Third Quarter Fiscal 2024 Results

June 27th, 2024

Walgreens Boots Alliance

Safe Harbor and Non-GAAP

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

These include, without limitation, estimates of and goals for future operating, financial and tax performance and results, including the impact of opioid-related claims and litigation settlements, our fiscal year 2024 guidance, outlook and targets and related assumptions and drivers, as well as forward-looking statements concerning the expected execution and effect of our business strategies, including breadth, timing and impact of the actions related to our strategic review, our ability to successfully turn around the business and return to growth and the potential impacts on our business of COVID-19, the impact of adverse global macroeconomic conditions caused by factors including, among others, inflation, high interest rates, labor shortages, supply chain disruptions and pandemics like COVID-19 on our operations and financial results, the financial performance of our equity method investees, including Cencora, the amount of our goodwill impairment charge (which is based in part on estimates of future performance), the influence of certain holidays and seasonality, our cost-savings and growth initiatives, including statements relating to our expected cost savings under our Transformational Cost Management Program and expansion and future operating and financial results of our U.S. Healthcare segment, including our long-term sales targets and profitability expectations. All statements in the future tense and all statements accompanied by words such as "expect," "outlook," "forecast," "would," "could," "should," "can," "will," "project," "intend," "plan," "goal," "opportunity," "guidance," "projection," "target," "aim," "strive," "enable," "create," "position," continue," "transform," "accelerate," "model," "long-term," "believe," "seek," "estimate," "anticipate," "may," "possible," "assume," "potential," "preliminary," and variations of such words and similar expressions are intended to identify such forward-looking statements.

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

These risks, assumptions and uncertainties include those described in Item 1A (Risk Factors) of our Form 10-K for the fiscal year ended August 31, 2023, as amended, and in other documents that we file or furnish with the Securities and Exchange Commission (the "SEC"). 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 18 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 to the most directly comparable GAAP financial measures 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 and/or cannot be reasonably predicted, such as unusual one-time charges, tax expenses, and material litigation expenses, 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 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.

Foundational strengths and near-term priorities

Foundational strengths

- Trusting relationship with our customers
- Nationwide presence serving millions daily
- Deep relationships with payors, PBMs, pharma
- World-class leadership team in place
- Passionate and dedicated team members

Near-term priorities

- Navigate retail and pharmacy industry headwinds, and reconfigure businesses for future
- Address critical issues with urgency to turn around financial performance
- Unlock opportunities for growth and long-term shareholder value creation

Quarterly performance and outlook

- **3Q operational results were below expectations**
  - U.S. Retail Pharmacy performance impacted by challenging pharmacy industry trends and a worse-than-expected consumer environment
  - U.S. Healthcare delivered a second consecutive quarter of positive adjusted EBITDA[1]
  - International results in line with expectations
  - On track to achieve $1 billion in projected cost savings in fiscal 2024
- **Revising full-year 2024 adjusted EPS[1] guidance to $2.80 - $2.95**
  - Assumes the continuation of challenging pharmacy industry headwinds and no improvement in the U.S. consumer environment
  - Taking action to sharpen execution and improve performance

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

Performance across business segments

U.S. Retail Pharmacy

Navigating external headwinds while delivering cost savings

- Comp scripts excluding immunizations[1] +1.7% vs. 3Q23, maintaining YTD share in a weaker market
- Continued reimbursement pressures net of procurement savings weighed on profitability
- Retail comp sales[1] down 2.3% vs. 3Q23 in challenging consumer environment; invested in targeted promotions to support a more pressured customer

U.S. Healthcare

Positive adj. EBITDA

- Second quarter of positive adjusted EBITDA[1], +$136M vs. 3Q23 led by VillageMD and Shields
- VillageMD continued to add lives and made progress right-sizing its cost structure
- Shields YTD sales +21% vs. prior year period

International

Continued solid performance

- Gross profit growth vs. prior year quarter across all businesses, led by Boots UK
- Boots UK retail comp[1] +6.0% vs. 3Q23, 13th consecutive quarter of market share gains

WBA

Actions taken to right-size costs and increase cash flow

- On track to deliver $1B in projected cost savings in FY24
- Driving $600M in projected capex reduction, and $500M in projected working capital initiatives
- $2.1B proceeds year-to-date from Cencora monetization

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

WBA 3Q24 Financial Highlights

$ in millions (except EPS)

		3Q24	Reported Fx B/(W) vs. 3Q23	Constant Fx B/(W) vs. 3Q23[1]
Sales		$36,351	+ 2.6%	+ 2.5%
Operating Income	GAAP	$111	+ $588	
	Adjusted[1]	$613	(36.1)%	(36.3)%
Net Earnings	GAAP	$344	+ $225	
	Adjusted[1]	$545	(36.6)%	(36.5)%
EPS	GAAP	$0.40	+ $0.26	
	Adjusted[1]	$0.63	(36.6)%	(36.6)%

- 3Q23 GAAP net earnings included charges of $323M impairment related to pharmacy license intangible assets in Boots UK

