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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 8-K

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### CURRENT REPORT Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 2021

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# WALGREENS BOOTS ALLIANCE, INC.

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of incorporation)

001-36759  
(Commission  
File Number)

47-1758322  
(IRS Employer  
Identification Number)

108 Wilmot Road, Deerfield, Illinois  
(Address of principal executive offices)

60015  
(Zip Code)

Registrant's telephone number, including area code: (847) 315-2500

Not Applicable  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	WBA	The Nasdaq Stock Market LLC
3.600% Walgreens Boots Alliance, Inc. notes due 2025	WBA25	The Nasdaq Stock Market LLC
2.125% Walgreens Boots Alliance, Inc. notes due 2026	WBA26	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition.**

As previously announced on January 6, 2021, Walgreens Boots Alliance, Inc. (the “Company”) entered into a share purchase agreement (the “Share Purchase Agreement”) with AmerisourceBergen Corporation (the “Transaction”). Pursuant to the terms and subject to the conditions set forth in the Share Purchase Agreement, AmerisourceBergen Corporation will purchase the majority of the Company’s Alliance Healthcare business as well as a portion of the Company’s retail pharmacy international businesses in Europe (the “Disposal Group”). The Company will account for the Transaction as a business disposition. The related assets, liabilities and operating results of the Disposal Group will be reported as discontinued operations beginning with the Company’s second quarter fiscal 2021 financial results. As a result of the Transaction, also beginning with the Company’s second quarter fiscal 2021 financial results, the Company has reorganized how its remaining businesses are managed. As such, the Company’s segment reporting structure has been revised to reflect this new structure which is aligned into two reportable segments: United States and International. Historical periods presented with the Company’s second quarter fiscal 2021 financial results will also reflect the Disposal Group as discontinued operations and the Company’s new segment reporting structure.

The unaudited consolidated condensed statements of earnings and certain related financial information for the first quarter of the 2021 fiscal year and for the 2020 and 2019 fiscal years provided in Exhibit 99.1 are derived from the Company’s historical financial statements for the periods presented and have been adjusted to reflect the Disposal Group as discontinued operations and the Company’s new segment structure.

The unaudited consolidated condensed statements of earnings and related financial information provided in Exhibit 99.1 should be read in conjunction with (i) the audited consolidated condensed financial statements, the accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Annual Reports on Form 10-K for the years ended August 31, 2020 and 2019 and (ii) the unaudited condensed consolidated financial statements, the accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Quarterly Reports on Form 10-Q for the quarterly periods ended November 30, 2020, May 31, 2020, February 28, 2020, November 30, 2019, May 31, 2019, February 28, 2019 and November 30, 2018.

The information in this Item 2.02, including the exhibit attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. This information shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference to such disclosure in this Form 8-K in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
99.1	<a href="#">Recast of Walgreens Boots Alliance, Inc. dated March 31, 2021</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WALGREENS BOOTS ALLIANCE, INC.

Date: March 31, 2021

By: /s/ James Kehoe

Title: Executive Vice President and Global Chief Financial Officer



## **Walgreens Boots Alliance, Inc.**

### **Recast of Prior Periods to Account for Pending Sale of Alliance Healthcare Business**

On January 6, 2021, Walgreens Boots Alliance, Inc. (the "Company") entered into a Share Purchase Agreement (the "Share Purchase Agreement") with AmerisourceBergen Corporation (the "Transaction"). Pursuant to the terms and subject to the conditions set forth in the Share Purchase Agreement, AmerisourceBergen Corporation will purchase the majority of the Company's Alliance Healthcare business as well as a portion of the Company's retail pharmacy international businesses in Europe (the "Disposal Group"). Alliance Healthcare's investment in China and Italy and its operations in Germany are not part of the Transaction. The Company's retail pharmacy international operations in The Netherlands, Norway and Lithuania are part of the Transaction. The Transaction is subject to the satisfaction of customary closing conditions, including receipt of applicable regulatory approvals. The Company will account for the Transaction as a business disposition. The related assets, liabilities and operating results of the Disposal Group will now be reported as discontinued operations and are reflected as such in the financial results set forth herein for all periods presented. As a result of the Transaction, effective for the financial results for second quarter of fiscal year 2021, the Company has reorganized how remaining businesses are managed. As such, our segment reporting structure has been revised to reflect this new structure and will now be aligned into two reportable segments: United States and International.

#### *United States Segment*

The Company's United States segment includes the Walgreens business which includes the operations of retail drugstores, health and wellness services, and mail and central specialty pharmacy services, and its equity method investment in AmerisourceBergen. Sales for the segment are principally derived from the sale of prescription drugs and a wide assortment of retail products, including health and wellness, beauty, personal care and consumables and general merchandise.

#### *International Segment*

The Company's International segment consists of pharmacy-led health and beauty retail businesses outside the U.S. and pharmaceutical wholesaling and distribution business in Germany. Pharmacy-led health and beauty retail businesses include Boots branded stores in the UK, the Republic of Ireland and Thailand, the Benavides brand in Mexico and the Ahumada brand in Chile. Sales for these businesses are principally derived from the sale of prescription drugs and health and wellness, beauty, personal care and other consumer products.

In addition, corporate-related overhead costs will no longer be allocated to reportable segments in the Company's financial results and therefore are now reported in the "Corporate and Other" column.

The following tables are provided to present unaudited, recast financial information after considering the impact of the application of discontinued operations and the corresponding revision to our reportable segments.

Certain amounts in the following tables presented may not add due to rounding. Percentages have been calculated using unrounded amounts for all periods presented.

**WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS (RECAST AND UNAUDITED)**  
(in millions, except per share amounts)

