Reimagining Local Healthcare and Wellbeing for All

Second Quarter Fiscal 2023 Results

March 28, 2023

Walgreens Boots Alliance

Safe Harbor and Non-GAAP

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

These include, without limitation, estimates of and goals for future operating, financial and tax performance and results, including our fiscal year 2023 guidance, our long-term growth algorithm, 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, our cost-savings and growth initiatives, including statements relating to our expected cost savings under our Transformational Cost Management Program and expansion and future operating and financial results of our U.S. Healthcare segment, including our long-term sales targets and profitability expectations. All statements in the future tense and all statements accompanied by words such as “expect,” “outlook,” “forecast,” “would,” “could,” “should,” “can,” “will,” “project,” “intend,” “plan,” “goal,” “guidance,” “target,” “aim,” continue,” “transform,” “accelerate,” “model,” “long-term,” “believe,” “seek,” “estimate,” “anticipate,” “may,” “possible,” “assume,” and variations of such words and similar expressions are intended to identify such forward-looking statements.

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

These risks, assumptions and uncertainties include those described in Item 1A (Risk Factors) of our Form 10-K for the fiscal year ended August 31, 2022 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.

Building momentum and accelerating our healthcare transformation

- Solid 2Q performance in line with expectations, with **acceleration in February**
- **Resilient** core business with **U.S. script volume growth ahead of 2Q guidance** and healthy U.S. retail and Boots UK retail trends on top of strong prior year performances
- VillageMD / Summit Health transaction closed January 3rd, accelerating **U.S. Healthcare** segment to **scale and profit**
- **Portfolio simplification** unlocking value, with over $3.6 billion in after-tax proceeds during fiscal 2023 year-to-date
- **Maintaining full-year adj. EPS guidance** of $4.45-$4.65 with strong core growth partly offsetting COVID-19 headwind

Continued rapid progress across our four strategic priorities

Transform and align the core

- U.S. pharmacy comp scripts ex. immunizations +3.5%, improving vs. +2.1% in 1Q
- U.S. retail comp sales ex. tobacco (0.5)% on top of +15.7% last year, a 2-year stack of +15.2%
- Walgreens administered 2.4 million COVID-19 vaccinations in 2Q23 vs. 11.8 million in 2Q22
- Boots UK retail comp sales +16.0% on top of robust prior year quarter growth of +22.0%

Build our next growth engine with consumer-centric healthcare solutions

- VillageMD acquisition of Summit Health closed January 3rd, with integration activities started
- Signed Horizon as fourth payor partner for Walgreens Health
- Full acquisition of Shields closed December 28th ; CareCentrix expected to close in 3Q23
- Segment pro forma sales growth +30%, exceeding $1.6 billion in 2Q

Focus the portfolio; optimize capital allocation

- Approximately $3.5B in after-tax cash proceeds year-to-date from sale of AmerisourceBergen shares in November and December, and Option Care Health shares in March
- Sold entire stake of Guangzhou Pharmaceuticals in December for approximately $150 million

Build a high-performance culture and a winning team

- Appointed Rick Gates as senior vice president and chief pharmacy officer, Walgreens
- Appointed Tracey Brown as executive vice president, retail and chief customer officer, Walgreens

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

Leading healthcare assets delivering value across the care continuum

Wellness & prevention

Retail Pharmacy

Retail pharmacy services, medication therapy management and adherence

Last mile of healthcare fulfillment to enable retail, virtual, and home-based care

Pre-acute

Health Corners

Pharmacist-led chronic disease programs partnered with physicians

Longitudinal population health, closing gaps in care, health risk assessments

Primary & multi-specialty care

VillageMD Summit Health

Value-based primary care services that are high-touch and patient centered

Provider enablement and MSO services to support partners in value-based care

Specialty care

SHIELDS HEALTH SOLUTIONS allianceRx Walgreens Pharmacy

Specialty care and pharmacy services, personalized throughout patient's journey

Specialty enablement across key condition types (e.g. CKD, MSK, behavioral/mental health)

Post-acute

carecentrix

Post-acute care services, HME, DME, palliative

Home care services that are high-touch

Synergies across the healthcare portfolio

Risk Management Programs • Integrated Care Models • Pharmacy Value Expansion • Operational Efficiencies

