> <i>\$ in millions</i>	2Q22	Constant Fx B/(W) vs. 2Q21	1H22	Constant Fx B/(W) vs. 1H21
Sales	\$5,563	+ 7.5%	\$11,381	+ 19.3%
Adj. gross profit	\$1,206	+ 15.2%	\$2,413	+ 16.6%
Adj. SG&A % of sales	17.6%	- 0.1%p	17.8%	+ 1.5%p
Adj. operating income	\$226	+ 60.7%	\$389	+ 71.1%
Adj. operating margin	4.1%	+ 1.3%p	3.4%	+ 1.0%p

- 2Q sales increase of 7.5% reflects Boots UK growing +15.2% and Germany wholesale +2.5%
- Strong AOI recovery reflecting focused execution and sales growth
- Germany performance ahead of expectations; integration activities tracking ahead of plan



Boots UK – Financials



2Q22 vs. 2Q21 (constant Fx)	2Q22	1H22
Pharmacy comp. sales	+ 3.6%	+ 6.2%
Retail comp. sales	+ 22.0%	+ 19.2%

- Pharmacy comp. sales +3.6%, reflecting higher levels of pharmacy services
- Boots growing retail market share across all categories, led by Beauty
- Strengthening retail sales comps
 - Store footfall ~+52% vs. prior year, despite notable Omicron headwind
 - Store basket size -9% vs. prior year, and ~+15% vs. pre-COVID levels
 - Boots.com sales declined as footfall returned to stores; Boots.com now represents >15% of Boots total retail sales vs. 9% pre-COVID levels
- COVID restrictions lifted February 24th; March footfall improving



Walgreens Health – Financials



<i>\$ in millions</i>	2Q22	B/(W) vs. 2Q21	1H22	B/(W) vs. 1H21
Sales	\$527	+ \$527	\$577	+ \$577
Adj. gross profit	\$15	+ \$15	\$36	+ \$36
Adj. SG&A	(\$92)	(\$81)	(\$126)	(\$111)
Adj. operating income	(\$77)	(\$66)	(\$90)	(\$76)

- VillageMD sales of \$446M in 2Q, +145% on a pro forma basis
- Shields sales of \$81M in 2Q, +63% on a pro forma basis
- Organic investments continue to accelerate, with \$31M of investments in the quarter
- Majority investments dilutive to adj. AOI by \$46M in 2Q, inclusive of VillageMD growth investments



Walgreens Health – Key Metrics



	Current Status	CY22 Goal
Lives	1.9M	2M+
Partners (Payor/Provider)	2	5
Sites of Care:		
Health Corners	47	100+
VillageMD Co-Located Clinics	102	200+
	2Q22	FY22 Goal
Sales (Reported)	\$577M YTD	\$2.2B
Pro Forma Sales Growth YOY:		
VillageMD	145%	
Shields	63%	
Total Walgreens Health	128%	



Cash Flow

\$ in millions	1H22	B/(W) vs. 1H21
Operating cash flow	\$2,184	(\$372)
Cash capital expenditure	(\$870)	(\$178)
Free cash flow	\$1,314	(\$550)

- **YTD cash generation of \$2.2B in operating cash flow and \$1.3B of free cash flow**
- **Free cash flow was adversely impacted vs. prior year due to decline of AllianceRx Walgreens business, COVID related government support and phasing of working capital**
- **Increased capex to fund growth initiatives including VillageMD rollout, Walgreens Health organic development, digital transformation, and automated microfulfillment centers**



Maintaining Full Year Guidance

Adj. EPS Growth (Constant Fx)	October 2021 FY Guidance	January 2022 FY Guidance	March 2022 FY Guidance
Base	+ 4%	+ 5-7%	+ 6-8%
Healthcare Organic	(3)%	(3)%	(3)%
Healthcare M&A	(1)%	(1)%	(2)%
Adjusted EPS	Flat	LSD Growth	LSD Growth

- Expecting ~31 million vaccinations in FY22; projections do not include a fourth COVID shot