**FISCAL YEAR**

	2021						2020					2019				
	Q1	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
Sales	\$ 31,438	\$ 29,912	\$ 31,336	\$ 30,364	\$ 30,371	\$ 121,982	\$ 29,657	\$ 30,344	\$ 30,323	\$ 29,750	\$ 120,074	\$ 29,657	\$ 30,344	\$ 30,323	\$ 29,750	\$ 120,074
Cost of sales	24,808	23,135	24,318	24,406	24,046	95,905	22,495	23,067	23,363	22,989	91,910	22,495	23,067	23,363	22,989	91,910
Gross profit	6,630	6,777	7,017	5,959	6,324	26,078	7,162	7,277	6,960	6,760	28,164	7,162	7,277	6,960	6,760	28,164
Selling, general and administrative expenses	5,792	5,869	5,909	7,884	5,773	25,436	5,891	5,834	5,824	6,009	23,558	5,891	5,834	5,824	6,009	23,558
Equity earnings (loss) in AmerisourceBergen	(1,373)	13	28	243	57	341	39	83	(16)	59	165	39	83	(16)	59	165
Operating income (loss)	(535)	921	1,136	(1,683)	608	982	1,310	1,526	1,120	810	4,766	1,310	1,526	1,120	810	4,766
Other income (expense)	63	37	28	(32)	45	77	30	21	184	8	241	30	21	184	8	241
Earnings (loss) before interest and tax	(472)	957	1,164	(1,715)	653	1,060	1,340	1,547	1,304	818	5,007	1,340	1,547	1,304	818	5,007
Interest expense, net	136	159	156	148	151	613	148	166	173	162	650	148	166	173	162	650
Earnings (loss) before tax	(607)	798	1,008	(1,862)	502	446	1,191	1,381	1,131	656	4,357	1,191	1,381	1,131	656	4,357
Income tax provision (benefit)	(207)	23	149	(43)	210	339	173	240	142	22	577	173	240	142	22	577
Post tax earnings (loss) from other equity method investments	15	(13)	12	6	26	31	11	4	(7)	—	14	11	4	(7)	—	14
Net earnings (loss) from continuing operations	(385)	763	870	(1,813)	318	138	1,029	1,146	982	634	3,799	1,029	1,146	982	634	3,799
Net earnings (loss) from discontinued operations	87	79	81	88	39	286	71	(7)	55	53	171	71	(7)	55	53	171
Net earnings (loss)	(299)	842	952	(1,726)	356	424	1,100	1,138	1,037	686	3,969	1,100	1,138	1,037	686	3,969
Net earnings (loss) attributable to noncontrolling interests - continuing operations	5	(6)	3	(20)	(19)	(42)	(25)	(20)	11	8	(21)	(25)	(20)	11	8	(21)
Net earnings attributable to noncontrolling interests - discontinued operations	4	3	2	2	2	9	2	2	1	2	9	2	2	1	2	9
<b>Net earnings (loss) attributable to Walgreens Boots Alliance, Inc.</b>	<b>\$ (308)</b>	<b>\$ 845</b>	<b>\$ 946</b>	<b>\$ (1,708)</b>	<b>\$ 373</b>	<b>\$ 456</b>	<b>\$ 1,123</b>	<b>\$ 1,156</b>	<b>\$ 1,025</b>	<b>\$ 677</b>	<b>\$ 3,980</b>	<b>\$ 1,123</b>	<b>\$ 1,156</b>	<b>\$ 1,025</b>	<b>\$ 677</b>	<b>\$ 3,980</b>
<b>Net earnings (loss) attributable to Walgreens Boots Alliance, Inc.:</b>																
Continuing operations	\$ (391)	\$ 769	\$ 867	\$ (1,794)	\$ 337	\$ 180	\$ 1,054	\$ 1,166	\$ 971	\$ 626	\$ 3,810	\$ 1,054	\$ 1,166	\$ 971	\$ 626	\$ 3,810
Discontinued operations	83	76	79	86	36	277	69	(9)	55	51	160	69	(9)	55	51	160
Total	\$ (308)	\$ 845	\$ 946	\$ (1,708)	\$ 373	\$ 456	\$ 1,123	\$ 1,156	\$ 1,025	\$ 677	\$ 3,980	\$ 1,123	\$ 1,156	\$ 1,025	\$ 677	\$ 3,980
<b>Basic earnings (loss) per common share:</b>																
Continuing operations	\$ (0.45)	\$ 0.86	\$ 0.98	\$ (2.05)	\$ 0.39	\$ 0.20	\$ 1.11	\$ 1.26	\$ 1.07	\$ 0.70	\$ 4.11	\$ 1.11	\$ 1.26	\$ 1.07	\$ 0.70	\$ 4.11
Discontinued operations	0.10	0.08	0.09	0.10	0.04	0.31	0.07	(0.01)	0.06	0.06	0.11	0.07	(0.01)	0.06	0.06	0.11
Total	\$ (0.36)	\$ 0.95	\$ 1.07	\$ (1.95)	\$ 0.43	\$ 0.52	\$ 1.18	\$ 1.25	\$ 1.13	\$ 0.75	\$ 4.33	\$ 1.18	\$ 1.25	\$ 1.13	\$ 0.75	\$ 4.33
<b>Diluted earnings (loss) per common share:</b>																
Continuing operations	\$ (0.45)	\$ 0.86	\$ 0.98	\$ (2.05)	\$ 0.39	\$ 0.20	\$ 1.11	\$ 1.25	\$ 1.07	\$ 0.69	\$ 4.11	\$ 1.11	\$ 1.25	\$ 1.07	\$ 0.69	\$ 4.11
Discontinued operations	0.10	0.08	0.09	0.10	0.04	0.31	0.07	(0.01)	0.06	0.06	0.11	0.07	(0.01)	0.06	0.06	0.11
Total	\$ (0.36)	\$ 0.95	\$ 1.07	\$ (1.95)	\$ 0.43	\$ 0.52	\$ 1.18	\$ 1.24	\$ 1.13	\$ 0.75	\$ 4.33	\$ 1.18	\$ 1.24	\$ 1.13	\$ 0.75	\$ 4.33
<b>Weighted average common shares outstanding:</b>																
Basic	865.3	891.4	884.5	875.4	866.5	879.4	948.2	928.4	909.9	899.6	921.1	948.2	928.4	909.9	899.6	921.1
Diluted	865.3	892.6	885.5	875.4	867.1	880.3	951.4	930.7	911.2	900.7	923.1	951.4	930.7	911.2	900.7	923.1

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**WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL INFORMATION (RECAST AND UNAUDITED)**  
**REGARDING NON-GAAP FINANCIAL MEASURES**

(in millions, except per share amounts)

The following information provides reconciliations of the supplemental non-GAAP financial measures, as defined under SEC rules, presented in this press release 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 press release, 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 - Continuing Operations" reconciliation table below for definitions of non-GAAP financial measures and related adjustments presented in this press release.

These supplemental non-GAAP financial measures are presented because the Company's management has evaluated its financial results both including and excluding the adjusted items or the effects of foreign currency translation, as applicable, and believes 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 press release.

