

Fiscal 2022

Third Quarter Results

June 30, 2022



Walgreens Boots Alliance

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Safe Harbor and Non-GAAP

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

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

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

These risks, assumptions and uncertainties include those described in Item 1A (Risk Factors) of our Form 10-K for the fiscal year ended August 31, 2021 and in other documents that we file or furnish with the Securities and Exchange Commission. If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. All forward-looking statements we make or that are made on our behalf are qualified by these cautionary statements. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake, and expressly disclaim, any duty or obligation to update publicly any forward-looking statement after the date of this presentation, whether as a result of new information, future events, changes in assumptions or otherwise.

Non-GAAP Financial Measures: Today’s presentation includes certain non-GAAP financial measures, including all measures whose label includes the words “adjusted”, “constant currency”, or “free cash flow” or variations of such words and similar expressions, and we refer you to the endnotes on slide 26 and the Appendix to the presentation materials for reconciliations to the most directly comparable U.S. GAAP financial measures and related information. The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the Company’s control or cannot be reasonably predicted, and that would impact the most directly comparable forward-looking GAAP financial measure. For the same reasons, the company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures may vary materially from the corresponding GAAP financial measures.

These presentation materials and the appendix hereto are integrally related and are intended to be presented, considered and understood together.



Takeaways

- **Resilient Core Business**

- *Execution across operating segments*
- *Deep community connections and consumer relevance*
- *Lapping strong year-ago quarter including peak COVID-19 vaccination volumes*

- **Building Our Next Growth Engine: Walgreens Health**

- *New strategic partnership with Buckeye Health Plan*
- *Exceeded CY22 target of 2 million covered lives*
- *Robust pro forma sales growth at VillageMD and Shields*
- *Launched clinical trials business, leveraging our consumer-centric model to improve access and diversity*

- **Refocusing the Portfolio and Optimizing Capital Allocation**

- *Sale of 6 million AmerisourceBergen shares with proceeds of \$900 million*
- *Completed Boots strategic review, with decision to retain the business*

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

- *Results tracking broadly in line with expectations*
- *Committed to our vision and strategy, and confident in the long-term growth algorithm*



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

Strategic Priorities:

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



Growing the Core Business

- ✓ U.S. retail comparable sales +1.4%, or +2.4% excl. tobacco, with positive comparable store transactions
- ✓ U.S. digital sales +25% in 3Q, on top of +95% last year, with 2.8 million same-day pick-up orders
- ✓ Grew myWalgreens members to over 99 million by the end of 3Q, up 14 million from 4Q21
- ✓ Focusing labor investments to return ~3,000 stores to normal operating hours
- ✓ Recently opened fourth automated microfulfillment center, supporting ~1,100 total stores with more locations being added as these facilities become fully operational
- ✓ Expanded the company's partnership with ALTO US, a provider of innovative loss prevention and tech-enabled security services, across more than 2,200 stores nationwide
- ✓ Boots UK retail comparable sales grew 24.0% with market share gains across all major categories
- ✓ Launched No7 Pro Derm Scan technology and personalized consultation service in over 400 Boots stores in April
- ✓ Reached nearly 500,000 customer orders for digital healthcare service Boots Online Doctor since launching a year ago



Resilient Core Business

Well Positioned to Navigate Challenging Macro Conditions

- ✓ Proactive management through inflationary cost pressures and supply chain headwinds, exemplified by favorable retail margins
- ✓ Successful inventory management achieving robust in-stock levels
- ✓ Local presence, relevant retail offering, and essential pharmacy business driving traffic
- ✓ Raised Transformational Cost Management Program target to \$3.5 billion in annual savings by fiscal 2024, up from \$3.3 billion previously



Building a Winning Team

Strengthened Consumer-Focused Leadership with Three New Executives



Linh Peters
Chief Marketing Officer



Luke Rauch
Chief Merchandising Officer



Bala Visalatha
Chief Product Officer



Leading the Fight Against COVID-19



Vaccinations



Boosters



Rx Tests¹



4.7 million

3.8 million

3.9 million

administered/completed in Q3

Over 67 million

Over 16 million

Over 32 million

administered/completed program to date



1) PCR tests

Note: Statistics to date as of June 26, 2022

Refer to safe harbor and non-GAAP on slide 2 and endnotes on slide 26

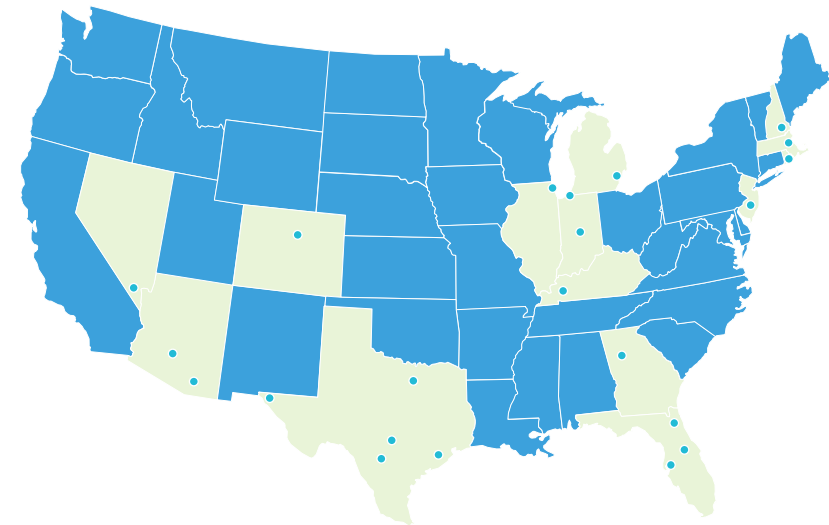
Executing to Build Our Next Growth Engine

65% Pro Forma Sales Growth for Walgreens Health Segment in 3Q



Coverage across **22 markets** with responsibility for **over 1.6 million patients**