Takeaways

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- **Maintained Outlook to Grow FY22 Adj. EPS Low-Single Digits**

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- *Long-term algorithm leading to sustainable low-teens adj. EPS growth*

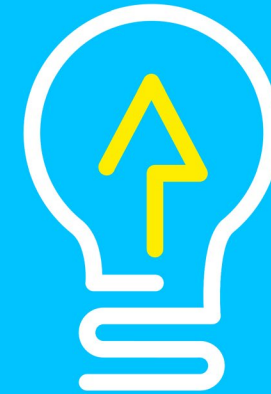




Walgreens Boots Alliance

TIME
100
MOST
INFLUENTIAL
COMPANIES
— 2022 —

FASTCOMPANY



Most Innovative
Companies 2022



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.
 - United States segment GAAP results, dollars in millions – 2Q22: gross profit \$6,487; selling general and administrative expenses \$5,199; SG&A as a percent of sales 18.8%; operating income \$1,390; and operating margin 4.7%. 1H22: gross profit \$12,834; selling general and administrative expenses \$10,290; SG&A as a percent of sales 18.5%; operating income \$2,746; and operating margin 4.6%.
 - International segment GAAP results on a reported currency basis, dollars in millions – 2Q22: gross profit \$1,206; selling general and administrative expenses \$1,033; SG&A as a percent of sales 18.6%; operating income \$173; and operating margin 3.1%. In 2Q22 compared to prior-year quarter, on a reported currency basis, the segment's sales increased 2.6%; operating income increased 62.8% ; and operating margin increased 1.1 percentage points. 1H22: gross profit \$2,413; selling general and administrative expenses \$2,186; SG&A as a percent of sales 19.2%; operating income \$227; and operating margin 2.0%. In 1H22 compared to prior-year period, on a reported currency basis, the segment's sales increased 17.2%; operating income increased 56.6%; and operating margin increased 0.5 percentage points.
 - Walgreens Health GAAP results, dollars in millions - 2Q22: gross profit \$15; selling general and administrative expenses \$227; SG&A as a percent of sales 43.1%; and operating loss \$212. 1H22: gross profit \$36; selling general and administrative expenses \$292; SG&A as a percent of sales 50.6%; and operating loss \$257.
 - Adjusted gross margin is a non-GAAP financial measure defined as adjusted gross profit by business unit divided by sales by business unit. Adjusted gross profit is a non-GAAP financial measure defined as gross profit by business unit, excluding the impact of costs associated with Transformational cost management, LIFO provision, and Acquisition-related amortization. The company is providing comparative data relating to these non-GAAP financial measures to provide investors with additional perspective and insights when analyzing the core operating performance of the business units from period to period.
- Net earnings, net earnings per common share – diluted figures are attributable to Walgreens Boots Alliance, Inc.
- For our United States and International segments, comparable sales are defined as sales from stores that have been open for at least twelve consecutive months without a closure for seven or more consecutive days, including due to looting or store damage, and without a major remodel or being subject to a natural disaster in the past twelve months as well as e-commerce sales. E-commerce sales include digitally initiated sales online or through mobile applications. Relocated stores are not included as comparable sales for the first twelve months after the relocation. Acquired stores are not included as comparable sales for the first twelve months after acquisition or conversion, when applicable, whichever is later. Comparable sales, comparable pharmacy sales, comparable retail sales, comparable number of prescriptions, and comparable number of 30-day equivalent prescriptions refer to total sales, pharmacy sales, retail sales, number of prescriptions, and number of 30-day equivalent prescriptions, respectively. The method of calculating comparable sales varies across the retail industry. As a result, our method of calculating comparable sales may not be the same as other retailers’ methods. With respect to the International 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.
- United States Pharmacy prescriptions (including immunizations) are reported on a 30-day equivalent basis.
- Prescription market share information is an estimate derived from the use of information under license from the following IQVIA information service: IQVIA Prescription Services as of February 28, 2022 and includes prescriptions filled at stores acquired from Rite Aid from and after the cutover date. IQVIA expressly reserves all rights, including rights of copying, distribution and republication.
- United States retail refill scripts initiated via digital channel is inclusive of prescriptions filled at Walgreens and Duane Reade.
- Boots UK market share insights, where quoted, as of February 19, 2022.
- 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 and Diluted Net Earnings (Loss) Per Share” reconciliation table on slide 29 for definitions of non-GAAP financial measures and related adjustments presented in this presentation. These supplemental non-GAAP financial measures are presented because management has evaluated the company’s financial results both including and excluding the adjusted items or the effects of foreign currency translation, as applicable, and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the company’s business from period to period and trends in the company’s historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the presentation. The company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information related to fiscal year 2022 guidance) where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the company’s control and/or cannot be reasonably predicted, and that would impact diluted net earnings per share, the most directly comparable forward-looking GAAP financial measure. For the same reasons, the company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