2Q 2023 financial highlights

- **2Q 2023 adj. EPS of $1.16 vs. prior year adj. EPS of $1.59, down 25.8% on a constant currency basis**
  - Lapping strong growth of 26.5% in the year-ago quarter which was boosted by COVID-19 vaccines and testing
  - 26% headwind from lower contributions from COVID-19 vaccines and testing
  - 8% impact from planned payroll investments in U.S. Retail Pharmacy
  - 2% headwind from expansion of the U.S. Healthcare business
  - Strong retail performance across the board: U.S., UK, and other markets
- **Constant currency sales growth +4.5%**
  - U.S. comparable sales +3.1% on top of 9.5% in the prior year
  - International constant currency sales +9.0%, led by Boots UK comparable retail sales +16.0%
  - U.S. Healthcare driving +30% pro forma segment sales growth
  - Strong February with high single-digit constant currency core sales growth
- **Maintaining full-year adjusted EPS guidance of $4.45-$4.65 with strong core growth partly offsetting COVID-19 headwind**

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

WBA 2Q23 Financial Highlights

$ in millions (except EPS)

		2Q23	Reported Fx B/(W) vs. 2Q22	Constant Fx B/(W) vs. 2Q22
Sales		$34,862	+ 3.3%	+ 4.5%
Operating Income	GAAP	$197	($1,049)	
	Adjusted	$1,215	(26.7)%	(25.4)%
Net Earnings	GAAP	$703	(20.4)%	
	Adjusted	$1,000	(27.4)%	(26.0)%
EPS	GAAP	$0.81	(20.3)%	
	Adjusted	$1.16	(27.2)%	(25.8)%

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

WBA 1H23 Financial Highlights

$ in millions (except EPS)

		1H23	Reported Fx B/(W) vs. 1H22	Constant Fx B/(W) vs. 1H22
Sales		$68,244	+ 0.9%	+ 2.8%
Operating Income	GAAP	($5,954)	($8,483)	
	Adjusted	$2,229	(35.1)%	(34.1)%
Net Earnings	GAAP	($3,018)	($7,481)	
	Adjusted	$2,004	(29.2)%	(28.1)%
EPS	GAAP	($3.50)	($8.65)	
	Adjusted	$2.32	(29.0)%	(27.9)%

- 1H23 GAAP results include $5.4 billion after-tax charge for opioid-related claims and lawsuits and $1.4 billion after-tax gain on sale of ABC shares
- 1H22 GAAP results include $2.5 billion after-tax gain on investments in VillageMD and Shields

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

U.S. Retail Pharmacy Financials

$ in millions	2Q23	B/(W) vs. 2Q22	1H23	B/(W) vs. 1H22
Sales	$27,577	(0.3)%	$54,781	(1.6)%
Adj. gross profit	$5,850	(9.8)%	$11,760	(8.5)%
Adj. SG&A % of sales	17.7%	+ 0.5%p	17.9%	(0.2)%p
Adj. operating income	$1,067	(32.8)%	$2,172	(33.7)%
Adj. operating margin[1]	3.5%	(1.7)%p	3.5%	(1.8)%p

- Adj. operating income in line with expectations
- AOI declined due to a 29% impact from lower COVID-19 vaccine and testing volumes and continued reimbursement pressure, partly offset by retail gross profit growth
- AllianceRx sales decline was a (250) bps headwind with minimal impact on adj. operating income; comp sales growth +3.1% lapping strong prior year comp sales of +9.5%

1. AOI margin excludes equity income from AmerisourceBergen

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

U.S. Pharmacy

2Q23 vs. 2Q22 | 1H23 vs. 1H22	2Q23 Total	2Q23 Comparable	1H23 Total	1H23 Comparable
Pharmacy sales	+ 0.3%	+ 4.9%	(2.0)%	+ 4.9%
Prescriptions	(0.7)%	+ 0.2%	(0.7)%	+ 0.1%
Prescriptions ex. Immunizations	+2.7%	+ 3.5%	+2.0%	+ 2.8%

- Comp sales +4.9% with growth primarily due to brand inflation
- Comp scripts +0.2%; comp scripts excluding immunizations +3.5%
  - 2.4 million COVID-19 vaccinations in 2Q23 vs. 11.8 million in 2Q22
  - 140 bps sequential improvement vs. 1Q in comp scripts ex. immunizations
  - Returned an incremental 500 stores to normal pharmacy operating hours, with ~1,900 stores still impacted at quarter-end
- 0.6 million COVID-19 PCR tests[1] administered in 2Q compared to 6.6 million PCR tests in the prior year quarter
- 2Q gross margin negatively impacted by fewer COVID-19 vaccinations, fewer PCR tests, and ongoing reimbursement pressure net of procurement savings