## NET EARNINGS (LOSS) AND DILUTED NET EARNINGS (LOSS) PER SHARE

### FISCAL YEAR

	2021		2020				2019					
	Q1		Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
<b>Net earnings (loss) attributable to Walgreens Boots Alliance, Inc. - continuing operations (GAAP)</b>	<b>\$ (391)</b>		<b>\$ 769</b>	<b>\$ 867</b>	<b>\$(1,794)</b>	<b>\$ 337</b>	<b>\$ 180</b>	<b>\$1,054</b>	<b>\$1,166</b>	<b>\$ 971</b>	<b>\$ 626</b>	<b>\$ 3,816</b>
<b>Adjustments to operating income (loss):</b>												
Adjustments to equity earnings (loss) in AmerisourceBergen <sup>1</sup>	1,481		80	73	(105)	49	97	44	9	137	42	233
Acquisition-related amortization <sup>2</sup>	95		99	98	94	94	384	103	103	107	102	416
Transformational cost management <sup>3</sup>	100		79	118	310	212	719	29	55	67	176	327
LIFO provision <sup>4</sup>	33		33	28	29	6	95	39	8	29	60	136
Acquisition-related costs <sup>5</sup>	21		124	99	68	24	315	66	82	80	75	303
Store optimization <sup>3</sup>	—		9	30	10	5	53	20	31	49	97	196
Impairment of goodwill and intangible assets <sup>6</sup>	—		—	—	2,001	15	2,016	—	—	—	73	73
Store damage and inventory losses <sup>7</sup>	—		—	—	75	(7)	68	—	—	—	—	—
Certain legal and regulatory accruals and settlements <sup>8</sup>	—		—	—	—	—	—	10	14	7	—	31
Total adjustments to operating income (loss)	1,731		424	445	2,481	398	3,747	311	303	476	625	1,715
<b>Adjustments to other income (expense):</b>												
Net investment hedging (gain) loss <sup>9</sup>	9		(11)	7	(2)	(4)	(11)	(3)	6	8	8	18
Gain on sale of equity method investment <sup>10</sup>	—		(1)	—	—	—	(1)	—	—	—	—	—
Impairment of equity method investment <sup>11</sup>	—		—	—	71	—	71	—	—	—	—	—
Termination of option granted to Rite Aid <sup>12</sup>	—		—	—	—	—	—	—	—	(173)	—	(173)
Total adjustments to other income (expense)	9		(12)	6	69	(4)	59	(3)	6	(165)	8	(155)
<b>Adjustments to income tax provision:</b>												
U.S. tax law changes <sup>13</sup>	—		(6)	—	—	—	(6)	(12)	9	—	(5)	(8)
UK tax rate changes <sup>13</sup>	—		—	—	—	139	139	—	—	—	—	—
Tax impact of adjustments <sup>13</sup>	(61)		(80)	(90)	(180)	(84)	(433)	(54)	(63)	(48)	(92)	(257)
Equity method non-cash tax <sup>13</sup>	(346)		(2)	1	53	8	60	4	15	(10)	9	18
Total adjustments to income tax provision	(407)		(88)	(89)	(127)	64	(240)	(62)	(39)	(58)	(88)	(247)

**NET EARNINGS (LOSS) AND DILUTED NET EARNINGS (LOSS) PER SHARE**
**FISCAL YEAR**

	2021		2020				2019					
	Q1		Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
<b>Adjustments to equity earnings in other equity method investments<sup>14</sup></b>	13		28	15	3	8	54	—	—	23	17	40
<b>Adjustments to net earnings (loss) attributable to noncontrolling interests:</b>												
Impairment of goodwill and intangible assets <sup>6</sup>	—		—	—	(14)	—	(14)	—	—	—	—	—
Transformational cost management <sup>3</sup>	—		—	—	—	(10)	(10)	—	—	—	—	—
Acquisition-related amortization <sup>2</sup>	(4)		—	—	—	(4)	(4)	—	—	—	—	—
LIFO provision <sup>4</sup>	(3)		—	—	—	(1)	(1)	—	—	—	—	—
Total adjustments to net earnings (loss) attributable to noncontrolling interests - continuing	(8)		—	—	(14)	(15)	(29)	—	—	—	—	—
<b>Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. - continuing operations (Non-GAAP measure)</b>	<b>\$ 947</b>		<b>\$ 1,121</b>	<b>\$ 1,246</b>	<b>\$ 618</b>	<b>\$ 786</b>	<b>\$ 3,772</b>	<b>\$ 1,300</b>	<b>\$ 1,435</b>	<b>\$ 1,247</b>	<b>\$ 1,187</b>	<b>\$ 5,169</b>
<b>Net earnings (loss) attributable to Walgreens Boots Alliance, Inc. - discontinued operations (GAAP)</b>	<b>\$ 83</b>		<b>\$ 76</b>	<b>\$ 79</b>	<b>\$ 86</b>	<b>\$ 36</b>	<b>\$ 277</b>	<b>\$ 69</b>	<b>\$ (9)</b>	<b>\$ 55</b>	<b>\$ 51</b>	<b>\$ 166</b>
Acquisition-related amortization <sup>2</sup>	21		19	19	19	19	76	20	20	20	19	78
Transformational cost management <sup>3</sup>	4		6	5	4	58	73	1	95	19	36	151
Acquisition-related costs <sup>5</sup>	2		—	—	—	1	1	—	—	—	—	—
Equity method non-cash tax <sup>13</sup>	—		—	—	—	—	—	—	(5)	(7)	—	(12)
Tax impact of adjustments <sup>13</sup>	(5)		—	(7)	(4)	(14)	(25)	(4)	(13)	5	(10)	(22)
Total adjustments to net earnings (loss) attributable to Walgreens Boots Alliance, Inc. - discontinued operations	22		25	17	19	64	125	17	97	37	45	195
<b>Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. - discontinued operations (Non-GAAP measure)</b>	<b>\$ 105</b>		<b>\$ 101</b>	<b>\$ 97</b>	<b>\$ 105</b>	<b>\$ 100</b>	<b>\$ 403</b>	<b>\$ 86</b>	<b>\$ 87</b>	<b>\$ 91</b>	<b>\$ 97</b>	<b>\$ 360</b>
<b>Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)</b>	<b>1,052</b>		<b>1,222</b>	<b>1,343</b>	<b>723</b>	<b>887</b>	<b>4,175</b>	<b>1,386</b>	<b>1,522</b>	<b>1,338</b>	<b>1,284</b>	<b>5,529</b>
<b>Diluted net earnings (loss) per common share - continuing operations (GAAP)<sup>15</sup></b>	<b>\$ (0.45)</b>		<b>\$ 0.86</b>	<b>\$ 0.98</b>	<b>\$ (2.05)</b>	<b>\$ 0.39</b>	<b>\$ 0.20</b>	<b>\$ 1.11</b>	<b>\$ 1.25</b>	<b>\$ 1.07</b>	<b>\$ 0.69</b>	<b>\$ 4.13</b>
Adjustments to operating income (loss)	2.00		0.47	0.50	2.83	0.46	4.26	0.33	0.33	0.52	0.69	1.86
Adjustments to other income (expense)	0.01		(0.01)	0.01	0.08	—	0.07	—	0.01	(0.18)	0.01	(0.17)
Adjustments to income tax provision	(0.47)		(0.10)	(0.10)	(0.14)	0.07	(0.27)	(0.07)	(0.04)	(0.06)	(0.10)	(0.27)
Adjustments to equity earnings in other equity method investments <sup>14</sup>	0.01		0.03	0.02	—	0.01	0.06	—	—	0.02	0.02	0.04
Adjustments to net earnings (loss) attributable to noncontrolling interests	(0.01)		—	—	(0.02)	(0.02)	(0.03)	—	—	—	—	—
<b>Adjusted diluted net earnings per common share - continuing operations (Non-GAAP measure)<sup>16</sup></b>	<b>\$ 1.09</b>		<b>\$ 1.26</b>	<b>\$ 1.41</b>	<b>\$ 0.71</b>	<b>\$ 0.91</b>	<b>\$ 4.28</b>	<b>\$ 1.37</b>	<b>\$ 1.54</b>	<b>\$ 1.37</b>	<b>\$ 1.32</b>	<b>\$ 5.60</b>
<b>Diluted net earnings (loss) per common share - discontinued operations (GAAP)<sup>15</sup></b>	<b>\$ 0.10</b>		<b>\$ 0.08</b>	<b>\$ 0.09</b>	<b>\$ 0.10</b>	<b>\$ 0.04</b>	<b>\$ 0.31</b>	<b>\$ 0.07</b>	<b>\$ (0.01)</b>	<b>\$ 0.06</b>	<b>\$ 0.06</b>	<b>\$ 0.18</b>
Total adjustments to net earnings (loss) attributable to Walgreens Boots Alliance, Inc. - discontinued operations	0.03		0.03	0.02	0.02	0.07	0.14	0.02	0.10	0.04	0.05	0.21
<b>Adjusted diluted net earnings per common share - discontinued operations (Non-GAAP measure)<sup>16</sup></b>	<b>\$ 0.12</b>		<b>\$ 0.11</b>	<b>\$ 0.11</b>	<b>\$ 0.12</b>	<b>\$ 0.12</b>	<b>\$ 0.46</b>	<b>\$ 0.09</b>	<b>\$ 0.09</b>	<b>\$ 0.10</b>	<b>\$ 0.11</b>	<b>\$ 0.39</b>
<b>Adjusted diluted net earnings per common share (Non-GAAP measure)</b>	<b>\$ 1.22</b>		<b>\$ 1.37</b>	<b>\$ 1.52</b>	<b>\$ 0.83</b>	<b>\$ 1.02</b>	<b>\$ 4.74</b>	<b>\$ 1.46</b>	<b>\$ 1.64</b>	<b>\$ 1.47</b>	<b>\$ 1.43</b>	<b>\$ 5.99</b>



