Fourth Quarter and Fiscal 2024 Results

October 15, 2024

Walgreens Boots Alliance

Safe Harbor and Non-GAAP

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

These include, without limitation, estimates of and goals for future operating, financial and tax performance and results, including our fiscal year 2025 outlook, our long-term growth outlook and targets and related assumptions and drivers, as well as forward-looking statements concerning future leadership and the expected execution and effect of our business strategies, including 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 Footprint Optimization Program and expansion and future operating and financial results of our U.S. Healthcare segment, including our long-term sales targets and profitability expectations. All statements in the future tense and all statements accompanied by words such as "expect," "outlook," "forecast," "would," "could," "should," "can," "will," "project," "intend," "plan," "goal," "guidance," "target," "aim," "continue," "transform," "accelerate," "model," "long-term," "believe," "seek," "estimate," "anticipate," "may," "possible," "assume," "potential," "preliminary," "focused on," and variations of such words and similar expressions are intended to identify such forward-looking statements.

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

These risks, assumptions and uncertainties include those described in Item 1A (Risk Factors) of our Form 10-K for the fiscal year ended August 31, 2023, as amended, and in other documents that we file or furnish with the Securities and Exchange Commission. If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. All forward-looking statements we make or that are made on our behalf are qualified by these cautionary statements. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made.

We do not undertake, and expressly disclaim, any duty or obligation to update publicly any forward-looking statement after the date of this presentation, whether as a result of new information, future events, changes in assumptions or otherwise.

Non-GAAP Financial Measures: Today's presentation includes certain non-GAAP financial measures, including all measures whose label includes the words "adjusted", "constant currency", or "free cash flow" or variations of such words and similar expressions, and we refer you to the endnotes on page 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.

Our Critical Focus: Stabilize core retail pharmacy to drive long-term value creation

- Fiscal 2024 was a foundational year:
  - Built new executive leadership team
  - Achieved targets in cost management, working capital initiatives and capex reduction, and positive adjusted EBITDA[1] in U.S. Healthcare segment
  - Completed strategic review as groundwork for our longer-term turnaround
- Our focus for fiscal 2025:
  - Stabilizing our core retail pharmacy business
    - Rationalizing our footprint and controlling costs
    - Making progress in contracting to align reimbursement with pharmacy's value contribution
  - Advancing execution of retail strategy
  - Monetizing non-strategic assets and continuing to improve net debt position

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

Our Guiding Principles and Goals

Retail Pharmacy-Led Store Model

- Trusted: Millions of face-to-face pharmacy interactions every day make us a valued partner to our consumers
- Convenient: Accessible but with a right-sized footprint that enables us to invest in our stores and capabilities
- Relevant: The right assortment of merchandise, including owned brands, focused on the categories where we lead, like health & wellness
- Responsive: Improved ability to rapidly respond to the operating environment as it changes

Disciplined and Sustainable Financial Model

- Stable Adjusted Operating Income[1]: Restructure reimbursement arrangements and establish a baseline for AOI[1] growth
- Strong Free Cash Flow[1] Generation: Further optimize working capital and capex investments
- Appropriate Financial Leverage: Reduce net debt including through the monetization of non-strategic assets and responsible capital allocation

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

4Q & FY24 Results

Manmohan Mahajan
Global Chief Financial Officer, WBA

WBA 4Q24 Financial Highlights

$ in millions (except EPS)

		4Q24	Reported Fx B/(W) vs. 4Q23	Constant Fx[1] B/(W) vs. 4Q23
Sales		$37,547	+ 6.0%	+ 6.1%
Operating Income	GAAP	($978)	($527)	
	Adjusted[1]	$424	(37.9)%	(37.7)%
Net Earnings	GAAP	($3,005)	($2,825)	
	Adjusted[1]	$340	(41.0)%	(40.8)%
EPS	GAAP	($3.48)	($3.27)	
	Adjusted[1]	$0.39	(41.0)%	(40.8)%

- 4Q24 GAAP net loss includes a $2.3B non-cash charge for valuation allowance on deferred tax assets primarily related to opioid liabilities recognized in prior periods, and non-cash impairment charges for CareCentrix goodwill and equity investment in China
- 4Q23 GAAP net loss included certain legal and regulatory accruals and settlements

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

WBA FY24 Financial Highlights

$ in millions (except EPS)

		FY24	Reported Fx B/(W) vs. FY23	Constant Fx[1] B/(W) vs. FY23
Sales		$147,658	+ 6.2%	+ 5.7%
Operating Income	GAAP	($14,076)	($7,195)	
	Adjusted[1]	$2,624	(32.2)%	(32.6)%
Net Earnings	GAAP	($8,636)	($5,556)	
	Adjusted[1]	$2,491	(27.6)%	(27.9)%
EPS	GAAP	($10.01)	($6.44)	
	Adjusted[1]	$2.88	(27.6)%	(27.9)%

- FY24 GAAP net loss includes a $5.8B non-cash impairment charge related to VillageMD goodwill net of tax and non-controlling interest
- FY23 GAAP net loss included a $5.5B charge for opioid-related claims and lawsuits and a $1.7B gain on the sale of Cencora and Option Care Health shares

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

U.S. Retail Pharmacy Financials

$ in millions	4Q24	B/(W) vs. 4Q23	FY24	B/(W) vs. FY23
Sales	$29,470	+ 6.5%	$115,778	+ 5.0%
Adj. gross profit[1]	$4,768	(7.7)%	$20,854	(6.5)%
Adj. SG&A % of sales[1]	15.7%	1.3%p	16.5%	0.8%p
Adj. operating income[1]	$220	(60.4)%	$2,167	(41.3)%
Adj. operating margin[1,2]	0.5%	(1.2)%p	1.5%	(1.4)%p