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

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

U.S. Retail

2Q23 vs. 2Q22 | 1H23 vs. 1H22	2Q23	1H23
Total retail sales	(1.8)%	(0.6)%
Comparable retail sales	(1.0)%	+ 0.1%

- Comp ex. tobacco (0.5)%, lapping a record quarter with comp sales of +15.7%
  - 500 bps headwind from lower sales of OTC test kits
  - Excluding OTC test kits, +4.5% comp reflects strong growth across all categories led by cough, cold, flu +13.1%, beauty +9.3%, and consumables +5.9%
- Slow start to 2Q with weak December holiday season and lessening respiratory cases in January, then acceleration in February with comp ex. tobacco +9.1%
- Digitally initiated retail sales +3%, lapping +38% last year, driven by 3.7 million same-day pick-up orders
- Continued gross margin expansion with higher levels of seasonal write-downs more than offset by stabilizing shrink levels and effective margin management

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

International Financials

$ in millions	2Q23	Constant Fx B/(W) vs. 2Q22	1H23	Constant Fx B/(W) vs. 1H22
Sales	$5,651	+ 9.0%	$10,840	+ 6.8%
Adj. gross profit	$1,198	+ 7.5%	$2,248	+ 4.8%
Adj. SG&A % of sales	15.0%	+ 2.4%p	16.4%	+ 1.1%p
Adj. operating income	$352	+ 65.7%	$468	+ 29.6%
Adj. operating margin	6.2%	+ 2.1%p	4.3%	+ 0.7%p

- 2Q sales growth of +9.0% driven by Boots UK +11.0% and Germany wholesale +7.5%
- Germany integration continues ahead of expectations, with planned cash mobilization from warehouse consolidation program largely complete
- 2Q AOI growth of +66%; result includes Germany real estate gains of ~$110 million, offset by ~$40 million of temporary COVID-related prior year benefits in the UK

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

Boots UK Financials

2Q23 vs. 2Q22 | 1H23 vs. 1H22 (constant Fx)	2Q23	1H23
Pharmacy comp. sales	+ 2.0%	+ 0.5%
Retail comp. sales	+ 16.0%	+ 12.4%

- Pharmacy comp sales +2.0% held back by lower demand for COVID-19 services
- Retail comp sales accelerated to +16% in 2Q
  - Store footfall improved +16% vs. prior year; 2Q22 impacted by Omicron
  - Continued growth in store basket size, ~+15% vs. pre-COVID levels
- 8th consecutive quarter of retail market share expansion for Boots, with gains across all categories, led by Beauty
- Boots.com continues to perform well, representing over 15% of Boots total retail sales

U.S. Healthcare Financials

$ in millions	2Q23	B/(W) vs. 2Q22	1H23	B/(W) vs. 1H22
Sales	$1,634	+ $1,107	$2,622	+ $2,045
Adj. gross profit	$110	+ $95	$153	+ $118
Adj. SG&A	($269)	($177)	($464)	($339)
Adj. operating loss	($159)	($82)	($311)	($221)
Adj. EBITDA	($109)	($48)	($233)	($161)

- U.S. Healthcare pro forma sales growth +30%, exceeding $1.6 billion in 2Q
  - VillageMD +30%: existing clinic growth, footprint expansion
  - Shields +41%: contract wins, strong execution, expansion of existing partnerships
  - CareCentrix +25%: new service offerings with existing partners
- Adjusted operating loss impacted by VillageMD expansion: 403 total clinics at quarter-end vs. 270 at the end of 2Q22
- Adj. EBITDA reflects VillageMD expansion and higher investments in the organic business, partly offset by positive contributions from Shields and CareCentrix

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

U.S. Healthcare Key Metrics

	Current Status[1]
Organic Contracted Lives[2]	**2.9M**
Organic Partners (Payor/Provider)[2]	**4**
VillageMD/Summit Health Value-Based Lives[3]	**806K**
Sites of Care:	
Health Corners	117
VillageMD Co-Located Clinics	210
Total VillageMD/Summit/CityMD Locations	729

$ millions	2Q23	Pro Forma YOY Growth
Sales by Business:		
VillageMD	$1,109	+ 30%
Shields	$125	+ 41%
CareCentrix	$399	+ 25%
Organic	$1	NM
Total U.S. Healthcare	**$1,634**	**+ 30%**

1. Metrics as of February 28, 2023, except partners which are stated through March 28, 2023 2. Organic business only; excludes VillageMD, CareCentrix, and Shields 3. Includes all risk-based lives; full risk-lives of 177K