## **NET EARNINGS (LOSS) AND DILUTED NET EARNINGS (LOSS) PER SHARE**

- 1 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 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.
- 2 Acquisition related amortization includes amortization of acquisition-related intangible assets and inventory 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.
- 3 Transformational Cost Management Program and Store Optimization 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 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 the 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.
- 5 Acquisition related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities. These costs include all charges incurred on certain merger, acquisition and divestitures related activities, for example, this includes costs related to integration efforts for successful merger, acquisition and divestitures activities. 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 and acquisition related activities and do not reflect the Company's current operating performance.
- 6 Consist of impairment charges recognized in relation to goodwill and intangible assets. These charges are recorded primarily within selling, general and administrative expenses. These charges are inconsistent in size and are significantly impacted by the performance and valuation of the Company's reporting units and intangible assets. The Company recognized goodwill and intangible asset impairment charges of \$2.0 billion in the Boots reporting unit during the three months ended May 31, 2020.
- 7 Store damage and inventory losses as a result of looting in the U.S., net of insurance recoveries.
- 8 Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within selling, general and administrative expenses.
- 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 (expense). 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 gain on sale of equity method investment and related adjustments.
- 11 Consists of Impairment charges recognized in relation to the Company's equity method investment in China. These are recorded in other income (expense).
- 12 The option granted to Rite Aid to become a member of the Company's group purchasing organization was terminated during fiscal 2019, resulting in recognition of a gain in other income (expense).
- 13 Adjustments to income tax provision include adjustments to the GAAP basis tax provision commensurate with non-GAAP adjustments and certain discrete tax items including U.S. tax law changes, a UK tax rate change and equity method non-cash tax. These charges are recorded within income tax provision (benefit).
- 14 Adjustments to post tax equity 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 (loss) 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.
- 15 Due to the anti-dilutive effect resulting from the reported net loss, the impact of potentially dilutive securities on the per share amounts has been omitted from the quarterly calculation of weighted-average common shares outstanding for diluted earnings per share for the three months ended November 30, 2020 and May 30, 2020.
- 16 Includes impact of potentially dilutive securities in the quarterly calculation of weighted-average common shares, diluted for adjusted diluted net earnings per common share calculation purposes for the three months ended November 30, 2020 and May 30, 2020.

## NET EARNINGS (LOSS) - RECONCILIATION TO AMOUNTS PREVIOUSLY REPORTED

	FISCAL YEAR 2020			FISCAL YEAR 2019		
	WBA (as previously reported)	Discontinued Operations	WBA continuing operations (as recast)	WBA (as previously reported)	Discontinued Operations	WBA continuing operations (as recast)
<b>Net earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)</b>	\$ 456	\$ 277	\$ 180	\$ 3,982	\$ 166	\$ 3,816
<b>Adjustments to operating income (loss):</b>						
Adjustments to equity earnings (loss) in AmerisourceBergen	97	—	97	233	—	233
Acquisition-related amortization	460	76	384	494	78	416
Transformational cost management	792	73	719	477	151	327
LIFO provision	95	—	95	136	—	136
Acquisition-related costs	316	1	315	303	—	303
Store optimization	53	—	53	196	—	196
Impairment of goodwill and intangible assets	2,016	—	2,016	73	—	73
Store damage and inventory losses	68	—	68	—	—	—
Certain legal and regulatory accruals and settlements	—	—	—	31	—	31
<b>Total adjustments to operating income (loss)</b>	<b>3,898</b>	<b>150</b>	<b>3,747</b>	<b>1,944</b>	<b>229</b>	<b>1,715</b>
<b>Adjustments to other income (expense):</b>						
Net investment hedging (gain) loss	(11)	—	(11)	18	—	18
Gain on sale of equity method investment	(1)	—	(1)	—	—	—
Impairment of equity method investment	71	—	71	—	—	—
Termination of option granted to Rite Aid	—	—	—	(173)	—	(173)
<b>Total adjustments to other income (expense)</b>	<b>59</b>	<b>—</b>	<b>59</b>	<b>(155)</b>	<b>—</b>	<b>(155)</b>
<b>Adjustments to income tax provision:</b>						
U.S. tax law changes	(6)	—	(6)	(8)	—	(8)
UK tax rate changes	139	—	139	—	—	—
Tax impact of adjustments	(458)	(25)	(433)	(291)	(34)	(257)
Equity method non-cash tax	60	—	60	18	—	18
<b>Total adjustments to income tax provision</b>	<b>(264)</b>	<b>(25)</b>	<b>(240)</b>	<b>(281)</b>	<b>(34)</b>	<b>(247)</b>
<b>Adjustments to equity earnings in other equity method investments</b>	<b>54</b>	<b>—</b>	<b>54</b>	<b>40</b>	<b>—</b>	<b>40</b>
<b>Adjustments to net earnings (loss) attributable to noncontrolling interests:</b>						
Impairment of goodwill and intangible assets	(14)	—	(14)	—	—	—
Transformational cost management	(10)	—	(10)	—	—	—
Acquisition-related amortization	(4)	—	(4)	—	—	—
LIFO provision	(1)	—	(1)	—	—	—
<b>Total adjustments to net earnings (loss) attributable to noncontrolling interests</b>	<b>(29)</b>	<b>—</b>	<b>(29)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)</b>	<b>\$ 4,174</b>	<b>\$ 402</b>	<b>\$ 3,772</b>	<b>\$ 5,530</b>	<b>\$ 360</b>	<b>\$ 5,169</b>