The company considers certain metrics, including all comparable metrics, number of prescriptions, number of 30-day equivalent prescriptions and number of locations at period end, to be key performance indicators because the company’s management has evaluated its results of operations using these metrics and believes that these key performance indicators presented provide additional perspective and insights when analyzing the core operating performance of the company from period to period and trends in its historical operating results. These key performance indicators should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein. These measures may not be comparable to similarly-titled performance indicators used by other companies.

Amounts may not add due to rounding. All percentages have been calculated using unrounded amounts for the three and six months ended February 28, 2022.

Certain assumptions and supplemental information

Unless otherwise indicated or the context otherwise requires:

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

References in this presentation to the “company,” “we,” “us” or “our” refer to Walgreens Boots Alliance, Inc. and its subsidiaries, and do not include unconsolidated partially-owned entities, except as otherwise indicated or the context otherwise requires. Our fiscal year ends on August 31, and references herein to “fiscal 2022” refer to our fiscal year ended August 31, 2022.



Reconciliation of Non-GAAP financial measures

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

NET EARNINGS

	Three months ended February 28,		Change vs. 2Q21		Six months ended February 28,		Change vs. 1H21	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Net earnings from continuing operations (GAAP)	\$ 883	\$ 922	\$ (38)	(4.1)%	\$ 4,463	\$ 531	\$ 3,932	NM
Transformational cost management ¹	70	178			273	278		
Acquisition-related amortization ²	250	114			415	209		
Acquisition-related costs ³	44	(5)			115	16		
Certain legal and regulatory accruals and settlements ⁴	—	60			—	60		
Adjustments to equity earnings (loss) in AmerisourceBergen ⁵	51	45			94	1,526		
LIFO provision ⁶	(5)	2			9	35		
Total adjustments to operating income	411	393			906	2,124		
Adjustments to other (expense) income:								
Net investment hedging (gain) loss ⁷	—	(7)			1	1		
Adjustment to gain on disposal of discontinued operations ⁸	38	—			38	—		
Impairment of equity method investment and investment in equity securities ⁹	190	—			190	—		
Gain on previously held investments ¹⁰	—	—			(2,576)	—		
Gain on sale of equity method investment ¹¹	—	(191)			—	(191)		
Total adjustments to other (expense) income	228	(199)			(2,347)	(190)		
Adjustments to income tax provision (benefit):								
Equity method non-cash tax ¹²	12	20			30	(326)		
Tax impact of adjustments ¹²	(109)	(52)			(135)	(113)		
Total adjustments to income tax provision (benefit)	(97)	(33)			(105)	(439)		
Adjustments to post tax equity earnings from other equity method investments:								
Adjustments to equity earnings in other equity method investments ¹³	10	24			24	37		
Total adjustments to post tax earnings from other equity method investments	10	24			24	37		