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

WBA YTD24 Financial Highlights

$ in millions (except EPS)

		YTD24	Reported Fx B/(W) vs. YTD23	Constant Fx B/(W) vs. YTD23[1]
Sales		$110,111	+ 6.2%	+ 5.6%
Operating Income	GAAP	($13,099)	($6,667)	
	Adjusted[1]	$2,200	(31.0)%	(31.5)%
Net Earnings	GAAP	($5,631)	($2,731)	
	Adjusted[1]	$2,152	(24.9)%	(25.3)%
EPS	GAAP	($6.53)	($3.17)	
	Adjusted[1]	$2.49	(24.9)%	(25.3)%

- YTD24 GAAP net loss includes a $5.8B non-cash impairment charge related to VillageMD goodwill
- YTD23 GAAP net loss included a $5.5B charge for opioid-related claims and lawsuits and a $1.5B gain on sales of Cencora and Option Care Health shares

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

U.S. Retail Pharmacy Financials

$ in millions	3Q24	B/(W) vs. 3Q23	YTD24	B/(W) vs. YTD23
Sales	$28,503	+ 2.3%	$86,308	+ 4.4%
Adj. gross profit[1]	$5,022	(6.7)%	$16,086	(6.2)%
Adj. SG&A % of sales[1]	16.2%	+ 0.1%p	16.7%	+ 0.7%p
Adj. operating income[1]	$501	(47.9)%	$1,947	(37.9)%
Adj. operating margin[1,2]	1.4%	(1.6)%p	1.9%	(1.4)%p

- 3Q comparable sales[1] +3.5% with pharmacy growth partly offset by a retail decline
- 3Q adjusted operating income[1] decline due to lower sale-leaseback gains, a challenging retail environment, and continued reimbursement pressure, net of procurement savings, partly offset by cost saving initiatives

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35
2. AOI margin excludes equity income from Cencora

U.S. Pharmacy

3Q24 vs. 3Q23 | YTD24 vs. YTD23	3Q24 Total	3Q23 Comparable[1]	YTD24 Total	YTD23 Comparable[1]
Pharmacy sales	+ 4.4%	+ 5.7%	+ 7.7%	+ 9.1%
Prescriptions	+ 0.5%	+ 1.6%	+ 1.0%	+ 1.9%
Prescriptions ex. Immunizations	+ 0.6%	+ 1.7%	+ 1.2%	+ 2.1%

- Comp pharmacy sales[1] +5.7% due to brand inflation and script growth
- Comp scripts[1] +1.6%; comp scripts excluding immunizations[1] +1.7%
  - YTD growth in line with market, which remains impacted by Medicaid redeterminations
- Gross margin negatively affected by brand mix impacts, reimbursement pressure net of procurement savings, and lower COVID testing demand

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

U.S. Retail

3Q24 vs. 3Q23 | YTD24 vs. YTD23	3Q24	YTD24
Total retail sales	(4.0)%	(4.9)%
Comparable retail sales[1]	(2.3)%	(3.9)%

- Comp retail sales[1] down 2.3%, primarily due to a challenging retail environment and continued channel shift, including:
  - (90) bps impact from lower health & wellness including cough, cold, flu
  - (75) bps impact from lower seasonal and general merchandise sales
  - (60) bps impact from lower beauty sales
- Owned brand penetration 16.7%, +65 bps vs. prior year period reflecting new product launches and value-seeking consumer behavior
- Gross margin negatively affected by decision to invest in prices and higher shrink levels, partly offset by category performance improvement initiatives

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

International Financials

$ in millions	3Q24	Constant Fx[1] B/(W) vs. 3Q23	YTD24	Constant Fx[1] B/(W) vs. YTD23
Sales	$5,727	+ 1.6%	$17,581	+ 3.0%
Adj. gross profit[1]	$1,222	+ 2.0%	$3,720	+ 4.0%
Adj. SG&A % of sales[1]	18.3%	(0.8)%p	18.0%	(1.1)%p
Adj. operating income[1]	$175	(16.6)%	$562	(19.4)%
Adj. operating margin[1]	3.1%	(0.7)%p	3.2%	(0.9)%p

- Sales increase driven by Germany +4.9% and Boots UK +1.6%
- Adj. gross profit[1] growth across all businesses, led by Boots UK
- Adj. operating income[1] down 16.6% due to lapping real estate gains in the year-ago period

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

Boots UK Financials

3Q24 vs. 3Q23 | YTD24 vs. YTD23 (constant Fx)	3Q24	YTD24
Pharmacy comp. sales[1]	+ 5.8%	+ 2.7%
Retail comp. sales[1]	+ 6.0%	+ 7.1%

- Strong retail comp sales[1] +6.0% with growth across all categories, on top of +13.4% in the prior year
  - Growth in Destination Health & Beauty, Flagship, and Travel locations
  - Boots.com sales grew +13.8% on a constant currency basis, representing 15.6% of Boots total retail sales in 3Q
- Total retail market share gains for the 13th consecutive quarter