120 co-located clinics now open, on track toward 200 by end of CY22



Contract wins with three significant health systems in 3Q

Partnered with Boston Children's Hospital to launch **Boston Children's Pharmacy**, providing young patients with complex chronic conditions access to specialized pharmacy services



1M+
PATIENTS REPRESENTED



30+
INTEGRATED DISEASE STATES



70+
HEALTH SYSTEM PARTNERS



\$30
BILLION
ANNUAL SPECIALTY PRESCRIPTION OPPORTUNITY



Announced strategic partnership with **Buckeye Health Plan**, our third payor partner

Exceeded CY22 target of 2 million lives, now contracted at 2.3 million

Launched **clinical trials** business, leveraging our consumer-centric model to improve industry access and diversity

Established **56 Walgreens Health Corners** to date, on track to 100 by end of CY22

Over 60,000 consumer conversations conducted by Health Advisors in 3Q



Walgreens Boots Alliance

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

Refer to safe harbor and non-GAAP on slide 2 and endnotes on slide 26

WBA Financial Performance



3Q 2022 Financial Highlights

- **Adj. EPS \$0.96, -28.9% below prior year in constant Fx**
 - Lapping prior year peak COVID-19 vaccination period
 - Investments in Walgreens Health driving pro forma sales +65%
 - Strong performance in U.S. retail, and International (AOI more than doubled vs. prior year)
- **Sales exceeded expectations, growing 3% excluding the negative impact of decline in AllianceRx Walgreens business and the sales growth from Walgreens Health**
- **Year-to-date cash generation of \$3.8B in operating cash flow and \$2.6B of free cash flow**
- **Raising Transformational Cost Management Program target to \$3.5B of annual savings by FY24, up from \$3.3B previously**
- **Performance broadly in line with expectations, maintaining FY22 outlook of low-single digit growth in adj. EPS**



3Q 2022 Financial Highlights

<i>Continuing operations</i> <i>\$ in millions (except EPS)</i>		3Q22	Reported Fx B/(W) vs. 3Q21	Constant Fx B/(W) vs. 3Q21
Sales		\$32,597	- 4.2%	- 2.8%
Operating income	GAAP	- \$320	- \$1,454	
	Adjusted	\$955	- 34.6%	- 33.5%
Net earnings	GAAP	\$289	- 73.8%	
	Adjusted	\$834	- 30.2%	- 29.1%
EPS	GAAP	\$0.33	- 73.8%	
	Adjusted	\$0.96	- 30.0%	- 28.9%



Year-to-Date FY22 Financial Highlights

<i>Continuing operations</i> <i>\$ in millions (except EPS)</i>		YTD22	Reported Fx B/(W) vs. YTD21	Constant Fx B/(W) vs. YTD21
Sales		\$100,254	+ 2.0%	+ 2.7%
Operating income	GAAP	\$2,209	+ 54.3%	
	Adjusted	\$4,389	+ 13.1%	+ 13.7%
Net earnings	GAAP	\$4,752	+ 190.5%	
	Adjusted	\$3,667	+ 13.3%	+ 13.9%
EPS	GAAP	\$5.49	+ 190.6%	
	Adjusted	\$4.23	+ 13.3%	+ 13.9%



United States – Financials

<i>\$ in millions</i>	3Q22	B/(W) vs. 3Q21	YTD22	B/(W) vs. YTD21
Sales	\$26,695	- 7.1%	\$82,394	- 1.0%
Adj. gross profit	\$5,559	- 9.6%	\$18,414	+ 5.1%
Adj. SG&A % of sales	17.9%	- 1.1%p	17.8%	- 0.8%p
Adj. operating income	\$966	- 34.4%	\$4,243	+ 12.0%
Adj. operating margin ¹	2.9%	- 1.7%p	4.6%	+ 0.5%p

- AllianceRx Walgreens sales decline was an 850 basis point headwind to sales with minimal impact on adj. operating income
- Adj. operating income decline driven by a decline in core pharmacy and cycling peak COVID-19 vaccinations in the prior year, partly offset by strong retail performance and COVID-19 testing
- Lapping prior year adj. operating income growth of 50.3% during peak vaccination period



United States – Pharmacy

3Q22 vs. 3Q21	3Q Total	3Q Comparable	YTD22 Total	YTD22 Comparable
Pharmacy sales	- 9.7%	+ 2.0%	- 4.0%	+ 5.3%
Prescriptions	- 2.5%	- 1.8%	+ 2.2%	+ 2.9%

- **Comparable pharmacy sales +2.0% in the quarter**
- **Comparable scripts -1.8%; excluding immunizations +2.1%**
 - 4.7 million COVID-19 vaccinations in the quarter vs. 17 million in 3Q21
 - Pharmacy performance aided by seasonal scripts and maintenance medications
 - Pharmacy volumes remain challenged by staffing shortages and temporary operating hour reductions
- **3.9 million COVID-19 tests¹ administered in the quarter, up 0.5 million from 3Q21**
- **Gross margin impacted by fewer COVID-19 vaccines and ongoing reimbursement pressure net of procurement savings, partly offset by favorable mix from specialty**



United States – Retail

3Q22 vs. 3Q21	3Q22	YTD22
Total retail sales	+ 1.0%	+ 8.4%
Comparable retail sales	+ 1.4%	+ 8.8%

- **3Q comp retail sales +1.4%; excluding tobacco +2.4%**
 - Strength in Health & Wellness +7.9% led by cough, cold, and flu, and at-home COVID-19 testing; Personal Care +2.6% partly offset by Beauty (0.4%) and Consumables and General Merchandise (1.9%)
 - Consumables and General Merchandise lapped strong sales of COVID-19 related items and were impacted by the planned decline in tobacco
- **3Q digitally initiated retail sales +25%, driven by 2.8 million same-day pick-up orders**
- **Improved gross margin reflects effective margin management and stabilizing shrink levels, partly offset by supply chain pressures**