## GAAP TO NON-GAAP RECONCILIATION - RECONCILING AMOUNTS PREVIOUSLY REPORTED

	FISCAL YEAR 2020			FISCAL YEAR 2019		
	WBA (as previously reported)	Discontinued Operations	WBA continuing operations (as recast)	WBA (as previously reported)	Discontinued Operations	WBA continuing operations (as recast)
Sales	\$ 139,537	\$ 19,349	\$ 121,982	\$ 136,866	\$ 18,618	\$ 120,074
<b>Gross profit (GAAP)</b>	<b>\$ 28,017</b>	<b>\$ 1,940</b>	<b>\$ 26,078</b>	<b>\$ 30,076</b>	<b>\$ 1,917</b>	<b>\$ 28,159</b>
Transformational cost management	5	—	5	45	—	45
LIFO provision	95	—	95	136	—	136
Acquisition-related costs	67	—	67	63	—	63
Store damages and inventory losses	54	—	54	—	—	—
Store optimization	1	—	1	8	—	8
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 28,240</b>	<b>\$ 1,940</b>	<b>\$ 26,301</b>	<b>\$ 30,328</b>	<b>\$ 1,917</b>	<b>\$ 28,411</b>
<b>Selling, general and administrative expenses (GAAP)</b>	<b>\$ 27,045</b>	<b>\$ 1,610</b>	<b>\$ 25,436</b>	<b>\$ 25,242</b>	<b>\$ 1,685</b>	<b>\$ 23,557</b>
Impairment of goodwill and intangible assets	(2,016)	—	(2,016)	(73)	—	(73)
Acquisition-related amortization	(460)	(76)	(384)	(493)	(78)	(416)
Transformational cost management	(787)	(73)	(714)	(433)	(151)	(282)
Acquisition-related costs	(249)	(1)	(248)	(241)	—	(240)
Store damages and inventory losses	(13)	—	(13)	—	—	—
Store optimization	(52)	—	(52)	(189)	—	(189)
Certain legal and regulatory accruals and settlements	—	—	—	(31)	—	(31)
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 23,467</b>	<b>\$ 1,459</b>	<b>\$ 22,008</b>	<b>\$ 23,783</b>	<b>\$ 1,456</b>	<b>\$ 22,326</b>
<b>Operating income (GAAP)</b>	<b>\$ 1,312</b>	<b>\$ 330</b>	<b>\$ 982</b>	<b>\$ 4,998</b>	<b>\$ 232</b>	<b>\$ 4,766</b>
Impairment of goodwill and intangible assets	2,016	—	2,016	73	—	73
Adjustments to equity earnings in AmerisourceBergen	97	—	97	233	—	233
Acquisition-related amortization	460	76	384	494	78	416
Transformational cost management	792	73	719	477	151	327
LIFO provision	95	—	95	136	—	136
Acquisition-related costs	316	1	315	303	—	303
Store damages and inventory losses	68	—	68	—	—	—
Store optimization	53	—	53	196	—	196
Certain legal and regulatory accruals and settlements	—	—	—	31	—	31
<b>Adjusted operating income (Non-GAAP measure)</b>	<b>\$ 5,211</b>	<b>\$ 481</b>	<b>\$ 4,730</b>	<b>\$ 6,942</b>	<b>\$ 461</b>	<b>\$ 6,481</b>
Gross margin (GAAP)	20.1%	10.0%	21.4%	22.0%	10.3%	23.5%
Adjusted gross margin (Non-GAAP measure)	20.2%	10.0%	21.6%	22.2%	10.3%	23.7%
Selling, general and administrative expenses percent to sales (GAAP)	19.4%	8.3%	20.9%	18.4%	9.1%	19.6%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.8%	7.5%	18.0%	17.4%	7.8%	18.6%
Operating margin (GAAP) <sup>1</sup>	0.7%	1.7%	0.5%	3.5%	1.2%	3.8%
Adjusted operating margin (Non-GAAP measure) <sup>1</sup>	3.4%	2.5%	3.5%	4.8%	2.5%	5.1%

<sup>1</sup> Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.

## SEGMENT RECONCILIATION GAAP TO NON-GAAP

	FISCAL YEAR 2021			
	Three months ended November 30, 2020 (Q1)			
	United States	International	Corporate and Other <sup>2</sup>	Walgreens Boots Alliance, Inc.
Sales	\$ 27,163	\$ 4,285	\$ (10)	\$ 31,438
<b>Gross profit (GAAP)</b>	<b>\$ 5,639</b>	<b>\$ 990</b>	<b>\$ 1</b>	<b>\$ 6,630</b>
Transformational cost management	(1)	—	—	(1)
LIFO provision	33	—	—	33
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 5,671</b>	<b>\$ 990</b>	<b>\$ 1</b>	<b>\$ 6,662</b>
<b>Selling, general and administrative expenses (GAAP)</b>	<b>\$ 4,770</b>	<b>\$ 952</b>	<b>\$ 70</b>	<b>\$ 5,792</b>
Acquisition-related amortization	(76)	(19)	—	(95)
Transformational cost management	(61)	(27)	(12)	(100)
Acquisition-related costs	(8)	(2)	(12)	(21)
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 4,625</b>	<b>\$ 904</b>	<b>\$ 46</b>	<b>\$ 5,574</b>
<b>Operating income (loss) (GAAP)</b>	<b>\$ (504)</b>	<b>\$ 39</b>	<b>\$ (69)</b>	<b>\$ (535)</b>
Adjustments to equity earnings in AmerisourceBergen	1,481	—	—	1,481
Acquisition-related amortization	76	19	—	95
Transformational cost management	60	27	12	100
LIFO provision	33	—	—	33
Acquisition-related costs	8	2	12	21
<b>Adjusted operating income (loss) (Non-GAAP measure)</b>	<b>\$ 1,155</b>	<b>\$ 87</b>	<b>\$ (45)</b>	<b>\$ 1,196</b>
Gross margin (GAAP)	20.8%	23.1%		21.1%
Adjusted gross margin (Non-GAAP measure)	20.9%	23.1%		21.2%
Selling, general and administrative expenses percent to sales (GAAP)	17.6%	22.2%		18.4%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.0%	21.1%		17.7%
Operating margin (GAAP) <sup>1</sup>	3.2%	0.9%		2.7%
Adjusted operating margin (Non-GAAP measure) <sup>1</sup>	3.9%	2.0%		3.5%

<sup>1</sup> Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.