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 EARNINGS	Three months ended February 28,		Change vs. 2Q21		Six months ended February 28,		Change vs. 1H21	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Adjustments to net earnings attributable to non-controlling interests:								
Transformational cost management ¹	—	3			(1)	2		
Acquisition-related amortization ²	(56)	(12)			(88)	(16)		
Acquisition-related costs ³	(3)	—			(20)	—		
LIFO provision ⁶	—	(3)			—	(6)		
Total adjustments to net earnings attributable to non-controlling interests	(59)	(13)			(109)	(20)		
Adjusted net earnings attributable to Continuing Operations (Non-GAAP measure)	\$ 1,377	\$ 1,095	\$ 282	25.8 %	\$ 2,833	\$ 2,043	\$ 790	38.7 %
Net earnings attributable to Walgreens Boots Alliance, Inc. – discontinued operations (GAAP)	\$ —	\$ 104	\$ (104)	(100.0)%	\$ —	\$ 187	\$ (187)	(100.0)%
Acquisition-related amortization ²	—	7			—	28		
Acquisition-related costs ³	—	8			—	10		
Transformational cost management ¹	—	4			—	9		
Tax impact of adjustments ¹²	—	(6)			—	(11)		
Total adjustments to net earnings attributable to Walgreens Boots Alliance, Inc. – discontinued operations	\$ —	\$ 14			\$ —	\$ 36		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. - discontinued operations (Non-GAAP measure)	\$ —	\$ 119	\$ (119)	(100.0)%	\$ —	\$ 223	\$ (223)	(100.0)%
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	\$ 1,377	\$ 1,214	\$ 164	13.5 %	\$ 2,833	\$ 2,266	\$ 566	25.0 %



Reconciliation of Non-GAAP financial measures

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

DILUTED NET EARNINGS (LOSS) PER SHARE

	Three months ended February 28,		Change vs. 2Q21		Six months ended February 28,		Change vs. 1H21	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Diluted net earnings per common share - continuing operations (GAAP)	\$ 1.02	\$ 1.06	\$ (0.04)	(4.1)%	\$ 5.15	\$ 0.61	\$ 4.54	NM
Adjustments to operating income	0.48	0.45			1.05	2.45		
Adjustments to other (expense) income	0.26	(0.23)			(2.71)	(0.22)		
Adjustments to income tax provision (benefit)	(0.11)	(0.04)			(0.12)	(0.51)		
Adjustments to post tax earnings from other equity method investments ¹³	0.01	0.03			0.03	0.04		
Adjustments to net (loss) earnings attributable to non-controlling interests	(0.07)	(0.01)			(0.13)	(0.02)		
Adjusted diluted net earnings per common share - continuing operations (Non-GAAP measure)	\$ 1.59	\$ 1.26			\$ 3.27	\$ 2.36		
Diluted net earnings per common share - discontinued operations (GAAP)	—	0.12	\$ (0.12)	(100.0)%	—	0.22	\$ (0.22)	(100.0)%
Total adjustments to net earnings attributable to Walgreens Boots Alliance, Inc. – discontinued operations	—	0.02			—	0.04		
Adjusted diluted net earnings per common share - discontinued operations (Non-GAAP measure)	—	0.14	\$ (0.14)	(100.0)%	—	0.26	\$ (0.26)	(100.0)%
Adjusted diluted net earnings per common share (Non-GAAP measure)	\$ 1.59	\$ 1.40	\$ 0.19	13.5 %	\$ 3.27	\$ 2.62	\$ 0.65	24.9 %
Weighted average common shares outstanding, diluted (in millions)	865.2	865.6			866.4	865.7		