International – Financials

<u>Continuing operations</u> <i>\$ in millions</i>	3Q22	Constant Fx B/(W) vs. 3Q21	YTD22	Constant Fx B/(W) vs. YTD21
Sales	\$5,305	+ 9.3%	\$16,686	+ 15.7%
Adj. gross profit	\$1,095	+ 11.3%	\$3,508	+14.8%
Adj. SG&A % of sales	17.4%	+ 1.2%p	17.6%	+ 1.4%p
Adj. operating income	\$174	+ 103.3%	\$563	+ 80.3%
Adj. operating margin	3.3%	+ 1.5%p	3.4%	+ 1.2%p

- 3Q sales increase reflects Boots UK +13.5% and Germany wholesale +6.8%
- AOI more than doubling, reflecting growth across all International markets, led by the UK
- Germany integration activities tracking ahead of plan



Boots UK – Financials



3Q22 vs. 3Q21 (constant Fx)	3Q22	YTD22
Pharmacy comp. sales	-0.4%	+ 4.0%
Retail comp. sales	+ 24.0%	+ 20.7%

- Pharmacy comparable sales broadly flat as we lap one-time favorable NHS reimbursement in 3Q21
 - Pharmacy services +22% vs. comparable quarter despite reduction in COVID-19 related sales
- Boots growing retail market share across all categories, led by Beauty
- Strengthening retail sales comps vs. pre-COVID levels
 - Store footfall ~+45% vs. prior year, with strong performance in flagships and travel locations
 - Store basket size -7% vs. prior year, and ~+14% vs. pre-COVID levels
 - Boots.com continues to perform well; represents >13% of Boots total retail sales vs. ~6% pre-COVID levels



Walgreens Health – Financials



<i>\$ in millions</i>	3Q22	B/(W) vs. 3Q21	YTD22	B/(W) vs. YTD21
Sales	\$596	+ \$596	\$1,173	+ \$1,173
Adj. gross profit	(\$21)	(\$21)	\$15	+ \$15
Adj. SG&A	(\$108)	(\$91)	(\$233)	(\$202)
Adj. operating loss	(\$129)	(\$112)	(\$218)	(\$187)

- VillageMD sales of \$511M in 3Q, +69% on a pro forma basis
- Shields sales of \$85M in 3Q, +47% on a pro forma basis
- Adj. gross profit reflects an increase of 97 clinics year-over-year, to 315 total clinics open at the end of 3Q
- Organic investments were \$31M in the quarter
- Majority-owned investments dilutive to adj. AOI by \$97M in 3Q, reflecting VMD growth investments



Walgreens Health – Key Metrics



	Current Status	CY22 Goal
Lives	2.3M	2M
Partners (Payor/Provider)	3	5
Sites of Care:		
Health Corners	56	100
VillageMD Co-Located Clinics	120	200
Total VillageMD Clinics	315	
	3Q22	FY22 Goal
Sales (Reported)	\$1.2B YTD	\$2.0B
	3Q22	YTD22
Pro Forma Sales Growth YOY:		
VillageMD	69%	116%
Shields	47%	57%
Total Walgreens Health	65%	104%

Note: Pro forma sales growth is compared to year-ago standalone results; FY22 sales goal adjusted for delay in CareCentrix close



Cash Flow

\$ in millions	YTD22	B/(W) vs. YTD21
Operating cash flow	\$3,813	(\$497)
Cash capital expenditure	(\$1,241)	(\$240)
Free cash flow	\$2,572	(\$737)

- **YTD cash generation of \$3.8B in operating cash flow and \$2.6B of free cash flow**
- **Operating cash flow was adversely impacted vs. prior year due to the decline of AllianceRx Walgreens business and the absence of COVID-19 related government support, partly offset by working capital initiatives and timing benefits**
- **Increased capex to fund growth initiatives including VillageMD rollout, automated microfulfillment centers, and digital transformation**



Maintaining Full Year Guidance

Adj. EPS Growth (Constant Fx)	March 2022 FY Guidance	June 2022 FY Guidance
Base	+ 6-8%	+ 7-9%
Healthcare Organic and M&A	(5)%	(6)%
Adjusted EPS	LSD Growth	LSD Growth



- Expecting ~35 million vaccinations in FY22
- Fx rates expected to have a ~1% (~\$0.05) negative impact on reported FY22 EPS and ~3% (~\$0.02) negative impact on reported 4Q EPS



4Q: Lapping Strong Year-Ago Quarter and Cycling Through Select Headwinds

	4Q YOY Impact <i>Constant Fx</i>	
4Q FY21 Adjusted EPS Growth	28%	
<hr/>		
4Q 2022 Headwinds		
Lapping Vaccinations	(15)-(17)%	
Walgreens Health Investments	(10)-(12)%	
Labor Investments	(5)%	
Prior Year One-Time Gains	(4)%	
Total	(34)-(38)%	
FY22 LSD Growth Implies 4Q YOY Growth:	~(36)%	<i>At Midpoint</i>



Long-Term Algorithm with Sustainable Low-Teens EPS Growth

Challenges

- Ongoing reimbursement pressure
- Rising inflation and wages
- Consumer sentiment and spending
- 340B manufacturer restrictions
- Continued healthcare investments to build our next growth engine, Walgreens Health

Variable

- Future COVID-19 vaccination volume and testing

Growth Initiatives

- Script volume recovery from FY22 operational limitations
- Front of store strength, leveraging:
 - Digital and omnichannel growth
 - myWalgreens connection with customers
 - Owned brand innovation
 - Alternative profit streams
- Actions to mitigate retail shrink
- Continued International recovery
- Walgreens Health scaling and synergies
- Raised savings target for Transformational Cost Management Program



Takeaways

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- **Building Our Next Growth Engine: Walgreens Health**