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

U.S. Healthcare Financials

$ in millions	3Q24	B/(W) vs. 3Q23	YTD24	B/(W) vs. YTD23
Sales	$2,125	+ $150	$6,232	+ $1,634
Adj. gross profit[1]	$203	+ $89	$560	+ $292
Adj. SG&A[1]	($225)	+ $61	($711)	+ $40
Adj. operating loss[1]	($22)	+ $150	($151)	+ $332
Adj. EBITDA[1]	$23	+ $136	$1	+ $347

- 3Q sales led by VillageMD $1.6B, CareCentrix $352M, and Shields $143M
- Sales +8%, mainly driven by:
  - VillageMD +7%: Additional lives in risk and fee-for-service
  - Shields +24%: Growth within existing partnerships
- Second consecutive quarter of positive adj. EBITDA[1] , increased $136M vs. prior year, driven by cost discipline and growth from VillageMD and Shields

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

Cash Flow

$ in millions	YTD24	B/(W) vs. YTD23
Operating cash flow	($314)	($1,532)
Cash capital expenditure	($1,135)	$497
Free cash flow[1,2]	($1,063)	($1,179)

- Operating cash flow negatively impacted by $785M in payments related to legal matters, $386M Boots Pension Plan Annuity premium contributions, and underlying seasonality
- Decrease in free cash flow[1] due to lower earnings, payments related to legal matters, and phasing of working capital, partly offset by decreased capital expenditure
- Tracking to achieve year-over-year projected reduction of $600M in capital expenditures and $500M in working capital initiatives in FY24

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35
2. Free cash flow includes certain adjustments, refer to reconciliation on slide 35

Lowering FY24 adj. EPS[1] guidance to \$2.80 - \$2.95

- Reflects **recent developments in U.S. Retail Pharmacy** business:
  - Worse-than-expected consumer environment driving higher promotional activity, negatively impacting retail margin
  - Continuation of challenging pharmacy industry trends affecting margins and market growth
- Continued expectation for **International and U.S. Healthcare within original guidance range**
- **Recent headwinds expected to persist into FY25**; full-year guidance to be provided on October's earnings call

1. Refer to safe harbor and non-GAAP disclosure on slide 2, endnotes on slide 18, and reconciliations on slides 20-35

Strategic review: Near-term opportunities and actions

- **Retail pharmacy business is core to WBA and critical to the future of healthcare**
- **U.S. Pharmacy: Focused on strengthening profitability**
  - Aligning organization for enhanced go-to-market capabilities
  - Changing the dialogue with partners for better outcomes and value creation
- **U.S. Retail: Reconfiguring the experience for today’s consumer**
  - Repositioning store footprint for the future, taking action across ~25% of network over three years
  - Launching action plan to enhance customer and patient experience across channels
- **U.S. Healthcare and International: Simplifying and focusing the portfolio**
  - Collaborating with VillageMD leadership to unlock liquidity
  - Taking no action today in International and Shields given strong performance
  - Rationalizing portfolio to focus on highest potential opportunities

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, and acquisition-related costs. The Company is providing comparative data relating to these non-GAAP financial measures to provide investors with additional perspective and insights when analyzing the core operating performance of the segments from period to period.
    - For the Company's U.S. Healthcare segment, Adjusted EBITDA is defined as segment operating income/(loss) before depreciation, amortization, and stock-based compensation; in addition to these items, the Company excludes certain other non-GAAP adjustments, when they occur, as further defined. Adjusted EBITDA margin is a non-GAAP financial measure defined as Adjusted EBITDA divided by segment sales.
- All references to net earnings or net loss are to net earnings or net loss attributable to WBA, and all references to EPS are to diluted EPS attributable to WBA.
- For the Company's U.S. Retail Pharmacy and International segments, comparable sales are defined as sales from stores that have been open for at least twelve consecutive months without closure for seven or more consecutive days, including due to looting or store damage, and without a major remodel or being subject to a natural disaster in the past twelve months as well as e-commerce sales. E-commerce sales include digitally initiated sales online or through mobile applications. Relocated stores are not included as comparable sales for the first twelve months after the relocation. Acquired stores are not included as comparable sales for the first twelve months after acquisition or conversion, when applicable, whichever is later. Comparable sales, comparable pharmacy sales, comparable retail sales, comparable number of prescriptions and comparable number of 30-day equivalent prescriptions refer to total sales, pharmacy sales, retail sales, number of prescriptions and number of 30-day equivalent prescriptions, respectively. The nine months ended May 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 May 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 May 11, 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 18

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) to Adjusted net earnings & Net earnings (loss) per share to Adjusted diluted net earnings per share" reconciliation table on slides 25 and 26 for definitions of non-GAAP financial measures and related adjustments presented in this presentation. These supplemental non-GAAP financial measures are presented because management has evaluated the Company's financial results both including and excluding the adjusted items or the effects of foreign currency translation, as applicable, and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the Company's business from period to period and trends in the Company's historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the presentation. The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information related to fiscal year 2024 guidance) where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the Company's control and/or cannot be reasonably predicted, and that would impact diluted net earnings per share, the most directly comparable forward-looking GAAP financial measure. For the same reasons, the Company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