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

Cash Flow

$ in millions	1H23	B/(W) vs. 1H22
Operating cash flow	$1,239	($945)
Cash capital expenditure	($1,108)	($238)
Free cash flow[1]	$560	($754)

- YTD cash generation of $1.2 billion in operating cash flow and $560 million of free cash flow
- Year-over-year free cash flow adversely impacted by lower earnings primarily due to lapping COVID-19 vaccine and testing volumes and increased capex to fund growth initiatives, partially offset by working capital optimization

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. Refer to appendix slide 36.*

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

WBA FY23 Outlook

Confirming adj. EPS guidance, pivoting to strong 2H growth

- Solid start to the year with 1H results in line with expectations
- Resilient core retail pharmacy business successfully lapping record prior year performances
- Good visibility into drivers of robust and accelerating 2H growth
  - Lower COVID-19 headwind year-over-year
  - U.S. boosted by less reimbursement pressure/COGS timing, and script volume recovery
  - Continued strong core results from International
  - U.S. Healthcare moving past peak investments
- COVID-19 vaccines and testing remain a wildcard
- At midpoint of guidance range, 2H adj. EPS growth of mid-twenties

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

Building momentum and accelerating our healthcare transformation

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- **Portfolio simplification** unlocking value, with over $3.6 billion in after-tax proceeds during fiscal 2023 year-to-date
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Refer to safe harbor and non-GAAP on slide 2 and endnotes on slide 20

Q&A

Endnotes

- Please see appendix for reconciliations of non-GAAP financial measures and related disclosures.
- The Company presents certain information related to current period operating results in “constant currency,” which is a non-GAAP financial measure. These amounts are calculated by translating current period results at the foreign currency exchange rates used in the comparable period in the prior year. The Company presents such constant currency financial information because it has significant operations outside of the United States transacting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.
    - U.S. Retail Pharmacy segment GAAP results, dollars in millions – 2Q23: gross profit $5,825; selling, general and administrative expenses $5,527; SG&A as a percent of sales 20.0%; operating income $373; and operating margin excluding equity earnings in AmerisourceBergen 1.1%. 1H23: gross profit $11,711; selling, general and administrative expenses $17,225; SG&A as a percent of sales 31.4%; operating loss $5,385; and operating margin excluding equity earnings in AmerisourceBergen (10.1)%.
    - International segment GAAP results on a reported currency basis, dollars in millions – 2Q23: gross profit $1,198; selling, general and administrative expenses $846; SG&A as a percent of sales 15.0%; operating income $353; and operating margin 6.2%. In 2Q23 compared to year-ago quarter, on a reported currency basis, the segment's sales increased 1.6%; and operating margin rose 3.1 percentage points. 1H23: gross profit $2,248; selling, general and administrative expenses $1,789; SG&A as a percent of sales 16.5%; operating income $459; and operating margin 4.2%. In 1H23 compared to year-ago period, on a reported currency basis, the segment's sales decreased 4.7%; and operating margin rose 2.2 percentage points.
    - U.S. Healthcare segment GAAP results, dollars in millions — 2Q23: gross profit $32; selling, general and administrative expenses $504; SG&A as a percent of sales 30.9%; and operating loss $472. 1H23: gross profit $49; selling, general and administrative expenses $958; SG&A as a percent of sales 36.5%; and operating loss $909.
    - Adjusted gross margin is a non-GAAP financial measure defined as adjusted gross profit by segment divided by segment sales. Adjusted gross profit is a non-GAAP financial measure defined as gross profit by segment, excluding the impact of costs associated with LIFO provision, acquisition-related amortization 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.
    - Adjusted EBITDA margin for the U.S. Healthcare segment is a non-GAAP financial measure defined as Adjusted EBITDA divided by segment sales.
    - For the Company's U.S. Healthcare segment, Adjusted EBITDA is defined as segment operating income/(loss) before depreciation, amortization, and stock-based compensation; in addition to these items, the Company excludes certain other non-GAAP adjustments, when they occur, as further defined.
- All references to net earnings or net loss are to net earnings or net loss attributable to WBA, and all references to EPS are to diluted EPS attributable to WBA.
- For the Company's U.S. Retail Pharmacy and International segments, comparable sales are defined as sales from stores that have been open for at least twelve consecutive months without closure for seven or more consecutive days, including due to 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.
- U.S. Retail Pharmacy prescriptions (including vaccination) are reported on a 30-day equivalent basis.
- Prescription market share information is an estimate derived from the use of information under license from IQVIA Prescription Services as of February 28, 2023. 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 18, 2023.
- For the U.S. Healthcare segment, the Company considers certain metrics, such as number of payor/ provider partnerships, number of locations of Walgreens Health Corners, number of VillageMD co-located clinics and number of total VillageMD/Summit/CityMD 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.
- With respect to the total number of VillageMD locations, locations are defined as the primary care locations where the Company or the Company’s affiliates lease or license space and the providers are employed by either the Company or one of the Company’s affiliates. These locations are primarily branded as Village Medical where the Company employs the providers but, in some instances, may operate under their own brands.
- 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 Earnings (Loss) and Diluted Net Earnings (Loss) Per Share" reconciliation table on slide 24 for definitions of non-GAAP financial measures and related adjustments presented in this presentation. These supplemental non-GAAP financial measures are presented because management has evaluated the Company's financial results both including and excluding the adjusted items or the effects of foreign currency translation, as applicable, and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the Company's business from period to period and trends in the Company's historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the presentation. The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information related to fiscal year 2023 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, comparable pharmacy sales, comparable retail sales, comparable number of prescriptions, and comparable 30-day equivalent prescriptions, number of payor/ provider partnerships, number of locations of Walgreens Health Corners, number of co-located VillageMD clinics and number of total VillageMD/ Summit/CityMD 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, 2023.