<sup>2</sup> Includes certain eliminations

## SEGMENT RECONCILIATION GAAP TO NON-GAAP

	Fiscal year ended August 31, 2020				Fiscal year ended August 31, 2019			
	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 107,701	\$ 14,281	\$ —	\$ 121,982	\$ 104,532	\$ 15,542	\$ —	\$ 120,074
<b>Gross profit (GAAP)</b>	<b>\$ 22,302</b>	<b>\$ 3,774</b>	<b>\$ 2</b>	<b>\$ 26,078</b>	<b>\$ 23,618</b>	<b>\$ 4,540</b>	<b>\$ 2</b>	<b>\$ 28,159</b>
Transformational cost management	3	2	—	5	—	45	—	45
LIFO provision	95	—	—	95	136	—	—	136
Acquisition-related costs	67	—	—	67	63	—	—	63
Store damages and inventory losses	54	—	—	54	—	—	—	—
Store optimization	1	—	—	1	8	—	—	8
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 22,523</b>	<b>\$ 3,776</b>	<b>\$ 2</b>	<b>\$ 26,301</b>	<b>\$ 23,825</b>	<b>\$ 4,584</b>	<b>\$ 2</b>	<b>\$ 28,411</b>
<b>Selling, general and administrative expenses (GAAP)</b>	<b>\$ 19,331</b>	<b>\$ 5,863</b>	<b>\$ 241</b>	<b>\$ 25,436</b>	<b>\$ 19,307</b>	<b>\$ 4,091</b>	<b>\$ 158</b>	<b>\$ 23,557</b>
Impairment of goodwill and intangible assets	(32)	(1,984)	—	(2,016)	—	(73)	—	(73)
Acquisition-related amortization	(309)	(75)	—	(384)	(315)	(101)	—	(416)
Transformational cost management	(495)	(179)	(40)	(714)	(188)	(93)	(1)	(282)
Acquisition-related costs	(229)	(6)	(12)	(248)	(236)	—	(5)	(240)
Store damages and inventory losses	(13)	—	—	(13)	—	—	—	—
Store optimization	(52)	—	—	(52)	(189)	—	—	(189)
Certain legal and regulatory accruals and settlements	—	—	—	—	(31)	—	—	(31)
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 18,199</b>	<b>\$ 3,619</b>	<b>\$ 189</b>	<b>\$ 22,008</b>	<b>\$ 18,348</b>	<b>\$ 3,825</b>	<b>\$ 153</b>	<b>\$ 22,326</b>
<b>Operating income (loss) (GAAP)</b>	<b>\$ 3,312</b>	<b>\$ (2,090)</b>	<b>\$ (239)</b>	<b>\$ 982</b>	<b>\$ 4,475</b>	<b>\$ 448</b>	<b>\$ (157)</b>	<b>\$ 4,766</b>
Impairment of goodwill and intangible assets	32	1,984	—	2,016	—	73	—	73
Adjustments to equity earnings in AmerisourceBergen	97	—	—	97	233	—	—	233
Acquisition-related amortization	309	75	—	384	315	101	—	416
Transformational cost management	498	182	40	719	189	137	1	327
LIFO provision	95	—	—	95	136	—	—	136
Acquisition-related costs	296	6	12	315	299	—	5	303
Store damages and inventory losses	68	—	—	68	—	—	—	—
Store optimization	53	—	—	53	196	—	—	196
Certain legal and regulatory accruals and settlements	—	—	—	—	31	—	—	31
<b>Adjusted operating income (loss) (Non-GAAP measure)</b>	<b>\$ 4,761</b>	<b>\$ 157</b>	<b>\$ (187)</b>	<b>\$ 4,730</b>	<b>\$ 5,873</b>	<b>\$ 759</b>	<b>\$ (152)</b>	<b>\$ 6,481</b>
Gross margin (GAAP)	20.7%	26.4%		21.4%	22.6%	29.2%		23.5%
Adjusted gross margin (Non-GAAP measure)	20.9%	26.4%		21.6%	22.8%	29.5%		23.7%
Selling, general and administrative expenses percent to sales (GAAP)	17.9%	41.1%		20.9%	18.5%	26.3%		19.6%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.9%	25.3%		18.0%	17.6%	24.6%		18.6%
Operating margin (GAAP) <sup>1</sup>	2.8%	(14.6)%		0.5%	4.1%	2.9%		3.8%
Adjusted operating margin (Non-GAAP measure) <sup>1</sup>	4.0%	1.1%		3.5%	5.2%	4.9%		5.1%

<sup>1</sup> Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.

## SEGMENT RECONCILIATION GAAP TO NON-GAAP

### FISCAL YEAR 2020

	Three months ended November 30, 2019 (Q1)				Three months ended February 29, 2020 (Q2)			
	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 26,133	\$ 3,779	\$ —	\$ 29,912	\$ 27,245	\$ 4,091	\$ —	\$ 31,336
<b>Gross profit (GAAP)</b>	<b>\$ 5,714</b>	<b>\$ 1,064</b>	<b>\$ (1)</b>	<b>\$ 6,777</b>	<b>\$ 5,827</b>	<b>\$ 1,188</b>	<b>\$ 3</b>	<b>\$ 7,017</b>
Transformational cost management	—	3	—	3	3	—	—	3
LIFO provision	33	—	—	33	28	—	—	28
Acquisition-related costs	28	—	—	28	32	—	—	32
Store optimization	—	—	—	—	1	—	—	1
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 5,776</b>	<b>\$ 1,066</b>	<b>\$ (1)</b>	<b>\$ 6,842</b>	<b>\$ 5,890</b>	<b>\$ 1,188</b>	<b>\$ 3</b>	<b>\$ 7,081</b>
<b>Selling, general and administrative expenses (GAAP)</b>	<b>\$ 4,809</b>	<b>\$ 1,012</b>	<b>\$ 48</b>	<b>\$ 5,869</b>	<b>\$ 4,796</b>	<b>\$ 1,048</b>	<b>\$ 65</b>	<b>\$ 5,909</b>
Acquisition-related amortization	(77)	(22)	—	(99)	(79)	(19)	—	(98)
Transformational cost management	(65)	(10)	(2)	(77)	(53)	(44)	(18)	(115)
Acquisition-related costs	(94)	(1)	—	(95)	(66)	—	(1)	(67)
Store optimization	(8)	—	—	(8)	(29)	—	—	(29)
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 4,565</b>	<b>\$ 979</b>	<b>\$ 46</b>	<b>\$ 5,589</b>	<b>\$ 4,569</b>	<b>\$ 985</b>	<b>\$ 45</b>	<b>\$ 5,600</b>
<b>Operating income (loss) (GAAP)</b>	<b>\$ 918</b>	<b>\$ 52</b>	<b>\$ (48)</b>	<b>\$ 921</b>	<b>\$ 1,059</b>	<b>\$ 140</b>	<b>\$ (62)</b>	<b>\$ 1,136</b>
Adjustments to equity earnings in AmerisourceBergen	80	—	—	80	73	—	—	73
Acquisition-related amortization	77	22	—	99	79	19	—	98
Transformational cost management	65	13	2	79	56	44	18	118
LIFO provision	33	—	—	33	28	—	—	28
Acquisition-related costs	122	1	—	124	98	—	1	99
Store optimization	9	—	—	9	30	—	—	30
<b>Adjusted operating income (loss) (Non-GAAP measure)</b>	<b>\$ 1,304</b>	<b>\$ 87</b>	<b>\$ (46)</b>	<b>\$ 1,345</b>	<b>\$ 1,422</b>	<b>\$ 203</b>	<b>\$ (43)</b>	<b>\$ 1,582</b>
Gross margin (GAAP)	21.9%	28.2%		22.7%	21.4%	29.0%		22.4%
Adjusted gross margin (Non-GAAP measure)	22.1%	28.2%		22.9%	21.6%	29.0%		22.6%
Selling, general and administrative expenses percent to sales (GAAP)	18.4%	26.8%		19.6%	17.6%	25.6%		18.9%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.5%	25.9%		18.7%	16.8%	24.1%		17.9%
Operating margin (GAAP) <sup>1</sup>	3.5%	1.4%		3.0%	3.8%	3.4%		3.5%
Adjusted operating margin (Non-GAAP measure) <sup>1</sup>	4.6%	2.3%		4.2%	4.8%	5.0%		4.7%

<sup>1</sup> Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.