- 4Q comp sales[1] growth of +8.3% with pharmacy growth partly offset by retail decline
- 4Q adjusted operating income[1] decline reflects net reimbursement pressure, lapping the reversal of incentive accruals, lower sale-leaseback gains and a challenging retail environment, partly offset by cost savings initiatives

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42
2. AOI margin excludes equity income from Cencora, formerly known as AmerisourceBergen

U.S. Pharmacy

4Q24 vs. 4Q23 | FY24 vs. FY23	4Q24 Total	4Q24 Comparable[1]	FY24 Total	FY24 Comparable[1]
Pharmacy sales	+ 9.6%	+ 11.7%	+ 8.2%	+ 9.8%
Prescriptions	+ 1.5%	+ 2.5%	+ 1.2%	+ 2.0%
Prescriptions ex. Immunizations	+ 1.6%	+ 2.6%	+ 1.3%	+ 2.2%

- Comp pharmacy sales[1] +11.7% primarily due to brand inflation and mix impacts
- 4Q comp scripts[1] +2.5%; comp scripts excluding immunizations[1] +2.6%
- 4Q adj. gross margin[1] impacted by net reimbursement pressure, brand inflation and mix impacts

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

U.S. Retail

4Q24 vs. 4Q23 | FY24 vs. FY23	4Q24	FY24
Total retail sales	(3.5)%	(4.6)%
Comparable retail sales[1]	(1.7)%	(3.4)%

- 4Q comp retail sales down 1.7%, reflecting a challenging retail environment and continued channel shift
  - ~150 bps negative impact from discretionary categories including beauty, seasonal and general merchandise
  - ~80 bps positive impact from health & wellness
- Owned brand penetration 17.2%, +70 bps vs. prior year period reflecting new product launches and continued value-seeking consumer behavior
- Retail adj. gross margin[1] was positively impacted by category mix and higher owned brand penetration, partly offset by elevated shrink levels

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

International Financials

$ in millions	4Q24	Constant Fx[1] B/(W) vs. 4Q23	FY24	Constant Fx[1] B/(W) vs. FY23
Sales	$5,971	+ 3.7%	$23,552	+ 3.2%
Adj. gross profit[1]	$1,307	+ 1.9%	$5,027	+ 3.4%
Adj. SG&A % of sales[1]	18.0%	(0.2)%p	18.0%	(0.9)%p
Adj. operating income[1]	$231	(10.6)%	$793	(16.9)%
Adj. operating margin	3.9%	(0.6)%p	3.4%	(0.8)%p

- 4Q sales growth of +3.7% driven by Germany wholesale +8.2% and Boots UK +2.3%
- Adj. gross profit[1] growth of +1.9% in 4Q reflects growth across all markets
- Adj. operating income[1] down 10.6% in the quarter mainly due to lapping real estate gains in the year-ago period

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

Boots UK Financials

4Q24 vs. 4Q23 | FY24 vs. FY23 (constant Fx[1])	4Q24	FY24
Pharmacy comp. sales[1]	+ 10.0%	+ 4.9%
Retail comp. sales[1]	+ 6.2%	+ 6.9%

- Strong retail comp sales[1] growth of +6.2% in 4Q, with growth across all categories
- 4Q Boots.com sales growth of +18.7% on a constant currency basis[1], representing nearly 15% of Boots total retail sales

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

U.S. Healthcare Financials

$ in millions	4Q24	B/(W) vs. 4Q23	FY24	B/(W) vs. FY23
Sales	$2,113	+ $141	$8,345	+ $1,775
Adj. gross profit[1]	$253	+ $106	$812	+ $398
Adj. SG&A[1]	($236)	($6)	($946)	+ $34
Adj. operating income (loss)[1]	$17	+ $100	($134)	+ $433
Adj. EBITDA[1]	$65	+ $94	$66	+ $442

- 4Q sales of $2.1B led by VillageMD $1.5B, CareCentrix $0.4B, and Shields $0.2B
- Sales growth +7% led by VillageMD +7% and Shields +28%
- Adj. EBITDA[1] improvement vs. 4Q23 of +$94M driven by cost savings at VillageMD and growth at Shields

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

Cash Flow

$ in millions	FY24	B/(W) vs. FY23
Operating cash flow	$1,018	($1,240)
Cash capital expenditure	($1,381)	$736
Free cash flow[1,2]	$23	($642)

- Operating cash flow negatively impacted by $934M in payments related to legal matters and $386M Boots Pension Plan Annuity premium contributions
- Year over year free cash flow[1] adversely impacted by lower earnings, higher legal payments and phasing of working capital, partly offset by decreased capital expenditures
- 4Q free cash flow[1] of $1.1B benefitted from working capital initiatives, lower payments related to legal matters, and decreased capital expenditures
- Fiscal 2024 net debt reduction of $1.9B and lease obligations reduction of $1.2B
- Ended the year with $3.2B in cash and equivalents, and $5.8B of revolver capacity

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

FY25 Guidance

Manmohan Mahajan
Global Chief Financial Officer, WBA

FY25 focused on stabilizing the core business

- **FY25 adj. EPS[1] guidance of $1.40-$1.80; key assumptions:**
  - Reimbursement pressure continues; we are actively working to stabilize pharmacy margins
  - Expect similar challenging retail environment as in FY24; executing on several retail and operations initiatives to turn around front-end performance over multiple periods
  - Near-term focus on rightsizing cost structure including accelerated footprint optimization program; immediately accretive to cash flow
  - Continued growth in U.S. Healthcare profitability; growth in International led by Boots UK
- **Continuous focus on driving free cash flow[1], including working capital initiatives and further reduction in capital expenditures**