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 Transformational Cost Management Program charges are costs associated with a formal restructuring plan. These charges are primarily recorded within selling, general and administrative expenses. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.
- ² Acquisition-related amortization includes amortization of acquisition-related intangible assets, 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 and contract intangibles. Intangible asset amortization excluded from the related non-GAAP measure represents the entire amount recorded within the Company's GAAP financial statements. The revenue generated by the associated intangible assets has not been excluded from the related non-GAAP measures. Amortization expense, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired, or the estimated useful life of an intangible asset is revised. These charges are primarily recorded within selling, general and administrative expenses. Business combination accounting principles require us to measure acquired inventory at fair value. The fair value of the inventory reflects cost of acquired inventory and a portion of the expected profit margin. The acquisition-related inventory valuation adjustments excludes the expected profit margin component from cost of sales recorded under the business combination accounting principles. Stock based compensation fair valuation adjustment reflects difference between fair value based remeasurement of awards 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. These costs include all charges incurred on certain mergers, acquisition and divestitures related activities, for example, including costs related to integration efforts for successful merger, acquisition and divestitures activities. Examples of such costs include deal costs, severance and stock compensation. These charges are primarily recorded within selling, general and administrative expenses. These costs are significantly impacted by the timing and complexity of the underlying merger, acquisition and divestitures related activities and do not reflect the Company's current operating performance.
- ⁴ Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings. 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.
- ⁵ Adjustments to equity earnings (loss) in AmerisourceBergen consist of the Company's proportionate share of non-GAAP adjustments reported by AmerisourceBergen consistent with the Company's non-GAAP measures. The Company recognized equity losses in AmerisourceBergen of \$1,373 million during the three months ended November 30, 2020. These equity losses are primarily due to AmerisourceBergen's recognition of \$5.6 billion, net of tax, charges related to its ongoing opioid litigation in its financial statements for the three months period ended September 30, 2020.
- ⁶ The Company's United States segment inventory is accounted for using the last-in-first-out ("LIFO") method. This adjustment represents the impact on cost of sales as if the United States segment inventory is accounted for using first-in first-out ("FIFO") method. The LIFO provision is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences. Therefore, the Company cannot control the amounts recognized or timing of these items.
- ⁷ Gain or loss on certain derivative instruments used as economic hedges of the Company's net investments in foreign subsidiaries. These charges are recorded within other income (loss). We do not believe this volatility related to mark-to-market adjustment on the underlying derivative instruments reflects the Company's operational performance.
- ⁸ During the three months ended February 28, 2022, the Company finalized the working capital adjustments with AmerisourceBergen related to the sale of the Alliance Healthcare business, resulting in a \$38 million charge recorded to Other (expense) income in the Consolidated Condensed Statement of Earnings.
- ⁹ Impairment of equity method investment and investment in 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 (expense) income.
- ¹⁰ Includes significant gains on business combinations due to the remeasurement of previously held minority equity interests and debt securities to fair value. During the three months ended November 30, 2021, the Company recorded such pretax gains of \$2.2 billion and \$402 million for VillageMD and Shields, respectively.
- ¹¹ Includes significant gain on sale of equity method investment. During the three months ended February 28, 2021, the Company recorded a gain of \$191 million in Other (expense) income due to a partial sale of its equity method investment in Option Care Health.
- ¹² Adjustments to income tax provision (benefit) include adjustments to the GAAP basis tax provision (benefit) commensurate with non-GAAP adjustments and certain discrete tax items including U.S. tax law changes and equity method non-cash tax. These charges are recorded within income tax provision (benefit).
- 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 within post tax (loss) earnings from other equity method investments. Although the Company may have shareholder rights and board representation commensurate with its ownership interests in these equity method investees, adjustments relating to equity method investments are not intended to imply that the Company has direct control over their operations and resulting revenue and expenses. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all revenue and expenses of these equity method investees.