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

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

Certain assumptions and supplemental information

Unless otherwise indicated or the context otherwise requires:

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

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

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 May 31, 2024
Total debt (GAAP)[1]		**8,913**
Less: Cash and cash equivalents (GAAP)[2]		703
Net debt		8,210
Operating lease obligations (GAAP)[3]		23,763
Finance lease obligations (GAAP)[3]		988
Less: Non-contractual lease payments[4]		(2,746)
Less: Contractual sublease income[5]		(458)
Lease adjusted net debt (Non-GAAP measure)	**$**	**29,757**

NET DEBT RATIO		As of May 31, 2024
Net debt	$	8,210
Adjusted EBITDA (Non-GAAP measure)[6]		4,503
Net debt ratio		**1.8X**

LEASE ADJUSTED NET DEBT RATIO		As of May 31, 2024
Lease adjusted net debt (Non-GAAP measure)	$	29,757
Adjusted EBITDAR (Non-GAAP measure)[7]		7,967
Lease adjusted net debt ratio		**3.7X**

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

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

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

NET LOSS TO ADJUSTED OPERATING INCOME, ADJUSTED EBITDA and ADJUSTED EBITDAR	**As Reported Twelve months ended May 31, 2024**
Net loss (GAAP)	**$ (12,578)**
Post-tax earnings from other equity method investments	(30)
Income tax benefit	(987)
Interest expense, net	506
Other income, net	(459)
Operating loss (GAAP)	**(13,549)**
Certain legal and regulatory accruals and settlements [1]	593
Acquisition-related amortization [2]	1,085
Transformational cost management [3]	886
Acquisition-related costs [4]	545
Adjustments to equity earnings in Cencora [5]	162
LIFO provision [6]	109
Impairment of goodwill, intangibles, and long-lived assets [7]	13,091
Store damage and inventory loss insurance recovery [8]	(39)
Adjusted operating income (Non-GAAP measure)	**2,883**
Depreciation expense	1,510
Stock-based compensation expense [9]	110
Adjusted EBITDA (Non-GAAP measure)	**4,503**
Operating lease cost [10]	3,464
Adjusted EBITDAR (Non-GAAP measure)	**$ 7,967**

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

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

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

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

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

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

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

[7] Impairment of goodwill, intangibles and long-lived assets recognized in the nine months ended May 31, 2024 resulted from the interim goodwill impairment assessment for the VillageMD reporting unit. These charges do not relate to the ordinary course of the Company's business. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses and Impairment of goodwill within the Consolidated Condensed Statements of Earnings.

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

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

[10] Represents fixed operating lease cost for the trailing twelve months ended May 31, 2024

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

NET EARNINGS (LOSS) TO ADJUSTED NET EARNINGS AND DILUTED NET EARNINGS (LOSS) PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	**Three months ended May 31,**		**Change vs. 3Q23**		**Nine months ended May 31,**		**Change vs. FY23**	
	2024	**2023**	**Amount**	**Percent**	**2024**	**2023**	**Amount**	**Percent**
Net earnings (loss) attributable to Walgreens Boots Alliance, Inc. (GAAP)	**$ 344**	**$ 118**	**$ 225**	**190.8 %**	**$ (5,631)**	**$ (2,900)**	**$ (2,731)**	**94.2 %**
Adjustments to operating income (loss):								
Impairment of goodwill, intangibles and long-lived assets [1]	—	299			13,091	299		
Acquisition-related costs [2]	68	70			480	257		
Acquisition-related amortization [3]	266	274			811	851		
Certain legal and regulatory accruals and settlements [4]	52	268			376	7,249		
Transformational cost management [5]	95	414			401	697		
Adjustments to equity earnings in Cencora [6]	57	61			129	178		
LIFO provision [7]	(36)	51			11	89		
Total adjustments to operating income (loss)	502	1,436			15,299	9,620		
Adjustments to other income, net:								
(Gain) loss on certain non-hedging derivatives [8]	(155)	26			733	26		
Gain on sale of equity method investment [9]	(88)	(179)			(940)	(1,692)		
Gain on investments, net [10]	—	(76)			—	(76)		
Loss on disposal of business [11]	—	—			4	—		
Total adjustments to other income, net	(244)	(229)			(203)	(1,742)		
Adjustments to interest expense, net:								
Interest expense on debt [12]	6	—			12	—		
Total adjustments to interest expense, net	6	—			12	—		
Adjustments to income tax provision (benefit):								
Equity method non-cash tax [13]	6	10			20	33		
Tax impact of adjustments [13]	(23)	(408)			(821)	(1,968)		
Total adjustments to income tax provision (benefit)	(17)	(397)			(800)	(1,935)		