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

Footprint optimization program expected to immediately improve core profitability

Store closures and timeline

- Expecting to close ~1,200 locations[1] over the next three years, with ~500 in FY25
- Cadence of store closures prioritizes:
  - Cash flow benefits
  - Underperforming owned locations
  - FY25 lease expirations
- ~25% of total closures at end of lease term or are owned locations
- ~25% have lease expirations within four years of expected closure date

Financial impacts

- Immediately cash flow accretive, net of closure costs; benefits scale as underlying leases expire
- Working capital benefits and sales proceeds from owned locations significantly higher than cash closing costs
- Incremental ability to sublease and opportunistic discounted lease buyouts could further reduce impact from dark rent

1. Future expected store closures of approximately 1,200 includes approximately 300 stores previously approved under the Transformational Cost Management Program
2. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 24, and reconciliations on slides 26-42

FY25 enterprise assumptions

		FY25	Commentary
WBA	**Sales**	**$147.0 - $151.0B**	• Higher brand inflation and mix impacts in U.S. • Partially offset by footprint optimization program
	AOI[1]	**$1.6 - $2.0B**	• Reimbursement pressure, decline in retail sales • Absence of sale and leaseback contribution • Lower Cencora equity earnings • Growth in U.S. Healthcare and International
	Adj. EPS[1]	**$1.40 - $1.80**	• Higher tax rate resulting in ~$0.40 headwind
Corporate	**Adj. Tax Rate[1]**	**14.5 - 16.0%**	• Lower discrete tax benefits • Higher international statutory tax rates
	Interest Expense	**~($600)M**	• Lapping gain from debt extinguishment and higher refinancing costs
	NCI/EMI	**~$320M**	• Primarily NCI from VillageMD
	Corporate Costs	**~($200)M**	• Flat to prior year

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

FY25 segment assumptions

		FY25	Key assumptions
U.S. Retail Pharmacy	Sales	$115.0 - $118.0B	• Expecting Rx script market growth 2.5% - 3% • Total vaccines slightly down vs. FY24 • Projecting (2%) - (3%) retail comps with margin in line with prior year • Store closures accretive to AOI[1] and cash flow
	AOI[1]	$0.9 - $1.2B	
International	Sales	$23.6 - $24.0B	• Topline growth in both retail and wholesale businesses • AOI[1] improvement led by Boots UK, with retail growth more than offsetting inflation • Immaterial impacts from FX rates
	AOI[1]	$800 - $830M	
U.S. Healthcare	Sales	$8.6 - $9.0B	• Sales growth across all businesses • AOI[1] improvement in FY25 driven by growth at Shields and continued cost management at VillageMD
	AOI[1]	$50 - $90M	
	Adj. EBITDA[1]	$280 - $350M	

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

Cash Flow & Capital Allocation

FY25 free cash flow[1] key assumptions:

- Year over year decline in sale-leaseback gains and Cencora equity earnings of ~$400M does not impact free cash flow[1]
- Working capital initiatives of ~$500M, driven by U.S. Retail Pharmacy
- Capex expected to be lower than FY24 by at least $150M
- Legal payments ~$1.1B, slightly higher than FY24

Asset monetization

- ~$950M of cash expected from settlement of previously enacted variable prepaid forward transactions[2] over FY25 and FY26
- Non-strategic assets continue to provide flexibility as potential sources of capital

Capital allocation

- Focus on improving net debt position; expect to utilize asset monetization proceeds to reduce debt; expect lease obligations to continue to decline
- Investments in core business focused on capital efficient growth areas

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42
2. Reflects Cencora share price as of market close October 10, 2024

Closing Remarks

Tim Wentworth
Chief Executive Officer, WBA

Conclusions

- We have **the right team** and **the right strategy**
- Our **turnaround will take time** but we are **executing with urgency**
- We are focused on **two guiding principles**:
  - A store-based retail pharmacy-led operating model
  - A disciplined and sustainable economic model
- Our **priorities for fiscal 2025** build on our strong foundation with goals of:
  - Stabilizing our core retail pharmacy business
  - Advancing execution of our retail strategy
  - Improving operating cash flow and net debt position, and monetizing non-strategic assets
- **Long-term value creation** underpinned by sustainable pharmacy economics, expanding adjacent services, a healthier store fleet, and a leading customer experience