## SEGMENT RECONCILIATION GAAP TO NON-GAAP

	FISCAL YEAR 2020							
	Three months ended May 31, 2020 (Q3)				Three months ended August 31, 2020 (Q4)			
	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 27,357	\$ 3,008	\$ —	\$ 30,364	\$ 26,967	\$ 3,403	\$ —	\$ 30,371
<b>Gross profit (GAAP)</b>	<b>\$ 5,275</b>	<b>\$ 684</b>	<b>\$ —</b>	<b>\$ 5,959</b>	<b>\$ 5,486</b>	<b>\$ 838</b>	<b>\$ —</b>	<b>\$ 6,324</b>
Transformational cost management	—	1	—	1	(1)	(1)	—	(2)
LIFO provision	29	—	—	29	6	—	—	6
Acquisition-related costs	7	—	—	7	—	—	—	—
Store damages and inventory losses	60	—	—	60	(6)	—	—	(6)
Store optimization	—	—	—	—	—	—	—	—
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 5,372</b>	<b>\$ 685</b>	<b>\$ —</b>	<b>\$ 6,056</b>	<b>\$ 5,485</b>	<b>\$ 837</b>	<b>\$ —</b>	<b>\$ 6,322</b>
<b>Selling, general and administrative expenses (GAAP)</b>	<b>\$ 4,990</b>	<b>\$ 2,835</b>	<b>\$ 59</b>	<b>\$ 7,884</b>	<b>\$ 4,736</b>	<b>\$ 968</b>	<b>\$ 69</b>	<b>\$ 5,773</b>
Impairment of goodwill and intangible assets	(32)	(1,969)	—	(2,001)	—	(15)	—	(15)
Acquisition-related amortization	(77)	(16)	—	(94)	(77)	(17)	—	(94)
Transformational cost management	(269)	(29)	(11)	(309)	(109)	(96)	(9)	(213)
Acquisition-related costs	(57)	(1)	(3)	(61)	(12)	(4)	(8)	(24)
Store damages and inventory losses	(15)	—	—	(15)	2	—	—	2
Store optimization	(10)	—	—	(10)	(5)	—	—	(5)
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 4,531</b>	<b>\$ 820</b>	<b>\$ 46</b>	<b>\$ 5,396</b>	<b>\$ 4,535</b>	<b>\$ 836</b>	<b>\$ 52</b>	<b>\$ 5,423</b>
<b>Operating income (loss) (GAAP)</b>	<b>\$ 528</b>	<b>\$ (2,151)</b>	<b>\$ (59)</b>	<b>\$ (1,683)</b>	<b>\$ 807</b>	<b>\$ (130)</b>	<b>\$ (69)</b>	<b>\$ 608</b>
Impairment of goodwill and intangible assets	32	1,969	—	2,001	—	15	—	15
Adjustments to equity earnings in AmerisourceBergen	(105)	—	—	(105)	49	—	—	49
Acquisition-related amortization	77	16	—	94	77	17	—	94
Transformational cost management	269	30	11	310	108	95	9	211
LIFO provision	29	—	—	29	6	—	—	6
Acquisition-related costs	64	1	3	68	12	4	8	24
Store damages and inventory losses	75	—	—	75	(7)	—	—	(7)
Store optimization	10	—	—	10	5	—	—	5
<b>Adjusted operating income (loss) (Non-GAAP measure)</b>	<b>\$ 979</b>	<b>\$ (135)</b>	<b>\$ (46)</b>	<b>\$ 798</b>	<b>\$ 1,057</b>	<b>\$ 2</b>	<b>\$ (52)</b>	<b>\$ 1,006</b>
Gross margin (GAAP)	19.3%	22.7%		19.6%	20.3%	24.6%		20.8%
Adjusted gross margin (Non-GAAP measure)	19.6%	22.8%		19.9%	20.3%	24.6%		20.8%
Selling, general and administrative expenses percent to sales (GAAP)	18.2%	94.3%		26.0%	17.6%	28.4%		19.0%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	16.6%	27.2%		17.8%	16.8%	24.6%		17.9%
Operating margin (GAAP) <sup>1</sup>	1.0%	(71.5)%		(6.3)%	2.8%	(3.8)%		1.8%
Adjusted operating margin (Non-GAAP measure) <sup>1</sup>	3.1%	(4.5)%		2.2%	3.5%	—%		3.0%

<sup>1</sup> Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.

## SEGMENT RECONCILIATION GAAP TO NON-GAAP

### FISCAL YEAR 2019

	Three months ended November 30, 2018 (Q1)				Three months ended February 28, 2019 (Q2)			
	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 25,721	\$ 3,935	\$ —	\$ 29,657	\$ 26,257	\$ 4,087	\$ —	\$ 30,344
<b>Gross profit (GAAP)</b>	<b>\$ 6,029</b>	<b>\$ 1,132</b>	<b>\$ 1</b>	<b>\$ 7,162</b>	<b>\$ 6,096</b>	<b>\$ 1,182</b>	<b>\$ (2)</b>	<b>\$ 7,277</b>
Transformational cost management	—	2	—	2	—	23	—	23
LIFO provision	39	—	—	39	8	—	—	8
Acquisition-related costs	9	—	—	9	19	—	—	19
Store optimization	—	—	—	—	1	—	—	1
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 6,078</b>	<b>\$ 1,134</b>	<b>\$ 1</b>	<b>\$ 7,213</b>	<b>\$ 6,125</b>	<b>\$ 1,206</b>	<b>\$ (2)</b>	<b>\$ 7,329</b>
<b>Selling, general and administrative expenses (GAAP)</b>	<b>\$ 4,800</b>	<b>\$ 1,050</b>	<b>\$ 41</b>	<b>\$ 5,891</b>	<b>\$ 4,812</b>	<b>\$ 986</b>	<b>\$ 36</b>	<b>\$ 5,834</b>
Acquisition-related amortization	(76)	(27)	—	(103)	(79)	(25)	—	(103)
Transformational cost management	(2)	(25)	—	(27)	(14)	(17)	—	(32)
Acquisition-related costs	(57)	—	—	(57)	(63)	—	—	(63)
Store optimization	(19)	—	—	(19)	(30)	—	—	(30)
Certain legal and regulatory accruals and settlements	(10)	—	—	(10)	(14)	—	—	(14)
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 4,636</b>	<b>\$ 998</b>	<b>\$ 41</b>	<b>\$ 5,675</b>	<b>\$ 4,612</b>	<b>\$ 944</b>	<b>\$ 36</b>	<b>\$ 5,591</b>
<b>Operating income (loss) (GAAP)</b>	<b>\$ 1,268</b>	<b>\$ 82</b>	<b>\$ (40)</b>	<b>\$ 1,310</b>	<b>\$ 1,367</b>	<b>\$ 196</b>	<b>\$ (37)</b>	<b>\$ 1,526</b>
Adjustments to equity earnings in AmerisourceBergen	44	—	—	44	9	—	—	9
Acquisition-related amortization	76	27	—	103	79	25	—	103
Transformational cost management	2	27	—	29	14	41	—	55
LIFO provision	39	—	—	39	8	—	—	8
Acquisition-related costs	66	—	—	66	82	—	—	82
Store optimization	20	—	—	20	31	—	—	31
Certain legal and regulatory accruals and settlements	10	—	—	10	14	—	—	14
<b>Adjusted operating income (loss) (Non-GAAP measure)</b>	<b>\$ 1,525</b>	<b>\$ 136</b>	<b>\$ (40)</b>	<b>\$ 1,621</b>	<b>\$ 1,605</b>	<b>\$ 262</b>	<b>\$ (37)</b>	<b>\$ 1,829</b>
Gross margin (GAAP)	23.4%	28.8%		24.1%	23.2%	28.9%		24.0%
Adjusted gross margin (Non-GAAP measure)	23.6%	28.8%		24.3%	23.3%	29.5%		24.2%
Selling, general and administrative expenses percent to sales (GAAP)	18.7%	26.7%		19.9%	18.3%	24.1%		19.2%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	18.0%	25.4%		19.1%	17.6%	23.1%		18.4%
Operating margin (GAAP) <sup>1</sup>	4.8%	2.1%		4.3%	4.9%	4.8%		4.8%
Adjusted operating margin (Non-GAAP measure) <sup>1</sup>	5.6%	3.5%		5.2%	5.8%	6.4%		5.7%