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

NET EARNINGS (LOSS) TO ADJUSTED NET EARNINGS AND DILUTED NET EARNINGS (LOSS) PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE	**Three months ended**		**Change vs. 3Q23**		**Nine months ended**		**Change vs. FY23**	
	May 31, 2024	**May 31, 2023**	**Amount**	**Percent**	**May 31, 2024**	**May 31, 2023**	**Amount**	**Percent**
Adjustments to post-tax (loss) earnings from other equity method investments:								
Adjustments to earnings in other equity method investments [14]	6	9			25	31		
Total adjustments to post-tax (loss) earnings from other equity method investments	6	9			25	31		
Adjustments to net loss attributable to non-controlling interests:								
Transformational cost management [5]	(1)	—			(1)	—		
Impairment of goodwill, intangibles and long-lived assets [1]	—	—			(6,195)	—		
Acquisition-related costs [2]	(14)	(16)			(200)	(71)		
Acquisition-related amortization [3]	(37)	(61)			(153)	(139)		
Total adjustments to net loss attributable to non-controlling interests	(52)	(77)			(6,549)	(210)		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	**$ 545**	**$ 860**	**$ (315)**	**(36.6)%**	**$ 2,152**	**$ 2,864**	**$ (712)**	**(24.9)%**
Diluted net earnings (loss) per common share (GAAP) [15]	**$ 0.40**	**$ 0.14**	**$ 0.26**	**190.7 %**	**$ (6.53)**	**$ (3.36)**	**$ (3.17)**	**94.2 %**
Adjustments to operating income (loss)	0.58	1.66			17.70	11.14		
Adjustments to other income, net	(0.28)	(0.27)			(0.23)	(2.02)		
Adjustments to interest expense, net	0.01	—			0.01	—		
Adjustments to income tax provision (benefit)	(0.02)	(0.46)			(0.93)	(2.24)		
Adjustments to post-tax (loss) earnings from other equity method investments	0.01	0.01			0.03	0.04		
Adjustments to net loss attributable to non-controlling interests	$ (0.06)	$ (0.09)			$ (7.58)	$ (0.24)		
Adjusted diluted net earnings per common share (Non-GAAP measure) [16]	**$ 0.63**	**$ 1.00**	**$ (0.36)**	**(36.6)%**	**$ 2.49**	**$ 3.32**	**$ (0.83)**	**(24.9)%**
Weighted average common shares outstanding, diluted (in millions) [16]	864.3	863.8			864.3	863.8		

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

1 Impairment of goodwill, intangibles and long-lived assets recognized in the nine months ended May 31, 2024 resulted from the interim goodwill impairment assessment for the VillageMD reporting unit. These charges do not relate to the ordinary course of the Company's business. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses and Impairment of goodwill within the Consolidated Condensed Statements of Earnings.

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

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

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

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

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

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

8 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. The Company does not believe this volatility related to the mark-to-market adjustments on the underlying derivative instruments reflects the Company's operational performance.

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

10 Includes significant gains resulting from the change in classification of investments as well as the fair value adjustments recorded to Other income, net. During the three months ended May 31, 2023, the Company recorded pre-tax gains of $76 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.

11 Includes losses related to the sale of businesses. These charges are recorded in Other income net, within the Consolidated Condensed Statements of Earnings.

12 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.

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

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

15 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.

16 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 18

Reconciliation of Non-GAAP financial measures

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

	Three months ended May 31, 2024				
	U.S. Retail Pharmacy[1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 28,503	$ 5,727	$ 2,125	$ (3)	$ 36,351
Gross profit (GAAP)	**$ 5,033**	**$ 1,222**	**$ 181**	**$ 23**	**$ 6,460**
Acquisition-related amortization	5	—	22	—	27
Transformational cost management	21	—	—	—	21
LIFO provision	(36)	—	—	—	(36)
Adjusted gross profit (Non-GAAP measure)	**$ 5,022**	**$ 1,222**	**$ 203**	**$ 23**	**$ 6,471**
Selling, general and administrative expenses (GAAP)	**$ 4,840**	**$ 1,079**	**$ 402**	**$ 73**	**$ 6,393**
Acquisition-related amortization	(92)	(16)	(132)	—	(239)
Transformational cost management	(59)	(14)	(1)	(1)	(75)
Acquisition-related costs	(15)	(2)	(44)	(7)	(68)
Certain legal and regulatory accruals and settlements	(52)	—	—	—	(52)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,622**	**$ 1,047**	**$ 225**	**$ 65**	**$ 5,959**
Operating income (loss) (GAAP)	**$ 237**	**$ 143**	**$ (220)**	**$ (50)**	**$ 111**
Acquisition-related amortization	97	16	154	—	266
Transformational cost management	80	14	1	1	95
Acquisition-related costs	15	2	44	7	68
Adjustments to equity earnings in Cencora	57	—	—	—	57
Certain legal and regulatory accruals and settlements	52	—	—	—	52
LIFO provision	(36)	—	—	—	(36)
Adjusted operating income (loss) (Non-GAAP measure)	**$ 501**	**$ 175**	**$ (22)**	**$ (42)**	**$ 613**
Gross margin (GAAP)	17.7 %	21.3 %	8.5 %		17.8 %
Adjusted gross margin (Non-GAAP measure)	17.6 %	21.3 %	9.6 %		17.8 %
Selling, general and administrative expenses percent to sales (GAAP)	17.0 %	18.8 %	18.9 %		17.6 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.2 %	18.3 %	10.6 %		16.4 %
Operating margin [2]	0.7 %	2.5 %	(10.4)%		0.2 %
Adjusted operating margin (Non-GAAP measure) [2]	1.4 %	3.1 %	(1.0)%		1.4 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