1. Refer to safe harbor and non-GAAP on slide 2, endnotes on slide 24 and reconciliations on slides 26-42

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 reporting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.
  - Adjusted gross margin is a non-GAAP financial measure defined as adjusted gross profit by segment divided by segment sales. Adjusted gross profit is a non-GAAP financial measure defined as gross profit by segment, excluding the impact of costs associated with LIFO provision, Transformational Cost Management Program expenses, acquisition-related amortization, acquisition-related costs, and store damage and inventory loss insurance recovery. The Company is providing comparative data relating to these non-GAAP financial measures to provide investors with additional perspective and insights when analyzing the core operating performance of the segments from period to period.
  - For the Company's U.S. Healthcare segment, Adjusted EBITDA is defined as segment operating income/(loss) before depreciation, amortization, and stock-based compensation; in addition to these items, the Company excludes certain other non-GAAP adjustments, when they occur, as further defined.
- All references to net earnings or net loss are to net earnings or net loss attributable to WBA, and all references to EPS are to diluted EPS attributable to WBA.
- For the Company's U.S. Retail Pharmacy and International segments, comparable sales are defined as sales from stores that have been open for at least twelve consecutive months without closure for seven or more consecutive days, including due to looting or store damage, and without a major remodel or being subject to a natural disaster in the past twelve months as well as e-commerce sales. E-commerce sales include digitally initiated sales online or through mobile applications. Relocated stores are not included as comparable sales for the first twelve months after the relocation. Acquired stores are not included as comparable sales for the first twelve months after acquisition or conversion, when applicable, whichever is later. Comparable sales, comparable pharmacy sales, comparable retail sales, comparable number of prescriptions and comparable number of 30-day equivalent prescriptions refer to total sales, pharmacy sales, retail sales, number of prescriptions and number of 30-day equivalent prescriptions, respectively. The twelve months ended August 31, 2024 figures exclude the benefit of this year's leap day. The method of calculating comparable sales varies across the retail industry and our method of calculating comparable sales may not be the same as other retailers’ methods. With respect to the International segment, comparable sales, comparable pharmacy sales and comparable retail sales, are presented on a constant currency basis, which is a non-GAAP financial measure. Refer to the discussion above for further details on constant currency calculations.
- U.S. Retail Pharmacy prescriptions (including vaccinations) are reported on a 30-day equivalent basis.
- Prescription market share information is an estimate derived from the use of information under license from IQVIA Prescription Services as of August 31, 2024. IQVIA expressly reserves all rights, including rights of copying, distribution and republication.
- U.S. Retail Pharmacy refill scripts initiated via digital channel is inclusive of prescriptions filled at Walgreens and Duane Reade.
- Boots UK retail market share insights, where quoted, as of August 31, 2024.
- Working capital includes changes in the following operating assets and liabilities: accounts receivable net; inventories; other current assets; trade accounts payable; and accrued expenses and other liabilities.
- Digitally initiated sales include online orders and mobile application purchases of retail products, photo and digital scripts, including Save a Trip refills.

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

Appendix

The information on the following pages provides reconciliations of the supplemental non-GAAP financial measures, as defined under SEC rules, presented in this presentation and discussed on the related conference call to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). The Company has provided the non-GAAP financial measures in the presentation, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. Please refer to the notes to the “Net loss to Adjusted net earnings & Net loss per share to Adjusted diluted net earnings per share” reconciliation table on slides 32 to 33 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 2025 guidance) where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the Company’s control and/or cannot be reasonably predicted, and that would impact diluted net earnings per share, the most directly comparable forward-looking GAAP financial measure. For the same reasons, the Company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

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

Amounts may not add due to rounding. All percentages and ratios have been calculated using unrounded amounts.

Certain assumptions and supplemental information

Unless otherwise indicated or the context otherwise requires:

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

References in this presentation to the “Company,” “we,” “us” or “our” refer to Walgreens Boots Alliance, Inc. and its subsidiaries, and do not include unconsolidated partially-owned entities, except as otherwise indicated or the context otherwise requires. Our fiscal year ends on August 31, and references herein to “fiscal 2024" refer to our fiscal year ended August 31, 2024.

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

Reconciliation of Non-GAAP financial measures

Walgreens Boots Alliance, Inc. and Subsidiaries
Supplemental Information (unaudited)
(in millions, except net debt ratio and lease adjusted net debt ratio)

The Company defines net debt ratio as net debt divided by adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) and lease adjusted net debt ratio as lease adjusted net debt divided by Adjusted EBITDA before fixed operating lease costs (Adjusted EBITDAR). Further definitions and reconciliations to the closest GAAP measures are included below. Management uses lease adjusted net debt, net debt ratio and lease adjusted net debt ratio as supplemental measures to GAAP measures to review the liquidity of operations. We believe that these measures are useful indicators to assess the strength of the Company's balance sheet and its ability to meet its financial obligations. Net debt is not a measure of our liquidity under GAAP and should not be considered as an alternative to Cash Flows from Operating Activities or Cash Flows from Financing Activities.

LEASE ADJUSTED NET DEBT		As of August 31, 2024
Total debt (GAAP)[1]	$	**9,549**
Less: Cash and cash equivalents (GAAP)[2]		3,109
Net debt		6,439
Operating lease obligations (GAAP)[3]		23,303
Finance lease obligations (GAAP)[3]		991
Less: Non-contractual lease payments[4]		(2,654)
Less: Contractual sublease income[5]		(453)
Lease adjusted net debt (Non-GAAP measure)	**$**	**27,626**

NET DEBT RATIO		As of August 31, 2024
Net debt	$	6,439
Adjusted EBITDA (Non-GAAP measure)[6]		4,263
Net debt ratio		**1.5X**

LEASE ADJUSTED NET DEBT RATIO		As of August 31, 2024
Lease adjusted net debt (Non-GAAP measure)	$	27,626
Adjusted EBITDAR (Non-GAAP measure)[7]		7,736
Lease adjusted net debt ratio		**3.6X**

1 Represents short-term debt and total long-term debt, including the current portion of long-term debt reported on the Company’s consolidated balance sheet as of August 31, 2024.

2 Represents Cash and cash equivalents and marketable securities reported on the Company’s consolidated balance sheet as of August 31, 2024.

3 Represents the current and long-term portion of operating and finance lease obligations reported on the Company’s consolidated balance sheet as of August 31, 2024.

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

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

6 The Company defines Adjusted EBITDA as operating income/(loss) before depreciation, amortization, and stock-based compensation; in addition to these items, the Company excludes certain other non-GAAP adjustments, when they occur, as further defined. Adjusted EBITDA is calculated for the trailing twelve month period ended August 31, 2024.

7 The Company defines Adjusted EBITDAR as Adjusted EBITDA before fixed operating lease cost. Adjusted EBITDAR is calculated for the trailing twelve month period ended August 31, 2024.