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

- *Results tracking broadly in line with expectations*
- *Committed to our vision and strategy, and confident in the long-term growth algorithm*



Endnotes

- Please see appendix for reconciliations of non-GAAP financial measures and related disclosures
- The company presents certain information related to current period operating results in “constant currency,” which is a non-GAAP financial measure. These amounts are calculated by translating current period results at the foreign currency exchange rates used in the comparable period in the prior year. The company presents such constant currency financial information because it has significant operations outside of the United States reporting in currencies other than the U.S. dollar and this presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.
 - United States segment GAAP results, dollars in millions – 3Q22: gross profit \$5,499; selling general and administrative expenses \$5,716; SG&A as a percent of sales 21.4%; operating loss \$90; and operating margin excluding equity earnings (loss) in AmerisourceBergen (0.8)%. YTD22: gross profit \$18,332; selling general and administrative expenses \$16,006; SG&A as a percent of sales 19.4%; operating income \$2,656; and operating margin excluding equity earnings (loss) in AmerisourceBergen 2.8%.
 - International segment GAAP results on a reported currency basis, dollars in millions – 3Q22: gross profit \$1,095; selling general and administrative expenses \$995; SG&A as a percent of sales 18.8%; operating income \$100; and operating margin 1.9%. In 3Q22 compared to prior-year quarter, on a reported currency basis, the segment's sales increased 0.3%; operating income increased 177.1% ; and operating margin increased 1.2 percentage points. YTD22: gross profit \$3,508; selling general and administrative expenses \$3,182; SG&A as a percent of sales 19.1%; operating income \$326; and operating margin 2.0%. In YTD22 compared to prior-year period, on a reported currency basis, the segment's sales increased 11.3%; operating income increased 80.6%; and operating margin increased 0.8 percentage points.
 - Walgreens Health GAAP results, dollars in millions - 3Q22: gross loss \$21; selling general and administrative expenses \$213; SG&A as a percent of sales 35.7%; and operating loss \$234. YTD22: gross profit \$15; selling general and administrative expenses \$505; SG&A as a percent of sales 43.1%; and operating loss \$491.
 - Adjusted gross margin is a non-GAAP financial measure defined as adjusted gross profit by business unit divided by sales by business unit. Adjusted gross profit is a non-GAAP financial measure defined as gross profit by business unit, excluding the impact of costs associated with Transformational cost management, LIFO provision, and Acquisition-related amortization. The company is providing comparative data relating to these non-GAAP financial measures to provide investors with additional perspective and insights when analyzing the core operating performance of the business units from period to period.
- Net earnings, net earnings per common share – diluted figures are attributable to Walgreens Boots Alliance, Inc.
- For our United States and International segments, comparable sales are defined as sales from stores that have been open for at least twelve consecutive months without a closure for seven or more consecutive days, including due to looting or store damage, and without a major remodel or being subject to a natural disaster in the past twelve months as well as e-commerce sales. E-commerce sales include digitally initiated sales online or through mobile applications. Relocated stores are not included as comparable sales for the first twelve months after the relocation. Acquired stores are not included as comparable sales for the first twelve months after acquisition or conversion, when applicable, whichever is later. Comparable sales, comparable pharmacy sales, comparable retail sales, comparable number of prescriptions, and comparable number of 30-day equivalent prescriptions refer to total sales, pharmacy sales, retail sales, number of prescriptions, and number of 30-day equivalent prescriptions, respectively. The method of calculating comparable sales varies across the retail industry. As a result, our method of calculating comparable sales may not be the same as other retailers’ methods. With respect to the International segment, comparable sales, comparable pharmacy sales and comparable retail sales, are presented on a constant currency basis, which is a non-GAAP financial measure. Refer to the discussion above for further details on constant currency calculations.
- United States Pharmacy prescriptions (including immunizations) are reported on a 30-day equivalent basis.
- Prescription market share information is an estimate derived from the use of information under license from the following IQVIA information service: IQVIA Prescription Services as of May 31, 2022. IQVIA expressly reserves all rights, including rights of copying, distribution and republication.
- United States retail refill scripts initiated via digital channel is inclusive of prescriptions filled at Walgreens and Duane Reade.
- Boots UK market share insights, where quoted, as of May 14, 2022.
- Working capital includes changes in the following operating assets and liabilities: accounts receivable net; inventories; other current assets; trade accounts payable; and accrued expenses and other liabilities.
- Digitally initiated sales include online orders and mobile application purchases of retail products, photo and digital scripts, including Save a Trip refills.



Appendix

The information on the following pages provides reconciliations of the supplemental non-GAAP financial measures, as defined under SEC rules, presented in this presentation and discussed on the related conference call to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). The company has provided the non-GAAP financial measures in the presentation, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. Please refer to the notes to the “Net Earnings and Diluted Net Earnings (Loss) Per Share” reconciliation table on slide 31 for definitions of non-GAAP financial measures and related adjustments presented in this presentation. These supplemental non-GAAP financial measures are presented because management has evaluated the company’s financial results both including and excluding the adjusted items or the effects of foreign currency translation, as applicable, and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the company’s business from period to period and trends in the company’s historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the presentation. The company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information related to fiscal year 2022 guidance) where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the company’s control and/or cannot be reasonably predicted, and that would impact diluted net earnings per share, the most directly comparable forward-looking GAAP financial measure. For the same reasons, the company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

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

Amounts may not add due to rounding. All percentages have been calculated using unrounded amounts for the three and nine months ended May 31, 2022.