Certain assumptions and supplemental information

Unless otherwise indicated or the context otherwise requires:

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

References in this presentation to the "company," "we," "us" or "our" refer to Walgreens Boots Alliance, Inc. and its subsidiaries, and do not include unconsolidated partially-owned entities, except as otherwise indicated or the context otherwise requires. Our fiscal year ends on August 31, and references herein to "fiscal 2023" refer to our fiscal year ended August 31, 2023.

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 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 rent 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 28, 2023**
Total debt (GAAP)[1]	**$**	**13,042**
Less: Cash and cash equivalents (GAAP)[2]		(1,840)
Net debt		11,202
Operating lease obligations (GAAP)[3]		24,535
Finance lease obligations (GAAP)[3]		984
Less: Non-contractual lease payments[4]		(2,681)
Less: Contractual sublease income[5]		(460)
Lease adjusted net debt (Non-GAAP measure)	**$**	**33,579**

NET DEBT TO ADJUSTED EBITDA		**As of February 28, 2023**
Net debt	$	11,202
Adjusted EBITDA (Non-GAAP measure)[6]		5,466
Net debt ratio		**2.0X**

LEASE ADJUSTED NET DEBT TO ADJUSTED EBITDAR		**As of February 28, 2023**
Lease adjusted net debt (Non-GAAP measure)	$	33,579
Adjusted EBITDAR (Non-GAAP measure)[7]		8,753
Lease adjusted net debt ratio		**3.8X**

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 28, 2023.

2 Represents Cash and cash equivalents and Marketable securities reported on the Company’s consolidated condensed balance sheets as of February 28, 2023.

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 28, 2023.

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

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

6 The Company defines Adjusted EBITDA as operating income/(loss) before depreciation, amortization, and stock-based compensation; in addition to these items, the Company excludes certain other non-GAAP adjustments, when they occur, as further defined. Adjusted EBITDA is calculated for the trailing twelve month period ended February 28, 2023.

7 The Company defines Adjusted EBITDAR as Adjusted EBITDA before fixed operating lease cost. Adjusted EBITDAR is calculated for the trailing twelve month period ended February 28, 2023.

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 TO ADJUSTED OPERATING LOSS, ADJUSTED EBITDA and ADJUSTED EBITDAR	**As Reported Twelve months ended February 28, 2023**
Net loss (GAAP)	**$ (3,544)**
Post-tax earnings from other equity method investments	(39)
Income tax benefit	(1,854)
Interest expense, net	465
Other income	(2,123)
Operating loss (GAAP)	**(7,096)**
Certain legal and regulatory accruals and settlements [1]	7,749
Acquisition-related amortization [2]	1,017
Transformational cost management [3]	772
Acquisition-related costs [4]	296
Adjustments to equity earnings in AmerisourceBergen [5]	241
LIFO provision [6]	164
Impairment of goodwill and intangible assets [7]	783
Adjusted operating income (Non-GAAP measure)	**3,927**
Depreciation expense	1,382
Stock-based compensation expense [8]	157
Adjusted EBITDA (Non-GAAP measure)	**5,466**
Operating lease cost [9]	3,287
Adjusted EBITDAR (Non-GAAP measure)	**$ 8,753**