Reconciliation of Non-GAAP financial measures

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

NET LOSS TO ADJUSTED OPERATING INCOME, ADJUSTED EBITDA and ADJUSTED EBITDAR

	Fiscal 2024
Net loss (GAAP)	**$ (15,448)**
Post-tax earnings from other equity method investments	(17)
Income tax provision	1,246
Interest expense, net	482
Other income, net	(340)
Operating loss (GAAP)	**(14,076)**
Impairment of goodwill, intangibles, and long-lived assets [1]	13,422
Certain legal and regulatory accruals and settlements [2]	561
Acquisition-related amortization [3]	1,075
Transformational cost management [4]	891
Acquisition-related costs [5]	542
Adjustments to equity earnings in Cencora [6]	162
LIFO provision [7]	47
Adjusted operating income (Non-GAAP measure)	**2,624**
Depreciation expense	1,512
Stock-based compensation expense [8]	126
Adjusted EBITDA (Non-GAAP measure)	**4,263**
Operating lease cost [9]	3,473
Adjusted EBITDAR (Non-GAAP measure)	**$ 7,736**

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

Reconciliation of Non-GAAP financial measures

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

[1] In the second quarter of fiscal 2024, the Company recorded $12.4 billion of non-cash impairment charges related to VillageMD goodwill. In the fourth quarter of fiscal 2024, the Company recorded $332 million of non-cash impairment charges related to CareCentrix goodwill. These charges are recorded within Selling, general and administrative expenses and Impairment of goodwill within the Consolidated Statements of Earnings. 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.

[2] Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses within the Consolidated Statements of Earnings. In fiscal 2024, the Company recorded charges related to the opioid litigation Multistate Agreement and certain other legal matters.

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

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

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

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

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

[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 August 31, 2024.

Reconciliation of Non-GAAP financial measures

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

NET LOSS TO ADJUSTED NET EARNINGS AND DILUTED NET LOSS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	Three months ended August 31,		Change vs. 4Q23		Twelve months ended August 31,		Change vs. FY23	
	2024	2023	Amount	Percent	2024	2023	Amount	Percent
Net loss attributable to Walgreens Boots Alliance, Inc. (GAAP)	$ (3,005)	$ (180)	$ (2,825)	NM	$ (8,636)	$ (3,080)	$ (5,556)	180.4%
Adjustments to operating loss:								
Impairment of goodwill, intangibles and long-lived assets [1]	332	—			13,422	299		
Certain legal and regulatory accruals and settlements [2]	185	217			561	7,466		
Transformational cost management [3]	489	485			891	1,181		
Acquisition-related amortization [4]	264	275			1,075	1,126		
Acquisition-related costs [5]	62	65			542	323		
Adjustments to equity earnings in Cencora [6]	33	33			162	211		
LIFO provision [7]	36	97			47	187		
Store damage and inventory loss insurance recovery [8]	—	(40)			—	(40)		
Total adjustments to operating loss	1,402	1,133			16,701	10,752		
Adjustments to other income, net:								
Impairment of equity method investment and investments in debt and equity securities [9]	364	—			364	—		
Loss on disposal of business [10]	(2)	34			2	34		
Loss (gain) on certain non-hedging derivatives [11]	213	(45)			946	(19)		
Gain on investments, net [12]	—	(32)			—	(109)		
Gain on sale of equity method investment [13]	(673)	(163)			(1,614)	(1,855)		
Total adjustments to other income, net	(98)	(207)			(301)	(1,949)		
Adjustments to interest expense, net:								
Interest expense on debt [14]	6	—			19	—		
Total adjustments to interest expense, net	6	—			19	—		

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 24

Reconciliation of Non-GAAP financial measures

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

NET LOSS TO ADJUSTED NET EARNINGS AND DILUTED NET LOSS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	**Three months ended August 31,**		**Change vs. 4Q23**		**Twelve months ended August 31,**		**Change vs. FY23**	
	2024	**2023**	**Amount**	**Percent**	**2024**	**2023**	**Amount**	**Percent**
Adjustments to income tax provision (benefit):								
Equity method non-cash tax [15]	7	11			27	44		
Discrete tax items and tax impact of adjustments [15]	2,036	(219)			1,216	(2,187)		
Total adjustments to income tax provision (benefit)	2,043	(208)			1,243	(2,143)		
Adjustments to post-tax earnings from other equity method investments:								
Adjustments to earnings in other equity method investments [16]	15	9			40	40		
Total adjustments to post-tax earnings from other equity method investments	15	9			40	40		
Adjustments to net loss attributable to non-controlling interests:								
Impairment of goodwill, intangibles and long-lived assets [1]	—	—			(6,195)	—		
Transformational cost management [3]	1	—			—	—		
Loss on disposal of business [10]	1	(14)			1	(14)		
Acquisition-related costs [5]	(17)	(10)			(217)	(80)		
Discrete tax items [15]	37	108			37	108		
Acquisition-related amortization [4]	(48)	(56)			(200)	(196)		
Total adjustments to net loss attributable to non-controlling interests	(25)	28			(6,573)	(182)		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	**$ 340**	**$ 575**	**$ (236)**	**(41.0)%**	**$ 2,491**	**$ 3,439**	**$ (948)**	**(27.6)%**