	Three months ended May 31, 2023				
	U.S. Retail Pharmacy[1]	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	$ 27,866	$ 5,573	$ 1,975	$ —	$ 35,415
Gross profit (GAAP)	**$ 5,327**	**$ 1,173**	**$ 89**	**$ —**	**$ 6,588**
LIFO provision	51	—	—	—	51
Acquisition-related amortization	5	—	25	—	31
Adjusted gross profit (Non-GAAP measure)	**$ 5,383**	**$ 1,173**	**$ 114**	**$ —**	**$ 6,670**
Selling, general and administrative expenses (GAAP)	**$ 4,990**	**$ 1,475**	**$ 611**	**$ 48**	**$ 7,123**
Transformational cost management	(103)	(194)	(113)	(3)	(414)
Impairment of intangible assets	—	(299)	—	—	(299)
Certain legal and regulatory accruals and settlements	(268)	—	—	—	(268)
Acquisition-related amortization	(76)	(15)	(152)	—	(243)
Acquisition-related costs	(3)	(2)	(59)	(6)	(70)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 4,540**	**$ 965**	**$ 286**	**$ 39**	**$ 5,830**
Operating income (loss) (GAAP)	**$ 395**	**$ (302)**	**$ (522)**	**$ (48)**	**$ (477)**
Transformational cost management	103	194	113	3	414
Impairment of intangible assets	—	299	—	—	299
Acquisition-related amortization	81	15	178	—	274
Certain legal and regulatory accruals and settlements	268	—	—	—	268
Acquisition-related costs	3	2	59	6	70
Adjustments to equity earnings in Cencora	61	—	—	—	61
LIFO provision	51	—	—	—	51
Adjusted operating income (loss) (Non-GAAP measure)	**$ 962**	**$ 208**	**$ (172)**	**$ (39)**	**$ 959**
Gross margin (GAAP)	19.1 %	21.0 %	4.5 %		18.6 %
Adjusted gross margin (Non-GAAP measure)	19.3 %	21.0 %	5.8 %		18.8 %
Selling, general and administrative expenses percent to sales (GAAP)	17.9 %	26.5 %	30.9 %		20.1 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.3 %	17.3 %	14.5 %		16.5 %
Operating margin [2]	1.2 %	(5.4)%	(26.4)%		(1.5)%
Adjusted operating margin (Non-GAAP measure) [2]	3.0 %	3.7 %	(8.7)%		2.4 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

	Nine months ended May 31, 2024				
	U.S. Retail Pharmacy[1]	**International**	**U.S. Healthcare**	**Corporate and Other**	**Walgreens Boots Alliance, Inc.**
Sales	$ 86,308	$ 17,581	$ 6,232	$ (9)	$ 110,111
Gross profit (GAAP)	**$ 16,030**	**$ 3,720**	**$ 498**	**$ 23**	**$ 20,271**
Acquisition-related amortization	16	—	62	—	78
Transformational cost management	29	—	—	—	29
LIFO provision	11	—	—	—	11
Adjusted gross profit (Non-GAAP measure)	**$ 16,086**	**$ 3,720**	**$ 560**	**$ 23**	**$ 20,389**
Selling, general and administrative expenses (GAAP) [3]	**$ 15,957**	**$ 3,252**	**$ 14,212**	**$ 114**	**$ 33,534**
Impairment of goodwill, intangibles and long-lived assets	(478)	—	(12,579)	(34)	(13,091)
Acquisition-related amortization	(271)	(47)	(416)	—	(733)
Acquisition-related costs	(75)	(11)	(502)	108	(480)
Certain legal and regulatory accruals and settlements	(376)	—	—	—	(376)
Transformational cost management	(325)	(37)	(5)	(6)	(373)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 14,432**	**$ 3,158**	**$ 711**	**$ 182**	**$ 18,482**
Operating income (loss) (GAAP)	**$ 238**	**$ 468**	**$ (13,715)**	**$ (90)**	**$ (13,099)**
Impairment of goodwill, intangibles and long-lived assets	478	—	12,579	34	13,091
Acquisition-related amortization	287	47	478	—	811
Acquisition-related costs	75	11	502	(108)	480
Certain legal and regulatory accruals and settlements	376	—	—	—	376
Transformational cost management	354	37	5	6	401
Adjustments to equity earnings in Cencora	129	—	—	—	129
LIFO provision	11	—	—	—	11
Adjusted operating income (loss) (Non-GAAP measure)	**$ 1,947**	**$ 562**	**$ (151)**	**$ (158)**	**$ 2,200**
Gross margin (GAAP)	18.6 %	21.2 %	8.0 %		18.4 %
Adjusted gross margin (Non-GAAP measure)	18.6 %	21.2 %	9.0 %		18.5 %
Selling, general and administrative expenses percent to sales (GAAP) [3]	18.5 %	18.5 %	NM		30.5 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.7 %	18.0 %	11.4 %		16.8 %
Operating margin [2]	0.1 %	2.7 %	NM		(12.0)%
Adjusted operating margin (Non-GAAP measure) [2]	1.9 %	3.2 %	(2.4)%		1.7 %