Certain assumptions and supplemental information

Unless otherwise indicated or the context otherwise requires:

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

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



Reconciliation of Non-GAAP financial measures

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

(in millions)

NET EARNINGS

	Three months ended May 31,		Change vs. 3Q21		Nine months ended May 31,		Change vs. FY21	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Net earnings from continuing operations (GAAP)	\$ 289	\$ 1,105	\$ (816)	(73.8)%	\$ 4,752	\$ 1,636	\$ 3,116	190.5 %
Adjustments to operating (loss) income:								
Certain legal and regulatory accruals and settlements ¹	734	—			734	60		
Acquisition-related amortization ²	201	158			616	367		
Transformational cost management ³	185	60			458	338		
Adjustments to equity earnings in AmerisourceBergen ⁴	60	48			155	1,575		
Acquisition-related costs ⁵	40	9			155	25		
LIFO provision ⁶	55	51			64	85		
Total adjustments to operating (loss) income	1,275	325			2,181	2,449		
Adjustments to other income:								
Impairment of equity method investment and investment in equity securities ⁷	—	—			190	—		
Adjustment to gain on disposal of discontinued operations ⁸	—	—			38	—		
Net investment hedging loss ⁹	—	5			1	6		
Gain on sale of equity method investment ¹⁰	(421)	(98)			(421)	(290)		
Gain on previously held investments ¹¹	—	—			(2,576)	—		
Total adjustments to other income	(421)	(94)			(2,768)	(284)		
Adjustments to interest expense, net:								
Early debt extinguishment ¹²	4	419			4	419		
Total adjustments to interest expense, net	4	419			4	419		
Adjustments to income tax (benefit) provision:								
Equity method non-cash tax ¹³	25	17			55	(309)		
Tax impact of adjustments ¹³	(331)	10			(466)	(104)		
Total adjustments to income tax (benefit) provision	(306)	27			(411)	(412)		
Adjustments to post tax equity earnings from other equity method investments:								
Adjustments to equity earnings in other equity method investments ¹⁴	24	(557)			49	(520)		
Total adjustments to post tax earnings from other equity method investments	24	(557)			49	(520)		



Reconciliation of Non-GAAP financial measures

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

NET EARNINGS	Three months ended May 31,		Change vs. 3Q21		Nine months ended May 31,		Change vs. FY21	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Adjustments to net loss attributable to non-controlling interests:								
LIFO provision ⁶	—	(1)			—	(7)		
Early debt extinguishment ¹²	(1)	—			(1)	—		
Transformational cost management ³	—	—			(1)	2		
Acquisition-related costs ⁵	2	—			(18)	—		
Acquisition-related amortization ²	(31)	(30)			(119)	(46)		
Total adjustments to net loss attributable to non-controlling interests	(31)	(30)			(140)	(50)		
Adjusted net earnings attributable to Continuing Operations (Non-GAAP measure)	\$ 834	\$ 1,194	\$ (360)	(30.2)%	\$ 3,667	\$ 3,237	\$ 430	13.3 %
Net earnings attributable to Walgreens Boots Alliance, Inc. – discontinued operations (GAAP)	\$ —	\$ 92	\$ (92)	100.0 %	\$ —	\$ 279	\$ (279)	100.0 %
Acquisition-related costs ⁵	—	39			—	49		
Acquisition-related amortization ²	—	—			—	28		
Transformational cost management ³	—	(8)			—	1		
Tax impact of adjustments ¹³	—	(5)			—	(15)		
Total adjustments to net earnings attributable to Walgreens Boots Alliance, Inc. – discontinued operations	\$ —	\$ 26			\$ —	\$ 62		
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. - discontinued operations (Non-GAAP measure)	\$ —	\$ 119	\$ (119)	(100.0)%	\$ —	\$ 342	\$ (342)	(100.0)%
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	\$ 834	\$ 1,313	\$ (479)	(36.5)%	\$ 3,667	\$ 3,579	\$ 88	2.5 %



Reconciliation of Non-GAAP financial measures

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

DILUTED NET EARNINGS (LOSS) PER SHARE

	Three months ended May 31,		Change vs. 3Q21		Nine months ended May 31,		Change vs. FY21	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Diluted net earnings per common share - continuing operations (GAAP)	\$ 0.33	\$ 1.27	\$ (0.94)	(73.8)%	\$ 5.49	\$ 1.89	\$ 3.60	190.6 %
Adjustments to operating (loss) income	1.47	0.38			2.52	2.83		
Adjustments to other income	(0.49)	(0.11)			(3.20)	(0.33)		
Adjustments to interest expense, net	0.01	0.48			0.01	0.48		
Adjustments to income tax (benefit) provision	(0.35)	0.03			(0.47)	(0.48)		
Adjustments to post tax earnings from other equity method investments ¹⁴	0.03	(0.64)			0.06	(0.60)		
Adjustments to net loss attributable to non-controlling interests	(0.04)	(0.03)			(0.16)	(0.06)		
Adjusted diluted net earnings per common share - continuing operations (Non-GAAP measure)	\$ 0.96	\$ 1.38			\$ 4.23	\$ 3.74		
Diluted net earnings per common share - discontinued operations (GAAP)	—	0.11	\$ (0.11)	(100.0)%	—	0.32	\$ (0.32)	(100.0)%
Total adjustments to net earnings attributable to Walgreens Boots Alliance, Inc. – discontinued operations	—	0.03			—	0.07		
Adjusted diluted net earnings per common share - discontinued operations (Non-GAAP measure)	—	0.14	\$ (0.14)	(100.0)%	—	0.39	\$ (0.39)	(100.0)%
Adjusted diluted net earnings per common share (Non-GAAP measure)	\$ 0.96	\$ 1.51	\$ (0.55)	(36.3)%	\$ 4.23	\$ 4.13	\$ 0.10	2.5 %
Weighted average common shares outstanding, diluted (in millions)	865.3	867.0			866.0	866.2		