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

Reconciliation of Non-GAAP financial measures

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

NET LOSS TO ADJUSTED NET EARNINGS AND DILUTED NET LOSS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	Three months ended August 31,		Change vs. 4Q23		Twelve months ended August 31,		Change vs. FY23	
	2024	2023	Amount	Percent	2024	2023	Amount	Percent
Diluted net loss per common share (GAAP) [17]	**$ (3.48)**	**$ (0.21)**	**$ (3.27)**	**NM**	**$ (10.01)**	**$ (3.57)**	**$ (6.44)**	**180.4%**
Adjustments to operating loss	1.62	1.31			19.32	12.45		
Adjustments to other income, net	(0.11)	(0.24)			(0.35)	(2.26)		
Adjustments to interest expense, net	0.01	—			0.02	—		
Adjustments to income tax provision (benefit)	2.36	(0.24)			1.44	(2.48)		
Adjustments to post-tax earnings from other equity method investments	0.02	0.01			0.05	0.05		
Adjustments to net loss attributable to non-controlling interests	(0.03)	0.03			(7.61)	(0.21)		
Adjusted diluted net earnings per common share (Non-GAAP measure) [18]	**$ 0.39**	**$ 0.67**	**$ (0.27)**	**(41)%**	**$ 2.88**	**$ 3.98**	**$ (1.10)**	**(27.6)%**
Weighted average common shares outstanding, diluted (in millions) [18]	864.1	864.3			864.3	864.0		

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 24

Reconciliation of Non-GAAP financial measures

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

1 In the second quarter of fiscal 2024, the Company recorded $12.4 billion of non-cash impairment charges related to VillageMD goodwill. In the fourth quarter of fiscal 2024, the Company recorded $332 million of non-cash impairment charges related to CareCentrix goodwill. These charges are recorded within Selling, general and administrative expenses and Impairment of goodwill within the Consolidated Statements of Earnings. In fiscal 2023, the Company recognized a $431 million impairment of pharmacy license intangible assets in Boots UK of which $132 million was attributed to additional store closures recognized as part of the Transformational Cost Management Program. These charges are recorded within Selling, general and administrative expenses within the Consolidated Statements of Earnings. 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.

2 Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses within the Consolidated Statements of Earnings. In fiscal 2024 and 2023, the Company recorded charges related to the opioid litigation Multistate Agreement and certain other legal matters.

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

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

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

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

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

8 Store damage and inventory loss insurance recovery for losses incurred in fiscal 2020 as a result of looting in the U.S. These charges are primarily recorded within Selling, general and administrative expenses within the Consolidated Statements of Earnings.

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

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

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

12 Includes significant gains resulting from the change in classification of investments as well as the fair value adjustments recorded on investments in equity securities to Other income, net, in the Consolidated Statements of Earnings. In fiscal 2023, the Company recorded pre-tax gains of $109 million related to the change in classification of its previously held equity method investment in Option Care Health to an investment in equity security held at fair value and subsequent related fair value adjustments.

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

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

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

Reconciliation of Non-GAAP financial measures

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

15 In fiscal 2024, the Company recorded a $2.2 billion non-cash charge due to recognition of a valuation allowance against certain U.S. and state deferred tax assets primarily related to opioid liabilities recognized in prior periods. 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. and UK tax law changes and equity method non-cash tax. These charges are recorded within Income tax provision (benefit) within the Consolidated Statements of Earnings.

16 Adjustments to post-tax earnings from other equity method investments consist of the proportionate share of certain equity method investees' non-cash items or unusual or infrequent items consistent with the Company's non-GAAP adjustments. These charges are recorded in Post-tax earnings from other equity method investments within the Consolidated Statements of Earnings. Although the Company may have shareholder rights and board representation commensurate with its ownership interests in these equity method investees, adjustments relating to equity method investments are not intended to imply that the Company has direct control over their operations and resulting revenue and expenses. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all revenue and expenses of these equity method investees.

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

18 Includes impact of potentially dilutive securities in the calculation of weighted-average common shares, diluted for adjusted diluted net earnings per common share calculation purposes.

Reconciliation of Non-GAAP financial measures

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

	Three months ended August 31, 2024				
	U.S. Retail Pharmacy [1]	**International**	**U.S. Healthcare**	**Corporate and Other**	**Walgreens Boots Alliance, Inc.**
Sales	$ 29,470	$ 5,971	$ 2,113	$ (7)	$ 37,547
Gross profit (GAAP)	**$ 4,706**	**$ 1,305**	**$ 236**	**$ 7**	**$ 6,253**
LIFO provision	36	—	—	—	36
Transformational cost management	21	2	—	—	23
Acquisition-related amortization	6	—	17	—	22
Adjusted gross profit (Non-GAAP measure)	**$ 4,768**	**$ 1,307**	**$ 253**	**$ 7**	**$ 6,334**
Selling, general and administrative expenses (GAAP) [3]	**$ 5,377**	**$ 1,091**	**$ 762**	**$ 50**	**$ 7,280**
Transformational cost management	(452)	7	(21)	—	(467)
Impairment of goodwill, intangibles, and long-lived assets	—	—	(332)	—	(332)
Acquisition-related amortization	(101)	(16)	(125)	—	(242)
Certain legal and regulatory accruals and settlements	(185)	—	—	—	(185)
Acquisition-related costs	(8)	(6)	(49)	1	(62)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,631**	**$ 1,076**	**$ 236**	**$ 50**	**$ 5,992**
Operating (loss) income (GAAP)	**$ (623)**	**$ 214**	**$ (526)**	**$ (43)**	**$ (978)**
Transformational cost management	473	(5)	21	—	489
Impairment of goodwill, intangibles and long-lived assets	—	—	332	—	332
Acquisition-related amortization	107	16	142	—	264
Certain legal and regulatory accruals and settlements	185	—	—	—	185
Acquisition-related costs	8	6	49	(1)	62
LIFO provision	36	—	—	—	36
Adjustments to equity earnings in Cencora	33	—	—	—	33
Adjusted operating income (loss) (Non-GAAP measure)	**$ 220**	**$ 231**	**$ 17**	**$ (43)**	**$ 424**
Gross margin (GAAP)	16.0 %	21.9 %	11.2 %		16.7 %
Adjusted gross margin (Non-GAAP measure)	16.2 %	21.9 %	12.0 %		16.9 %
Selling, general and administrative expenses percent to sales (GAAP) [3]	18.2 %	18.3 %	36.1 %		19.4 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	15.7 %	18.0 %	11.1 %		16.0 %
Operating margin [2]	(2.3)%	3.6 %	(24.9)%		(2.7)%
Adjusted operating margin (Non-GAAP measure) [2]	0.5 %	3.9 %	0.8 %		0.9 %