Reconciliation of Non-GAAP financial measures

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

1 Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within Selling, general and administrative expenses. During the trailing twelve months ended February 28, 2023, the Company recorded charges related to the previously announced opioid litigation settlement frameworks and certain other opioid-related 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. 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 within Selling, general and administrative expenses. 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. These costs include charges incurred related to certain mergers, acquisition and divestitures related activities recorded in operating income, for example, costs related to integration efforts for merger, acquisition and divestitures activities. Examples of such costs include deal costs, severance, stock compensation and employee transaction success bonuses. These charges are primarily recorded within Selling, general and administrative expenses. These costs are significantly impacted by the timing and complexity of the underlying merger, acquisition and divestitures related activities and do not reflect the Company's current operating performance.

5 Adjustments to equity earnings in AmerisourceBergen consist of the Company's proportionate share of non-GAAP adjustments reported by AmerisourceBergen 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 and intangible assets do not relate to the ordinary course of the Company's business. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within Selling, general and administrative expenses.

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

9 Represents fixed operating lease cost for the trailing twelve months ended February 28, 2023.

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 EARNINGS (LOSS)	Three months ended February 28,		Change vs. 2Q22		Six months ended February 28,		Change vs. 1H22	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
Net earnings (loss) attributable to Walgreens Boots Alliance, Inc. (GAAP)	$ 703	$ 883	$ (181)	(20.4)%	$ (3,018)	$ 4,463	$ (7,481)	NM
Adjustments to operating income (loss):								
Certain legal and regulatory accruals and settlements [1]	427	—			6,981	—		
Acquisition-related amortization [2]	247	250			577	415		
Transformational cost management [3]	145	70			283	273		
Acquisition-related costs [4]	148	44			187	115		
Adjustments to equity earnings in AmerisourceBergen [5]	31	51			117	94		
LIFO provision [6]	20	(5)			38	9		
Total adjustments to operating income (loss)	1,018	411			8,183	906		
Adjustments to other income (expense), net:								
Gain on sale of equity method investments [7]	(544)	—			(1,513)	—		
Net investment hedging loss [8]	—	—			—	1		
Impairment of equity method investment and investment in equity securities [9]	—	190			—	190		
Gain on previously held investments [10]	—	—			—	(2,576)		
Adjustment to gain on disposal of discontinued operations [11]	—	38			—	38		
Total adjustments to other income (expense), net	(544)	228			(1,513)	(2,347)		
Adjustments to income tax provision (benefit):								
Equity method non-cash tax [12]	14	12			23	30		
Tax impact of adjustments [12]	(122)	(109)			(1,560)	(135)		
Total adjustments to income tax provision (benefit)	(108)	(97)			(1,537)	(105)		
Adjustments to post-tax earnings from other equity method investments:								
Adjustments to earnings from other equity method investments [13]	13	10			22	24		
Total adjustments to post-tax earnings from other equity method investments	13	10			22	24		

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 EARNINGS (LOSS)	Three months ended February 28,		Change vs. 2Q22		Six months ended February 28,		Change vs. 1H22	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
Adjustments to net loss attributable to non-controlling interests:								
Transformational cost management [3]	—	—			—	(1)		
Acquisition-related costs [4]	(40)	(3)			(54)	(20)		
Acquisition-related amortization [2]	(42)	(56)			(78)	(88)		
Total adjustments to net loss attributable to non-controlling interests	(82)	(59)			(133)	(109)		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	**$ 1,000**	**$ 1,377**	**$ (377)**	**(27.4)%**	**$ 2,004**	**$ 2,833**	**$ (828)**	**(29.2)%**

DILUTED NET EARNINGS (LOSS) PER SHARE	Three months ended February 28, 2023	Three months ended February 28, 2022	Change vs. 2Q22 Amount	Change vs. 2Q22 Percent	Six months ended February 28, 2023	Six months ended February 28, 2022	Change vs. 1H22 Amount	Change vs. 1H22 Percent
Diluted net earnings (loss) per common share (GAAP) [14]	**$ 0.81**	**$ 1.02**	**$ (0.21)**	**(20.3)%**	**$ (3.50)**	**$ 5.15**	**$ (8.65)**	**NM**
Adjustments to operating income (loss)	1.18	0.48			9.47	1.05		
Adjustments to other income (expense), net	(0.63)	0.26			(1.75)	(2.71)		
Adjustments to income tax provision (benefit)	(0.12)	(0.11)			(1.78)	(0.12)		
Adjustments to post-tax earnings from other equity method investments	0.02	0.01			0.03	0.03		
Adjustments to net loss attributable to non-controlling interests	(0.09)	(0.07)			(0.15)	(0.13)		
Adjusted diluted net earnings per common share (Non-GAAP measure) [15]	**$ 1.16**	**$ 1.59**	**$ (0.43)**	**(27.2)%**	**$ 2.32**	**$ 3.27**	**$ (0.95)**	**(29.0)%**
Weighted average common shares outstanding, diluted (in millions) [15]	863.4	865.2			863.8	866.4		