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. During the three months ended May 31, 2022, the Company recorded a \$683 million charge related to a settlement agreement with the State of Florida to resolve all claims related to the distribution and dispensing of prescription opioid medications across the Company's pharmacies in the State of Florida. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within selling, general and administrative expenses.
- 2 Acquisition-related amortization includes amortization of acquisition-related intangible assets, inventory valuation adjustments and stock-based compensation fair valuation adjustments. Amortization of acquisition-related intangible assets includes amortization of intangible assets such as customer relationships, trade names, trademarks and contract intangibles. Intangible asset amortization excluded from the related non-GAAP measure represents the entire amount recorded within the Company's GAAP financial statements. The revenue generated by the associated intangible assets has not been excluded from the related non-GAAP measures. Amortization expense, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired, or the estimated useful life of an intangible asset is revised. These charges are primarily recorded within selling, general and administrative expenses. Business combination accounting principles require us to measure acquired inventory at fair value. The fair value of the inventory reflects cost of acquired inventory and a portion of the expected profit margin. The acquisition-related inventory valuation adjustments excludes the expected profit margin component from cost of sales recorded under the business combination accounting principles. Stock based compensation fair valuation adjustment reflects difference between the fair value based remeasurement of awards under purchase accounting and the grant date fair valuation. Post-acquisition compensation expense recognized in excess of the original grant date fair value of acquiree awards are excluded from the related non-GAAP measures as these arise from acquisition-related accounting requirements or agreements, and are not reflective of normal operating activities.
- 3 Transformational Cost Management Program charges are costs associated with a formal restructuring plan. These charges are primarily recorded within selling, general and administrative expenses. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.
- 4 Adjustments to equity earnings (loss) in AmerisourceBergen consist of the Company's proportionate share of non-GAAP adjustments reported by AmerisourceBergen consistent with the Company's non-GAAP measures. The Company recognized equity losses in AmerisourceBergen of \$1,373 million during the three months ended November 30, 2020. These equity losses are primarily due to AmerisourceBergen's recognition of \$5.6 billion, net of tax, charges related to its ongoing opioid litigation in its financial statements for the three months period ended September 30, 2020.
- 5 Acquisition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities. These costs include charges incurred related to certain mergers, acquisition and divestitures related activities recorded in operating income, for example, costs related to integration efforts for successful merger, acquisition and divestitures activities. Examples of such costs include deal costs, severance and stock compensation. These charges are primarily recorded within selling, general and administrative expenses. These costs are significantly impacted by the timing and complexity of the underlying merger, acquisition and divestitures related activities and do not reflect the Company's current operating performance.
- 6 The Company's United States segment inventory is accounted for using the last-in-first-out ("LIFO") method. This adjustment represents the impact on cost of sales as if the United States segment inventory is accounted for using first-in first-out ("FIFO") method. The LIFO provision is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences. Therefore, the Company cannot control the amounts recognized or timing of these items.
- 7 Impairment of equity method investment and investment in equity securities includes impairment of certain investments. The Company excludes these charges when evaluating operating performance because these do not relate to the ordinary course of the Company's business and it does not incur such charges on a predictable basis. Exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within Other income.
- 8 During the three months ended February 28, 2022, the Company finalized the working capital adjustments with AmerisourceBergen related to the sale of the Alliance Healthcare business, resulting in a \$38 million charge recorded to Other income in the Consolidated Condensed Statement of Earnings.
- 9 Gain or loss on certain derivative instruments used as economic hedges of the Company's net investments in foreign subsidiaries. These charges are recorded within Other income. We do not believe this volatility related to mark-to-market adjustment on the underlying derivative instruments reflects the Company's operational performance.
- 10 Includes significant gains on the sale of equity method investments. During the three months ended May 31, 2022, the Company recorded a gain of \$424 million in Other income due to a partial sale of its equity method investment in AmerisourceBergen. During the three months and nine months ended May 31, 2021, the Company recorded gains of \$98 million and \$290 million, respectively, in Other income due to a partial sale of its equity method investment in Option Care Health.
- 11 Includes significant gains on business combinations due to the remeasurement of previously held minority equity interests and debt securities to fair value. During the three months ended November 30, 2021, the Company recorded such pre-tax gains of \$2.2 billion and \$402 million for VillageMD and Shields, respectively.
- 12 During the three months ended May 31, 2022, the Company incurred a \$4 million loss in connection with the early extinguishment of debt related to the integration of Shields. In the three months ended May 31, 2021, the Company incurred a \$419 million loss related to the Company's cash tender offers to partially purchase and retire \$3.3 billion of long-term U.S. denominated notes. The Company excludes these charges as related activities do not reflect the Company's ongoing financial performance.
- 13 Adjustments to income tax provision (benefit) include adjustments to the GAAP basis tax provision (benefit) commensurate with non-GAAP adjustments and certain discrete tax items including U.S. tax law changes and equity method non-cash tax. These charges are recorded within income tax provision (benefit).
- 14 Adjustments to post tax earnings from other equity method investments consist of the proportionate share of certain equity method investees' non-cash items or unusual or infrequent items consistent with the Company's non-GAAP adjustments. These charges are recorded within post tax earnings from other equity method investments. Although the Company may have shareholder rights and board representation commensurate with its ownership interests in these equity method investees, adjustments relating to equity method investments are not intended to imply that the Company has direct control over their operations and resulting revenue and expenses. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all revenue and expenses of these equity method investees. In the three months ended May 31, 2021, due to partial sales of ownership interests in Option Care Health, our then equity method investee HC Group Holdings lost the ability to control Option Care Health and, therefore, deconsolidated Option Care Health in its financial statements. As a result of this deconsolidation, HC Group Holdings recognized a gain of \$1.2 billion and the Company recorded its share of equity earnings in HC Group Holdings of \$576 million during the three months ended May 31, 2021.