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

Reconciliation of Non-GAAP financial measures

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

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

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

Reconciliation of Non-GAAP financial measures

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

	Twelve months ended August 31, 2024				
	U.S. Retail Pharmacy [1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 115,778	$ 23,552	$ 8,345	$ (16)	$ 147,658
Gross profit (GAAP)	**$ 20,736**	**$ 5,025**	**$ 734**	**$ 30**	**$ 26,524**
Acquisition-related amortization	22	—	79	—	100
Transformational cost management	49	2	—	—	51
LIFO provision	47	—	—	—	47
Adjusted gross profit (Non-GAAP measure)	**$ 20,854**	**$ 5,027**	**$ 812**	**$ 30**	**$ 26,723**
Selling, general and administrative expenses (GAAP) [3]	**$ 21,334**	**$ 4,343**	**$ 14,974**	**$ 163**	**$ 40,814**
Impairment of goodwill, intangibles and long-lived assets	(477)	—	(12,911)	(34)	(13,422)
Acquisition-related amortization	(372)	(62)	(541)	—	(975)
Transformational cost management	(777)	(30)	(26)	(6)	(839)
Certain legal and regulatory accruals and settlements	(561)	—	—	—	(561)
Acquisition-related costs	(84)	(17)	(550)	109	(542)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 19,062**	**$ 4,234**	**$ 946**	**$ 232**	**$ 24,474**
Operating (loss) income (GAAP)	**$ (385)**	**$ 682**	**$ (14,241)**	**$ (133)**	**$ (14,076)**
Impairment of goodwill, intangibles and long-lived assets	477	—	12,911	34	13,422
Acquisition-related amortization	393	62	620	—	1,075
Transformational cost management	827	32	26	6	891
Certain legal and regulatory accruals and settlements	561	—	—	—	561
Acquisition-related costs	84	17	550	(109)	542
Adjustments to equity earnings in Cencora	162	—	—	—	162
LIFO provision	47	—	—	—	47
Adjusted operating income (loss) (Non-GAAP measure)	**$ 2,167**	**$ 793**	**$ (134)**	**$ (202)**	**$ 2,624**
Gross margin (GAAP)	17.9 %	21.3 %	8.8 %		18.0 %
Adjusted gross margin (Non-GAAP measure)	18.0 %	21.3 %	9.7 %		18.1 %
Selling, general and administrative expenses percent to sales (GAAP) [3]	18.4 %	18.4 %	179.4 %		27.6 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.5 %	18.0 %	11.3 %		16.6 %
Operating margin [2]	(0.5)%	2.9 %	(170.7)%		(9.7)%
Adjusted operating margin (Non-GAAP measure) [2]	1.5 %	3.4 %	(1.6)%		1.5 %

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

Reconciliation of Non-GAAP financial measures

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

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

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

Reconciliation of Non-GAAP financial measures

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

1 Operating loss for U.S. Retail Pharmacy includes equity earnings in Cencora. As a result of the two month reporting lag, operating loss for the three and twelve month period ended August 31, 2024 includes Cencora equity earnings for the period of April 1, 2024 through June 30, 2024 and July 1, 2023 through June 30, 2024, respectively. Operating income for the three and twelve month period ended August 31, 2023 includes Cencora equity earnings for the period of April 1, 2023 through June 30, 2023 and July 1, 2022 through June 30, 2023, respectively.

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

3 Includes goodwill impairment of $332 million and $12.7 billion in U.S. Healthcare for the three and twelve months ended August 31, 2024, respectively.

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

Reconciliation of Non-GAAP financial measures

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

OPERATING LOSS TO ADJUSTED EBITDA FOR THE U.S. HEALTHCARE SEGMENT	Three months ended August 31,		Twelve months ended August 31,	
	2024	2023	2024	2023
Operating loss (GAAP) [1]	$ **(526)**	$ **(294)**	$ **(14,241)**	$ **(1,725)**
Impairment of goodwill, intangibles and long-lived assets [2]	332	—	12,911	—
Acquisition-related amortization [3]	142	173	620	743
Acquisition-related costs [4]	49	36	550	301
Transformational cost management [5]	21	2	26	115
Adjusted operating income (loss)	**17**	**(83)**	**(134)**	**(566)**
Depreciation expense	33	37	146	129
Stock-based compensation expense [6]	14	16	53	61
Adjusted EBITDA (Non-GAAP measure)	$ **65**	$ **(30)**	$ **66**	$ **(376)**

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 In the second quarter of fiscal 2024, the Company recorded $12.4 billion of non-cash impairment charges related to VillageMD goodwill. In the fourth quarter of fiscal 2024, the Company recorded $332 million of non-cash impairment charges related to CareCentrix goodwill. These charges are recorded within Selling, general and administrative expenses and Impairment of goodwill within the Consolidated Statements of Earnings. 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.