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 Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within Selling, general and administrative expenses. During the three and six months ended February 28, 2023, the Company recorded charges related to the previously announced opioid litigation settlement frameworks and certain other opioid-related 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. 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 within Selling, general and administrative expenses. 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. These costs include charges incurred related to certain mergers, acquisition and divestitures related activities recorded in operating income, for example, costs related to integration efforts for merger, acquisition and divestitures activities. Examples of such costs include deal costs, severance, stock compensation and employee transaction success bonuses. These charges are primarily recorded within Selling, general and administrative expenses. These costs are significantly impacted by the timing and complexity of the underlying merger, acquisition and divestitures related activities and do not reflect the Company's current

5 Adjustments to equity earnings in AmerisourceBergen consist of the Company's proportionate share of non-GAAP adjustments reported by AmerisourceBergen 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 Includes significant gains on the sale of equity method investments. During the three and six months ended February 28, 2023, the Company recorded a gain of $492 million and $1.5 billion, respectively, in Other income (expense), net, due to a partial sale of its equity method investment in AmerisourceBergen.

8 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 (expense), net. We do not believe this volatility related to mark-to-market adjustment on the underlying derivative instruments reflects the Company's operational performance.

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 income (expense), net.

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 pre-tax gains of $2.2 billion and $402 million for VillageMD and Shields, respectively.

11 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 income (expense), net in the Consolidated Condensed Statement of Earnings.

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

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 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.

14 Due to the anti-dilutive effect resulting from the reported net loss, the impact of potentially dilutive securities on the per share amounts has been omitted from the calculation of weighted-average common shares outstanding for diluted EPS for the six months ended February 28, 2023.

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 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 AmerisourceBergen	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)

	Three months ended February 28, 2022				
	U.S. Retail Pharmacy[1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
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 %

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 AmerisourceBergen	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)
(in millions)

	Six months ended February 28, 2022				
	U.S. Retail Pharmacy[1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
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**
Transformational cost management	(193)	(66)	—	(14)	(273)
Acquisition-related amortization	(226)	(34)	(143)	—	(403)
Acquisition-related costs	3	(62)	(24)	(32)	(115)
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**
Transformational cost management	193	66	—	14	273
Acquisition-related amortization	238	34	143	—	415
LIFO provision	9	—	—	—	9
Acquisition-related costs	(3)	62	24	32	115
Adjustments to equity earnings in AmerisourceBergen	94	—	—	—	94
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 %

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 income (loss) for U.S. Retail Pharmacy includes equity earnings in AmerisourceBergen. As a result of the two-month reporting lag, operating income (loss) for the three and six month period ended February 28, 2023 includes AmerisourceBergen equity earnings for the period of October 1, 2022 through December 31, 2022 and the period of July 1, 2022 through December 31, 2022, respectively. Operating income for the three and six month period ended February 28, 2022 includes AmerisourceBergen equity earnings for the period of October 1, 2021 through December 31, 2021, and the period of July 1, 2021 through December 31, 2021, respectively.

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

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)

OPERATING LOSS TO ADJUSTED EBITDA FOR U.S. HEALTHCARE SEGMENT	Three months ended February 28, 2023	Three months ended February 28, 2022	Six months ended February 28, 2023	Six months ended February 28, 2022
Operating loss (GAAP) [1]	$ **(472)**	$ **(212)**	$ **(909)**	$ **(257)**
Acquisition-related amortization [2]	154	135	392	143
Acquisition-related costs [3]	158	—	206	24
Adjusted operating loss (Non-GAAP measure)	**(159)**	**(77)**	**(311)**	**(90)**
Depreciation expense	34	11	49	13
Stock-based compensation expense [4]	16	5	29	5
Adjusted EBITDA (Non-GAAP measure)	$ **(109)**	$ **(62)**	$ **(233)**	$ **(72)**

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

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

[3] Acquisition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities. These costs include charges incurred related to certain mergers, acquisition and divestitures related activities recorded in operating income, for example, costs related to integration efforts for merger, acquisition and divestitures activities. Examples of such costs include deal costs, severance, stock compensation and employee transaction success bonuses. These charges are primarily recorded within Selling, general and administrative expenses. These costs are significantly impacted by the timing and complexity of the underlying merger, acquisition and divestitures related activities and do not reflect the Company's current operating performance.