Reconciliation of Non-GAAP financial measures

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

	Three months ended February 28, 2022				Walgreens Boots Alliance, Inc.
	United States ¹	International	Walgreens Health	Corporate and Other	
Sales	\$ 27,667	\$ 5,563	\$ 527	\$ (1)	\$ 33,756
Gross profit (GAAP)	\$ 6,487	\$ 1,206	\$ 15	\$ —	\$ 7,708
LIFO provision	(5)	—	—	—	(5)
Acquisition-related amortization	5	—	—	—	5
Adjusted gross profit (Non-GAAP measure)	\$ 6,487	\$ 1,206	\$ 15	\$ —	\$ 7,709
Selling, general and administrative expenses (GAAP)	\$ 5,199	\$ 1,033	\$ 227	\$ 106	\$ 6,565
Acquisition-related costs	—	(23)	—	(21)	(44)
Transformational cost management	(52)	(13)	—	(5)	(71)
Acquisition-related amortization	(93)	(17)	(135)	—	(245)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 5,053	\$ 981	\$ 92	\$ 79	\$ 6,205
Operating income (loss) (GAAP)	\$ 1,390	\$ 173	\$ (212)	\$ (106)	\$ 1,246
Adjustments to equity earnings in AmerisourceBergen	51	—	—	—	51
Acquisition-related amortization	99	17	135	—	250
Transformational cost management	52	13	—	5	70
LIFO provision	(5)	—	—	—	(5)
Acquisition-related costs	—	23	—	21	44
Adjusted operating income (loss) (Non-GAAP measure)	\$ 1,588	\$ 226	\$ (77)	\$ (79)	\$ 1,657
Gross margin (GAAP)	23.4 %	21.7 %	2.9 %		22.8 %
Adjusted gross margin (Non-GAAP measure)	23.4 %	21.7 %	2.9 %		22.8 %
Selling, general and administrative expenses percent to sales (GAAP)	18.8 %	18.6 %	43.1 %		19.4 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	18.3 %	17.6 %	17.5 %		18.4 %
Operating margin ²	4.7 %	3.1 %	(40.2)%		3.4 %
Adjusted operating margin (Non-GAAP measure) ²	5.2 %	4.1 %	(14.6)%		4.4 %



Reconciliation of Non-GAAP financial measures

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

	Three months ended February 28, 2021				
	United States ¹	International	Walgreens Health ³	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 27,344	\$ 5,425	\$ —	\$ 10	\$ 32,779
Gross profit (GAAP)	\$ 5,702	\$ 1,079	\$ —	\$ —	\$ 6,781
Transformational cost management	1	(1)	—	—	—
LIFO provision	2	—	—	—	2
Adjusted gross profit (Non-GAAP measure)	\$ 5,704	\$ 1,078	\$ —	\$ —	\$ 6,783
Selling, general and administrative expenses (GAAP)	\$ 4,954	\$ 973	\$ 11	\$ 91	\$ 6,029
Acquisition-related amortization	(96)	(17)	—	—	(114)
Certain legal and regulatory accruals and settlements	(60)	—	—	—	(60)
Transformational cost management	(140)	(21)	—	(17)	(178)
Acquisition-related costs	9	(2)	—	(2)	5
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 4,667	\$ 933	\$ 11	\$ 72	\$ 5,683
Operating income (loss) (GAAP)	\$ 828	\$ 106	\$ (11)	\$ (91)	\$ 832
Adjustments to equity earnings (loss) in AmerisourceBergen	45	—	—	—	45
Acquisition-related amortization	96	17	—	—	114
Transformational cost management	140	21	—	17	178
LIFO provision	2	—	—	—	2
Certain legal and regulatory accruals and settlements	60	—	—	—	60
Acquisition-related costs	(9)	2	—	2	(5)
Adjusted operating income (loss) (Non-GAAP measure)	\$ 1,163	\$ 146	\$ (11)	\$ (72)	\$ 1,225
Gross margin (GAAP)	20.9 %	19.9 %	— %		20.7 %
Adjusted gross margin (Non-GAAP measure)	20.9 %	19.9 %	— %		20.7 %
Selling, general and administrative expenses percent to sales (GAAP)	18.1 %	17.9 %	— %		18.4 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.1 %	17.2 %	— %		17.3 %
Operating margin ²	2.7 %	2.0 %	— %		2.3 %
Adjusted operating margin (Non-GAAP measure) ²	3.8 %	2.7 %	— %		3.4 %