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 18

Reconciliation of Non-GAAP financial measures

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

	Nine months ended May 31, 2023				
	U.S. Retail Pharmacy[1]	**International**	**U.S. Healthcare**	**Corporate and Other**	**Walgreens Boots Alliance, Inc.**
Sales	$ 82,648	$ 16,414	$ 4,597	$ —	$ 103,659
Gross profit (GAAP)	**$ 17,038**	**$ 3,421**	**$ 138**	**$ —**	**$ 20,596**
LIFO provision	89	—	—	—	89
Acquisition-related amortization	16	—	69	—	85
Acquisition-related costs	—	—	60	—	60
Adjusted gross profit (Non-GAAP measure)	**$ 17,143**	**$ 3,421**	**$ 267**	**$ —**	**$ 20,831**
Selling, general and administrative expenses (GAAP)	**$ 22,215**	**$ 3,264**	**$ 1,569**	**$ 167**	**$ 27,215**
Certain legal and regulatory accruals and settlements	(7,249)	—	—	—	(7,249)
Acquisition-related amortization	(221)	(45)	(501)	—	(766)
Transformational cost management	(368)	(206)	(113)	(10)	(697)
Impairment of intangible assets	—	(299)	—	—	(299)
Acquisition-related costs	(4)	29	(205)	(18)	(197)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	**$ 14,373**	**$ 2,745**	**$ 750**	**$ 139**	**$ 18,007**
Operating (loss) income (GAAP)	**$ (4,990)**	**$ 156**	**$ (1,431)**	**$ (167)**	**$ (6,431)**
Certain legal and regulatory accruals and settlements	7,249	—	—	—	7,249
Acquisition-related amortization	236	45	570	—	851
Transformational cost management	368	206	113	10	697
Impairment of intangible assets	—	299	—	—	299
Acquisition-related costs	4	(29)	265	18	257
Adjustments to equity earnings in Cencora	178	—	—	—	178
LIFO provision	89	—	—	—	89
Adjusted operating income (loss) (Non-GAAP measure)	**$ 3,134**	**$ 676**	**$ (483)**	**$ (139)**	**$ 3,188**
Gross margin (GAAP)	20.6 %	20.8 %	3.0 %		19.9 %
Adjusted gross margin (Non-GAAP measure)	20.7 %	20.8 %	5.8 %		20.1 %
Selling, general and administrative expenses percent to sales (GAAP)	26.9 %	19.9 %	34.1 %		26.3 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.4 %	16.7 %	16.3 %		17.4 %
Operating margin [2]	(6.3)%	1.0 %	(31.1)%		(6.4)%
Adjusted operating margin (Non-GAAP measure) [2]	3.4 %	4.1 %	(10.5)%		2.7 %

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

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 Cencora. As a result of the two-month reporting lag, operating income for the three and nine month period ended May 31, 2024 includes Cencora equity earnings for the period of January 1, 2024 through March 31, 2024 and for the period of July 1, 2023 through March 31, 2024, respectively. Operating income (loss) for the three and nine month period ended May 31, 2023 includes Cencora equity earnings for the period of January 1, 2023 through March 31, 2023 and for the period of July 1, 2022 through March 31, 2023, respectively.

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

[3] Includes goodwill impairment of $12.4 billion in U.S. Healthcare in the nine months ended May 31, 2024.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

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 May 31,**		**Nine months ended May 31,**	
	2024	**2023**	**2024**	**2023**
Operating loss (GAAP) [1]	$ **(220)**	$ **(522)**	$ **(13,715)**	$ **(1,431)**
Impairment of goodwill, intangibles and long-lived assets [2]	—	—	12,579	—
Acquisition-related amortization [3]	154	178	478	570
Acquisition-related costs [4]	44	59	502	265
Transformational cost management [5]	1	113	5	113
Adjusted operating loss	**(22)**	**(172)**	**(151)**	**(483)**
Depreciation expense	32	43	113	92
Stock-based compensation expense [6]	13	16	39	45
Adjusted EBITDA (Non-GAAP measure)	$ **23**	$ **(113)**	$ **1**	$ **(346)**

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

[2] Impairment of goodwill, intangibles and long-lived assets recognized in the nine months ended May 31, 2024 resulted from the interim goodwill impairment assessment for the VillageMD reporting unit. These charges do not relate to the ordinary course of the Company's business. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses and Impairment of goodwill within the Consolidated Condensed Statements of Earnings.