[4] 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
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(in millions)

EQUITY EARNINGS IN AMERISOURCEBERGEN	Three months ended February 28,		Six months ended February 28,	
	2023	2022	2023	2022
Equity earnings in AmerisourceBergen (GAAP)	**$ 75**	**$ 103**	**$ 129**	**$ 202**
Gain from antitrust litigation settlements	(8)	—	(8)	3
Turkey hyperinflation impact	1	—	5	—
LIFO expense / (credit)	3	(10)	24	(10)
Acquisition-related intangibles amortization	27	41	65	75
Litigation and opioid-related expenses	2	—	5	—
Acquisition integration and restructuring expenses	5	—	23	—
Tax reform	1	1	4	4
Employee severance, litigation, and other	—	15	—	27
Impairment of non-customer note receivable	—	—	—	4
Impairment of assets	—	1	—	5
Goodwill impairment	—	—	—	2
Certain discrete tax expense	—	3	(2)	3
Gain on remeasurement of equity investment	—	—	—	(18)
Adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	**$ 107**	**$ 154**	**$ 246**	**$ 297**

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 28, 2023			Three months ended February 28, 2022		
	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)	**$ 607**	**$ 70**	**11.5%**	**$ 947**	**$ 172**	**18.2%**
Impact of non-GAAP adjustments	474	96		639	55	
Adjusted tax rate true-up	—	26		—	53	
Equity method non-cash tax	—	(14)		—	(12)	
Subtotal	$ 1,081	$ 177		$ 1,586	$ 268	
Exclude adjusted equity earnings in AmerisourceBergen	(107)	—		(154)	—	
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	**$ 975**	**$ 177**	**18.2%**	**$ 1,432**	**$ 268**	**18.7%**

	Six months ended February 28, 2023			Six months ended February 28, 2022		
	(Loss) earnings before income tax (benefit) provision	Income tax (benefit) provision	Effective tax rate	Earnings before income tax provision	Income tax provision	Effective tax rate
Effective tax rate (GAAP)	**$ (4,662)**	**$ (1,377)**	**29.5%**	**$ 4,761**	**$ 447**	**9.4%**
Impact of non-GAAP adjustments	6,671	1,369		(1,441)	60	
Adjusted tax rate true-up	—	191		—	75	
Equity method non-cash tax	—	(23)		—	(30)	
Subtotal	$ 2,009	$ 160		$ 3,319	$ 552	
Exclude adjusted equity earnings in AmerisourceBergen	(246)	—		(297)	—	
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	**$ 1,763**	**$ 160**	**9.1%**	**$ 3,023**	**$ 552**	**18.3%**

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 February 28,		Six months ended February 28,	
	2023	**2022**	**2023**	**2022**
Net cash provided by operating activities (GAAP)	**$ 745**	**$ 1,085**	**$ 1,239**	**$ 2,184**
Less: Additions to property, plant and equipment	(497)	(416)	(1,108)	(870)
Plus: Acquisition related payments [2]	429	—	429	—
Free cash flow (Non-GAAP measure) [1]	**$ 677**	**$ 669**	**$ 560**	**$ 1,314**

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 our entire statements 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.

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

Supplemental Financial Information

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

Supplemental sale and leaseback financial information (unaudited)	**Three months ended February 28, 2023**	**Change vs. 2Q22**	**Six months ended February 28, 2023**	**Change vs. 1H22**
U.S. Retail Pharmacy				
Gain on sale and leaseback[1]	$ 211	$ 63	$ 384	$ 149
Incremental sale and leaseback increases to rent[3]	(56)	(25)	(102)	(42)
Gain on sale and leaseback, net of rent increases	**$ 155**	**$ 38**	**$ 282**	**$ 107**
International				
Gain on sale and leaseback[2]	$ 108	$ 108	$ 108	$ 108
Incremental sale and leaseback increases to rent[3]	—	—	—	—
Gain on sale and leaseback, net of rent increases	**$ 108**	**$ 108**	**$ 108**	**$ 108**

1. As reported for the period presented. Recorded in Selling, general & administrative expenses within the Consolidated Condensed Statement of Earnings.
2. 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.
3. Represents incremental GAAP fixed rent costs reported in the period presented as a result of the Company's sale and leaseback programs.

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