Reconciliation of Non-GAAP financial measures

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

	Three months ended May 31, 2022				Walgreens Boots Alliance, Inc.
	United States ¹	International	Walgreens Health	Corporate and Other	
Sales	\$ 26,695	\$ 5,305	\$ 596	\$ 1	\$ 32,597
Gross profit (loss) (GAAP)	\$ 5,499	\$ 1,095	\$ (21)	\$ —	\$ 6,572
LIFO provision	55	—	—	—	55
Acquisition-related amortization	5	—	—	—	5
Adjusted gross profit (loss) (Non-GAAP measure)	\$ 5,559	\$ 1,095	\$ (21)	\$ —	\$ 6,633
Selling, general and administrative expenses (GAAP)	\$ 5,716	\$ 995	\$ 213	\$ 95	\$ 7,019
Acquisition-related costs	(1)	(11)	—	(28)	(40)
Transformational cost management	(127)	(47)	—	(11)	(185)
Acquisition-related amortization	(74)	(16)	(106)	—	(196)
Certain legal and regulatory accruals and settlements	(734)	—	—	—	(734)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 4,781	\$ 921	\$ 108	\$ 56	\$ 5,865
Operating (loss) income (GAAP)	\$ (90)	\$ 100	\$ (234)	\$ (95)	\$ (320)
Certain legal and regulatory accruals and settlements	734	—	—	—	734
Acquisition-related amortization	79	16	106	—	201
Transformational cost management	127	47	—	11	185
Adjustments to equity earnings (loss) in AmerisourceBergen	60	—	—	—	60
Acquisition-related costs	1	11	—	28	40
LIFO provision	55	—	—	—	55
Adjusted operating income (loss) (Non-GAAP measure)	\$ 966	\$ 174	\$ (129)	\$ (56)	\$ 955
Gross margin (GAAP)	20.6 %	20.6 %	(3.5)%		20.2 %
Adjusted gross margin (Non-GAAP measure)	20.8 %	20.6 %	(3.5)%		20.3 %
Selling, general and administrative expenses percent to sales (GAAP)	21.4 %	18.8 %	35.7 %		21.5 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.9 %	17.4 %	18.0 %		18.0 %
Operating margin ²	(0.8)%	1.9 %	(39.3)%		(1.4)%
Adjusted operating margin (Non-GAAP measure) ²	2.9 %	3.3 %	(21.6)%		2.4 %



Reconciliation of Non-GAAP financial measures

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

	Three months ended May 31, 2021				
	United States ¹	International	Walgreens Health ³	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 28,743	\$ 5,288	\$ —	\$ —	\$ 34,030
Gross profit (GAAP)	\$ 6,093	\$ 1,060	\$ —	\$ —	\$ 7,153
LIFO provision	51	—	—	—	51
Acquisition-related amortization	5	—	—	—	5
Adjusted gross profit (Non-GAAP measure)	\$ 6,149	\$ 1,060	\$ —	\$ —	\$ 7,208
Selling, general and administrative expenses (GAAP)	\$ 4,971	\$ 1,025	\$ 17	\$ 103	\$ 6,116
Acquisition-related costs	(3)	(5)	—	(1)	(9)
Transformational cost management	(12)	(34)	—	(14)	(60)
Acquisition-related amortization	(132)	(20)	—	—	(152)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 4,824	\$ 966	\$ 17	\$ 87	\$ 5,894
Operating income (loss) (GAAP)	\$ 1,219	\$ 36	\$ (17)	\$ (103)	\$ 1,134
Acquisition-related amortization	138	20	—	—	158
Transformational cost management	12	33	—	14	60
Adjustments to equity earnings (loss) in AmerisourceBergen	48	—	—	—	48
Acquisition-related costs	3	5	—	1	9
LIFO provision	51	—	—	—	51
Adjusted operating income (loss) (Non-GAAP measure)	\$ 1,471	\$ 94	\$ (17)	\$ (88)	\$ 1,459
Gross margin (GAAP)	21.2 %	20.1 %			21.0 %
Adjusted gross margin (Non-GAAP measure)	21.4 %	20.0 %			21.2 %
Selling, general and administrative expenses percent to sales (GAAP)	17.3 %	19.4 %			18.0 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.8 %	18.3 %			17.3 %
Operating margin ²	3.9 %	0.7 %			3.0 %
Adjusted operating margin (Non-GAAP measure) ²	4.6 %	1.8 %			3.9 %



Reconciliation of Non-GAAP financial measures

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

	Nine months ended May 31, 2022				
	United States ¹	International	Walgreens Health	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 82,394	\$ 16,686	\$ 1,173	\$ —	\$ 100,254
Gross profit (GAAP)	\$ 18,332	\$ 3,508	\$ 15	\$ —	\$ 21,855
LIFO provision	64	—	—	—	64
Acquisition-related amortization	18	—	—	—	18
Adjusted gross profit (Non-GAAP measure)	\$ 18,414	\$ 3,508	\$ 15	\$ —	\$ 21,936
Selling, general and administrative expenses (GAAP)	\$ 16,006	\$ 3,182	\$ 505	\$ 283	\$ 19,975
Acquisition-related costs	2	(73)	(24)	(60)	(155)
Transformational cost management	(319)	(114)	—	(25)	(458)
Acquisition-related amortization	(300)	(50)	(249)	—	(598)
Certain legal and regulatory accruals and settlements	(734)	—	—	—	(734)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 14,655	\$ 2,945	\$ 233	\$ 198	\$ 18,031
Operating income (loss) (GAAP)	\$ 2,656	\$ 326	\$ (491)	\$ (283)	\$ 2,209
Certain legal and regulatory accruals and settlements	734	—	—	—	734
Acquisition-related amortization	317	50	249	—	616
Transformational cost management	319	114	—	25	458
Adjustments to equity earnings (loss) in AmerisourceBergen	155	—	—	—	155
Acquisition-related costs	(2)	73	24	60	155
LIFO provision	64	—	—	—	64
Adjusted operating income (loss) (Non-GAAP measure)	\$ 4,243	\$ 563	\$ (218)	\$ (198)	\$ 4,389
Gross margin (GAAP)	22.2 %	21.0 %	1.2 %		21.8 %
Adjusted gross margin (Non-GAAP measure)	22.3 %	21.0 %	1.2 %		21.9 %
Selling, general and administrative expenses percent to sales (GAAP)	19.4 %	19.1 %	43.1 %		19.9 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.8 %	17.6 %	19.9 %		18.0 %
Operating margin ²	2.8 %	2.0 %	(41.8)%		1.9 %
Adjusted operating margin (Non-GAAP measure) ²	4.6 %	3.4 %	(18.6)%		3.9 %