Reconciliation of Non-GAAP financial measures

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

	Six months ended February 28, 2022				Walgreens Boots Alliance, Inc.
	United States ¹	International	Walgreens Health	Corporate and Other	
Sales	\$ 55,699	\$ 11,381	\$ 577	\$ (1)	\$ 67,656
Gross profit (GAAP)	\$ 12,834	\$ 2,413	\$ 36	\$ —	\$ 15,283
LIFO provision	9	—	—	—	9
Acquisition-related amortization	12	—	—	—	12
Adjusted gross profit (Non-GAAP measure)	\$ 12,855	\$ 2,413	\$ 36	\$ —	\$ 15,304
Selling, general and administrative expenses (GAAP)	\$ 10,290	\$ 2,186	\$ 292	\$ 188	\$ 12,956
Acquisition-related costs	3	(62)	(24)	(32)	(115)
Transformational cost management	(193)	(66)	—	(14)	(273)
Acquisition-related amortization	(226)	(34)	(143)	—	(403)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 9,874	\$ 2,024	\$ 126	\$ 143	\$ 12,166
Operating income (loss) (GAAP)	\$ 2,746	\$ 227	\$ (257)	\$ (188)	\$ 2,529
Adjustments to equity earnings in AmerisourceBergen	94	—	—	—	94
Acquisition-related amortization	238	34	143	—	415
Transformational cost management	193	66	—	14	273
LIFO provision	9	—	—	—	9
Acquisition-related costs	(3)	62	24	32	115
Adjusted operating income (loss) (Non-GAAP measure)	\$ 3,277	\$ 389	\$ (90)	\$ (143)	\$ 3,434
Gross margin (GAAP)	23.0 %	21.2 %	6.2 %		22.6 %
Adjusted gross margin (Non-GAAP measure)	23.1 %	21.2 %	6.2 %		22.6 %
Selling, general and administrative expenses percent to sales (GAAP)	18.5 %	19.2 %	50.6 %		19.1 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.7 %	17.8 %	21.7 %		18.0 %
Operating margin ²	4.6 %	2.0 %	(44.4)%		3.4 %
Adjusted operating margin (Non-GAAP measure) ²	5.4 %	3.4 %	(15.6)%		4.6 %



Reconciliation of Non-GAAP financial measures

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

	Six months ended February 28, 2021				
	United States ¹	International	Walgreens Health ³	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 54,507	\$ 9,709	\$ —	\$ —	\$ 64,217
Gross profit (GAAP)	\$ 11,341	\$ 2,069	\$ —	\$ 1	\$ 13,411
Transformational cost management	—	(1)	—	—	—
LIFO provision	35	—	—	—	35
Adjusted gross profit (Non-GAAP measure)	\$ 11,375	\$ 2,069	\$ —	\$ 1	\$ 13,445
Selling, general and administrative expenses (GAAP)	\$ 9,723	\$ 1,925	\$ 14	\$ 158	\$ 11,820
Acquisition-related amortization	(173)	(36)	—	—	(209)
Certain legal and regulatory accruals and settlements	(60)	—	—	—	(60)
Transformational cost management	(201)	(48)	—	(29)	(278)
Acquisition-related costs	1	(4)	—	(13)	(16)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 9,291	\$ 1,837	\$ 14	\$ 115	\$ 11,257
Operating income (loss) (GAAP)	\$ 324	\$ 145	\$ (14)	\$ (157)	\$ 298
Adjustments to equity earnings (loss) in AmerisourceBergen	1,526	—	—	—	1,526
Acquisition-related amortization	173	36	—	—	209
Transformational cost management	201	47	—	29	278
LIFO provision	35	—	—	—	35
Certain legal and regulatory accruals and settlements	60	—	—	—	60
Acquisition-related costs	(1)	4	—	13	16
Adjusted operating income (loss) (Non-GAAP measure)	\$ 2,318	\$ 232	\$ (14)	\$ (114)	\$ 2,422
Gross margin (GAAP)	20.8 %	21.3 %	— %		20.9 %
Adjusted gross margin (Non-GAAP measure)	20.9 %	21.3 %	— %		20.9 %
Selling, general and administrative expenses percent to sales (GAAP)	17.8 %	19.8 %	— %		18.4 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.0 %	18.9 %	— %		17.5 %
Operating margin ²	3.0 %	1.5 %	— %		2.5 %
Adjusted operating margin (Non-GAAP measure) ²	3.8 %	2.4 %	— %		3.4 %