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

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

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

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

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

EQUITY EARNINGS IN CENCORA	**Three months ended**		**Nine months ended**	
	May 31, 2024	**May 31, 2023**	**May 31, 2024**	**May 31, 2023**
Equity earnings in Cencora (GAAP)	**$ 44**	**$ 58**	**$ 164**	**$ 187**
Acquisition-related intangibles amortization	27	32	93	98
Restructuring and other expenses	8	10	19	10
Turkey hyperinflation impact	3	1	10	6
Acquisition-related deal and integration expenses	2	10	9	15
Tax reform	(4)	—	(1)	4
Amortization of basis difference in OneOncology investment	1	—	2	—
Gain on remeasurement of equity investment	—	—	—	(1)
Certain discrete tax expense	—	—	—	(2)
Gain/Loss from divestitures	—	—	(7)	—
LIFO expense	(2)	7	3	31
Gain from antitrust litigation settlements	(1)	—	(15)	(8)
Litigation and opioid-related expenses	23	2	14	4
Employee severance, litigation, and other	—	—	—	21
Adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 101**	**$ 119**	**$ 293**	**$ 365**

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

ADJUSTED EFFECTIVE TAX RATE

	Three months ended May 31, 2024			Three months ended May 31, 2023		
	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)	**$ 251**	**$ 20**	**8.0%**	**$ (382)**	**$ (330)**	**86.3%**
Impact of non-GAAP adjustments	264	37		1,207	417	
Equity method non-cash tax	—	(6)		—	(10)	
Adjusted tax rate true-up	—	(15)		—	(10)	
Subtotal	$ 516	$ 37		$ 825	$ 68	
Exclude adjusted equity earnings in Cencora	(101)	—		(119)	—	
Adjusted effective tax rate excluding adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 415**	**$ 37**	**9.0%**	**$ 706**	**$ 68**	**9.6%**

	Nine months ended May 31, 2024			Nine months ended May 31, 2023		
	(Loss) Earnings before income tax benefit	Income tax benefit	Effective tax rate	(Loss) Earnings before income tax (benefit) provision	Income tax (benefit) provision	Effective tax rate
Effective tax rate (GAAP)	**$ (13,221)**	**$ (836)**	**6.3%**	**$ (5,044)**	**$ (1,707)**	**33.8%**
Impact of non-GAAP adjustments	15,108	969		7,878	1,787	
Equity method non-cash tax	—	(20)		—	(33)	
Adjusted tax rate true-up	—	(148)		—	181	
Subtotal	$ 1,887	$ (35)		$ 2,833	$ 228	
Exclude adjusted equity earnings in Cencora	(293)	—		(365)	—	
Adjusted effective tax rate excluding adjusted equity earnings in Cencora (Non-GAAP measure)	**$ 1,594**	**$ (35)**	**(2.2)%**	**$ 2,468**	**$ 228**	**9.2%**

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18

Reconciliation of Non-GAAP financial measures

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

FREE CASH FLOW

	Three months ended May 31,		Nine months ended May 31,	
	2024	2023	2024	2023
Net cash provided (used for) by operating activities (GAAP)	**$ 605**	**$ (20)**	**$ (314)**	**$ 1,219**
Less: Additions to property, plant and equipment	(278)	(525)	(1,135)	(1,633)
Plus: Acquisition related payments [2]	—	101	—	530
Plus: Bulk Purchase Annuity premium contributions [3]	7	—	386	—
Free cash flow (Non-GAAP measure) [1]	**$ 334**	**$ (444)**	**$ (1,063)**	**$ 116**

[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 Condensed Statement of Cash Flows.

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

[3] During the three and nine months ended May 31, 2024, the Company made incremental pension contributions of $7M and $386M, respectively, 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 18

Sale-Leaseback Financial Information

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

Sale-leaseback financial information	Three months ended May 31, 2024	Change vs. 3Q23	Nine months ended May 31, 2024	Change vs. FY23
U.S. Retail Pharmacy				
Gain on sale-leaseback [1]	$ 10	$ (253)	$ 268	$ (379)
Incremental sale-leaseback increases to rent [2]	(85)	(24)	(241)	(78)
Net impact of sale-leaseback activity	**$ (75)**	**$ (277)**	**$ 27**	**$ (457)**
International				
Gain on sale-leaseback [3]	$ —	$ (24)	$ —	$ (132)
Incremental sale-leaseback increases to rent [2]	(4)	—	(11)	(7)
Net impact of sale-leaseback activity	**$ (4)**	**$ (24)**	**$ (11)**	**$ (139)**

1 As reported for the period presented. Recorded in SG&A expenses within the Consolidated Condensed Statement of Earnings.

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

3 Excludes $6 million and $47 million of gains related to the optimization of warehouse locations as part of acquisition integration activities in Germany for the three and nine months ended May 31, 2023, respectively.

Refer to safe harbor and non-GAAP on page 2 and endnotes on page 18