Reconciliation of Non-GAAP financial measures

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

	Nine months ended May 31, 2021				
	United States ¹	International	Walgreens Health ³	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 83,250	\$ 14,998	\$ —	\$ —	\$ 98,247
Gross profit (GAAP)	\$ 17,434	\$ 3,130	\$ —	\$ —	\$ 20,564
Transformational cost management	—	(1)	—	—	(1)
LIFO provision	85	—	—	—	85
Acquisition-related amortization	5	—	—	—	5
Adjusted gross profit (Non-GAAP measure)	\$ 17,525	\$ 3,129	\$ —	\$ —	\$ 20,654
Selling, general and administrative expenses (GAAP)	\$ 14,695	\$ 2,949	\$ 31	\$ 261	\$ 17,936
Transformational cost management	(213)	(81)	—	(44)	(338)
Acquisition-related amortization	(305)	(56)	—	—	(361)
Certain legal and regulatory accruals and settlements	(60)	—	—	—	(60)
Acquisition-related costs	(2)	(8)	—	(14)	(25)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 14,115	\$ 2,803	\$ 31	\$ 202	\$ 17,151
Operating income (loss) (GAAP)	\$ 1,543	\$ 181	\$ (31)	\$ (261)	\$ 1,432
Certain legal and regulatory accruals and settlements	60	—	—	—	60
Acquisition-related amortization	311	56	—	—	367
Transformational cost management	213	80	—	44	338
Adjustments to equity earnings (loss) in AmerisourceBergen	1,575	—	—	—	1,575
Acquisition-related costs	2	8	—	14	25
LIFO provision	85	—	—	—	85
Adjusted operating income (loss) (Non-GAAP measure)	\$ 3,789	\$ 326	\$ (31)	\$ (202)	\$ 3,881
Gross margin (GAAP)	20.9 %	20.9 %			20.9 %
Adjusted gross margin (Non-GAAP measure)	21.1 %	20.9 %			21.0 %
Selling, general and administrative expenses percent to sales (GAAP)	17.7 %	19.7 %			18.3 %
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.0 %	18.7 %			17.5 %
Operating margin ²	3.3 %	1.2 %			2.7 %
Adjusted operating margin (Non-GAAP measure) ²	4.1 %	2.2 %			3.6 %



Reconciliation of Non-GAAP financial measures

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

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



Reconciliation of Non-GAAP financial measures

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

EQUITY EARNINGS (LOSS) IN AMERISOURCEBERGEN

	Three months ended May 31,		Nine months ended May 31,	
	2022	2021	2022	2021
Equity earnings (loss) in AmerisourceBergen (GAAP)	\$ 127	\$ 97	\$ 330	\$ (1,196)
Acquisition-related intangibles amortization	39	30	114	89
Employee severance, litigation, and other	18	17	45	1,581
Certain discrete tax expense	4	—	7	—
Tax reform	3	7	7	(83)
Impairment of assets	—	—	5	3
Impairment of non-customer note receivable	—	—	4	—
Gain from antitrust litigation settlements	—	—	3	—
Goodwill impairment	—	—	2	—
New York State Opioid Stewardship Act	—	—	—	3
LIFO credit	(3)	(4)	(13)	(18)
Gain on remeasurement of equity investment	—	—	(18)	—
Adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 188	\$ 145	\$ 484	\$ 379



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, 2022			Three months ended May 31, 2021		
	(Loss) earnings before tax	Income tax (benefit) provision	Effective tax rate	Earnings before tax	Income tax	Effective tax rate
Effective tax rate (GAAP)	\$ (18)	\$ 242	NM	\$ 749	\$ 246	32.9%
Impact of non-GAAP adjustments	858	(339)		650	(8)	
Equity method non-cash tax	—	25		—	(17)	
Adjusted tax rate true-up	—	8		—	(1)	
Subtotal	\$ 841	\$ (65)		\$ 1,399	\$ 219	
Exclude adjusted equity earnings in AmerisourceBergen	(188)			(145)		
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 653	\$ (65)	NM	\$ 1,253	\$ 219	17.5%
	Nine months ended May 31, 2022			Nine months ended May 31, 2021		
	Earnings before tax	Income tax provision	Effective tax rate	Earnings before tax	Income tax	Effective tax rate
Effective tax rate (GAAP)	\$ 4,743	\$ 205	4.3%	\$ 1,088	\$ 81	7.5%
Impact of non-GAAP adjustments	(583)	398		2,584	78	
Equity method non-cash tax	—	(55)		—	309	
Adjusted tax rate true-up	—	68		—	26	
Subtotal	\$ 4,160	\$ 617		\$ 3,672	\$ 494	
Exclude adjusted equity earnings in AmerisourceBergen	(484)	—		(379)	—	
Adjusted effective tax rate excluding adjusted equity earnings in AmerisourceBergen (Non-GAAP measure)	\$ 3,676	\$ 617	16.8%	\$ 3,293	\$ 494	15.0%

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 May 31,		Nine months ended May 31,	
	2022	2021	2022	2021
Net cash provided by operating activities (GAAP)	\$ 1,629	\$ 1,754	\$ 3,813	\$ 4,310
Less: Additions to property, plant and equipment - as reported	(371)	(309)	(1,241)	(1,001)
Free cash flow - (Non-GAAP measure)¹	\$ 1,258	\$ 1,445	\$ 2,572	\$ 3,309

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