Reconciliation of Non-GAAP financial measures

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

- 1 Operating income (loss) for United States includes equity earnings (loss) in AmerisourceBergen. As a result of the two-month reporting lag, operating income (loss) for the three and six month period ended February 28, 2022 includes AmerisourceBergen equity earnings (loss) for the period of October 1, 2021 through December 31, 2021 and the period of July 1, 2021 through December 31, 2021, respectively. Operating income (loss) for the three and six month period ended February 28, 2021 includes AmerisourceBergen equity earnings (loss) for the period of October 1, 2020 through December 31, 2020, and the period of July 1, 2020 through December 31, 2020, respectively.
- 2 Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.
- 3 Fiscal 2021 data related to Walgreens Health operating segment has been reclassified to conform to the current period presentation.



Reconciliation of Non-GAAP financial measures

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

EQUITY EARNINGS (LOSS) IN AMERISOURCEBERGEN

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
Equity earnings (loss) in AmerisourceBergen (GAAP)	\$ 103	\$ 80	\$ 202	\$ (1,293)
Acquisition-related intangibles amortization	41	30	75	60
Employee severance, litigation, and other	15	16	27	1,564
Impairment of non-customer note receivable	—	—	4	—
Gain from antitrust litigation settlements	—	—	3	—
Impairment of assets	1	—	5	3
Tax reform	1	11	4	(90)
Certain discrete tax (benefit) expense	3	(6)	3	—
New York State Opioid Stewardship Act	—	—	—	3
LIFO credit	(10)	(6)	(10)	(13)
Goodwill impairment	—	—	2	—
Gain on remeasurement of equity investment	—	—	(18)	—
Adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 154	\$ 125	\$ 297	\$ 234



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 28, 2022			Three months ended February 28, 2021		
	Earnings before income tax provision	Income tax provision	Effective tax rate	Earnings before income tax provision	Income tax provision	Effective tax rate
Effective tax rate (GAAP)	\$ 947	\$ 172	18.2%	\$ 946	\$ 42	4.4%
Impact of non-GAAP adjustments	639	55		194	31	
Equity method non-cash tax	—	(12)		—	(20)	
Adjusted tax rate true-up	—	53		—	21	
Subtotal	\$ 1,586	\$ 268		\$ 1,141	\$ 75	
Exclude adjusted equity earnings in AmerisourceBergen	(154)	—		(125)	—	
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 1,432	\$ 268	18.7%	\$ 1,015	\$ 75	7.3%
	Six months ended February 28, 2022			Six months ended February 28, 2021		
	Earnings before income tax provision	Income tax provision	Effective tax rate	Earnings before income tax provision	Income tax provision	Effective tax rate
Effective tax rate (GAAP)	\$ 4,761	\$ 447	9.4%	\$ 339	\$ (165)	(48.6)%
Impact of non-GAAP adjustments	(1,441)	60		1,934	86	
Equity method non-cash tax	—	(30)		—	326	
Adjusted tax rate true-up	—	75		—	28	
U.S. tax law changes	—	—		—	—	
Subtotal	\$ 3,319	\$ 552		\$ 2,273	\$ 275	
Exclude adjusted equity earnings in AmerisourceBergen	(297)	—		(234)	—	
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 3,023	\$ 552	18.3%	\$ 2,040	\$ 275	13.5%



Reconciliation of Non-GAAP financial measures

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

FREE CASH FLOW

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
Net cash provided by operating activities (GAAP)	\$ 1,085	\$ 1,361	\$ 2,184	\$ 2,556
Less: Additions to property, plant and equipment - as reported	(416)	(261)	(870)	(692)
Free cash flow - (Non-GAAP measure) ¹	\$ 669	\$ 1,100	\$ 1,314	\$ 1,864

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