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

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

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

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

Reconciliation of Non-GAAP financial measures

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

EQUITY EARNINGS IN CENCORA	Three months ended August 31, 2024	Three months ended August 31, 2023	Twelve months ended August 31, 2024	Twelve months ended August 31, 2023
Equity earnings in Cencora (GAAP)	**$ 49**	**$ 65**	**$ 213**	**$ 252**
Amortization of basis difference in OneOncology investment	—	—	2	—
Gain/Loss from divestitures	—	—	(7)	—
Acquisition-related intangibles amortization	26	36	120	133
LIFO expense	1	4	4	35
Employee severance, litigation, and other	—	—	—	21
Restructuring and other expenses	4	8	23	18
Acquisition integration and restructuring expenses	3	2	12	18
Turkey hyperinflation impact	1	9	11	16
Tax reform	1	1	—	5
Recovery of non-customer note receivable	—	(1)	—	(1)
Gain/Loss on remeasurement of equity investment	2	—	3	(1)
Certain discrete tax expense	—	—	—	(2)
Litigation and opioid-related expenses	1	(12)	16	(8)
Gain from antitrust litigation settlements	(5)	(15)	(20)	(23)
Adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 82**	**$ 98**	**$ 375**	**$ 463**

Reconciliation of Non-GAAP financial measures

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

ADJUSTED EFFECTIVE TAX RATE	Three months ended August 31, 2024			Three months ended August 31, 2023		
	(Loss) earnings before income tax provision	Income tax provision	Effective tax rate	(Loss) Earnings before income tax (benefit) provision	Income tax (benefit) provision	Effective tax rate
Effective tax rate (GAAP)	**$ (998)**	**$ 2,082**	**NM**	**$ (375)**	**$ (151)**	**40.3%**
Impact of non-GAAP adjustments and discrete tax items [1]	1,311	(2,185)		926	394	
Adjusted tax rate true-up	—	148		—	(174)	
Equity method non-cash tax	—	(7)		—	(11)	
Subtotal	$ 313	$ 38		$ 551	$ 57	
Exclude adjusted equity earnings in Cencora	(82)	—		(98)	—	
Adjusted effective tax rate excluding adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 230**	**$ 38**	**16.6%**	**$ 453**	**$ 57**	**12.6%**

	Twelve months ended August 31, 2024			Twelve months ended August 31, 2023		
	(Loss) earnings before income tax provision	Income tax provision	Effective tax rate	(Loss) Earnings before income tax (benefit) provision	Income tax (benefit) provision	Effective tax rate
Effective tax rate (GAAP)	**$ (14,219)**	**$ 1,246**	**(8.8)%**	**$ (5,419)**	**$ (1,858)**	**34.3%**
Impact of non-GAAP adjustments and discrete tax items [1]	16,418	(1,216)		8,804	2,180	
Adjusted tax rate true-up	—	—		—	7	
Equity method non-cash tax	—	(27)		—	(44)	
Subtotal	$ 2,200	$ 3		$ 3,384	$ 285	
Exclude adjusted equity earnings in Cencora	(375)	—		(463)	—	
Adjusted effective tax rate excluding adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 1,824**	**$ 3**	**0.2%**	**$ 2,921**	**$ 285**	**9.8%**

[1] Fiscal 2024 Income tax provision includes a $2.2 billion non-cash charge for valuation allowance on deferred tax assets. A significant portion of the Company's deferred tax assets impacted by the fiscal 2024 valuation allowance was recognized as a result of the fiscal 2023 opioid charge.

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)

FREE CASH FLOW

	Three months ended August 31,				Twelve months ended August 31,			
	2024		2023		2024		2023	
Net cash provided by operating activities (GAAP)	**$**	**1,331**	**$**	**1,039**	**$**	**1,018**	**$**	**2,258**
Less: Additions to property, plant and equipment		(245)		(484)		(1,381)		(2,117)
Plus: Acquisition related payments [2]		—		(6)		—		524
Plus: Bulk purchase annuity premium contributions [3]		—		—		386		—
Free cash flow - (Non-GAAP measure) [1]	**$**	**1,086**	**$**	**549**	**$**	**23**	**$**	**665**

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 and incremental pension payments made in that period. This measure does not represent residual cash flows available for discretionary expenditures as the measure does not deduct the payments required for debt service and other contractual obligations or payments for future business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to the Consolidated Statement of Cash Flows.

2 In fiscal 2023, the Company paid $335 million to settle liability classified share-based payment awards related to acquiring the remaining 30% equity interest in Shields, $101 million to settle liability classified share-based payment awards related to acquiring the remaining 45% equity interest in CareCentrix, and also one-time compensation costs related to VillageMD's acquisition of Summit. These payments are not indicative of normal operating performance.

3 In fiscal 2024, the Company made incremental pension contributions of $386M to the Boots Plan as part of the Trustee's acquisition of a bulk annuity policy (the "Buy-In") from Legal and General. The payments are not indicative of normal operating performance.

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

Supplemental Financial Information

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

Sale-leaseback financial information	Three months ended August 31, 2024	Change vs. 4Q23	Twelve months ended August 31, 2024	Change vs. FY23
U.S. Retail Pharmacy				
Gain on sale-leaseback[1]	$ 26	$ (74)	$ 294	$ (453)
Incremental sale-leaseback increases to rent[2]	(85)	(18)	(325)	(95)
Net impact of sale-leaseback activity	**$ (59)**	**$ (92)**	**$ (31)**	**$ (548)**
International				
Gain on sale-leaseback[3]	$ —	$ —	$ —	$ (132)
Incremental sale-leaseback increases to rent[2]	(4)	—	(14)	(6)
Net impact of sale-leaseback activity	**$ (4)**	**$ —**	**$ (14)**	**$ (138)**

1 As reported for the period presented. Recorded in Selling, general & administrative expenses within the Consolidated Statement of Earnings.
2 Represents incremental GAAP fixed rent costs reported in the period presented as a result of the Company's sale-leaseback programs.
3 Excludes $47 million of gains related to the optimization of warehouse locations as part of acquisition integration activities in Germany for fiscal 2023.