<sup>1</sup> Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.



## SEGMENT RECONCILIATION GAAP TO NON-GAAP

	FISCAL YEAR 2019							
	Three months ended May 31, 2019 (Q3)				Three months ended August 31, 2019 (Q4)			
	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.	United States	International	Corporate and Other	Walgreens Boots Alliance, Inc.
Sales	\$ 26,513	\$ 3,811	\$ —	\$ 30,323	\$ 26,040	\$ 3,709	\$ —	\$ 29,750
<b>Gross profit (GAAP)</b>	<b>\$ 5,841</b>	<b>\$ 1,117</b>	<b>\$ 2</b>	<b>\$ 6,960</b>	<b>\$ 5,652</b>	<b>\$ 1,108</b>	<b>\$ —</b>	<b>\$ 6,760</b>
Transformational cost management	—	16	—	16	—	3	—	3
LIFO provision	29	—	—	29	60	—	—	60
Acquisition-related costs	21	—	—	21	13	—	—	13
Store optimization	1	—	—	1	5	—	—	5
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 5,892</b>	<b>\$ 1,133</b>	<b>\$ 2</b>	<b>\$ 7,027</b>	<b>\$ 5,730</b>	<b>\$ 1,111</b>	<b>\$ —</b>	<b>\$ 6,842</b>
<b>Selling, general and administrative expenses (GAAP)</b>	<b>\$ 4,800</b>	<b>\$ 999</b>	<b>\$ 24</b>	<b>\$ 5,824</b>	<b>\$ 4,895</b>	<b>\$ 1,057</b>	<b>\$ 57</b>	<b>\$ 6,009</b>
Impairment of goodwill and intangible assets	—	—	—	—	—	(73)	—	(73)
Acquisition-related amortization	(82)	(25)	—	(107)	(78)	(24)	—	(102)
Transformational cost management	(43)	(8)	—	(51)	(129)	(42)	(1)	(172)
Acquisition-related costs	(59)	—	—	(59)	(57)	—	(5)	(62)
Store optimization	(48)	—	—	(48)	(91)	—	—	(91)
Certain legal and regulatory accruals and settlements	(7)	—	—	(7)	—	—	—	—
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 4,561</b>	<b>\$ 966</b>	<b>\$ 24</b>	<b>\$ 5,552</b>	<b>\$ 4,539</b>	<b>\$ 917</b>	<b>\$ 52</b>	<b>\$ 5,508</b>
<b>Operating income (loss) (GAAP)</b>	<b>\$ 1,025</b>	<b>\$ 119</b>	<b>\$ (24)</b>	<b>\$ 1,120</b>	<b>\$ 815</b>	<b>\$ 51</b>	<b>\$ (57)</b>	<b>\$ 810</b>
Impairment of goodwill and intangible assets	—	—	—	—	—	73	—	73
Adjustments to equity earnings in AmerisourceBergen	137	—	—	137	42	—	—	42
Acquisition-related amortization	82	25	—	107	78	24	—	102
Transformational cost management	43	24	—	67	129	46	1	176
LIFO provision	29	—	—	29	60	—	—	60
Acquisition-related costs	80	—	—	80	71	—	5	75
Store optimization	49	—	—	49	97	—	—	97
Certain legal and regulatory accruals and settlements	7	—	—	7	—	—	—	—
<b>Adjusted operating income (loss) (Non-GAAP measure)</b>	<b>\$ 1,452</b>	<b>\$ 167</b>	<b>\$ (24)</b>	<b>\$ 1,596</b>	<b>\$ 1,292</b>	<b>\$ 195</b>	<b>\$ (52)</b>	<b>\$ 1,435</b>
Gross margin (GAAP)	22.0%	29.3%		23.0%	21.7%	29.9%		22.7%
Adjusted gross margin (Non-GAAP measure)	22.2%	29.7%		23.2%	22.0%	30.0%		23.0%
Selling, general and administrative expenses percent to sales (GAAP)	18.1%	26.2%		19.2%	18.8%	28.5%		20.2%
Adjusted selling, general and administrative expenses percent to sales (Non-GAAP measure)	17.2%	25.4%		18.3%	17.4%	24.7%		18.5%
Operating margin (GAAP) <sup>1</sup>	3.9%	3.1%		3.7%	2.9%	1.4%		2.5%
Adjusted operating margin (Non-GAAP measure) <sup>1</sup>	5.0%	4.4%		4.9%	4.6%	5.2%		4.5%

<sup>1</sup> Operating margins and adjusted operating margins have been calculated excluding equity earnings (loss) in AmerisourceBergen and adjusted equity earnings (loss) in AmerisourceBergen, respectively.

## SEGMENT RECONCILIATION TO AMOUNTS PREVIOUSLY REPORTED

	FISCAL YEAR 2020			
	As previously reported	Adjustments		As recast
	Retail Pharmacy USA	ABC	Corporate and Other	United States Segment
Sales	\$ 107,701	\$ —	\$ —	\$ 107,701
Gross profit (GAAP)	\$ 22,211	\$ —	\$ 91	\$ 22,302
Total adjustments to Gross Profit	221	—	—	221
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 22,432</b>	<b>\$ —</b>	<b>\$ 91</b>	<b>\$ 22,523</b>
Selling, general and administrative expenses (GAAP)	\$ 19,515	\$ —	\$ (185)	\$ 19,331
Total adjustments to selling, general and administrative expenses	(1,182)	—	51	(1,132)
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 18,333</b>	<b>\$ —</b>	<b>\$ (134)</b>	<b>\$ 18,199</b>
Operating income (GAAP)	\$ 2,696	\$ 340	\$ 276	\$ 3,312
Total adjustments to Operating income	1,403	97	(51)	1,449
<b>Adjusted operating income (Non-GAAP measure)</b>	<b>\$ 4,099</b>	<b>\$ 437</b>	<b>\$ 225</b>	<b>\$ 4,761</b>

	FISCAL YEAR 2019			
	As previously reported	Adjustments		As recast
	Retail Pharmacy USA	ABC	Corporate and Other	United States Segment
Sales	\$ 104,532	\$ —	\$ —	\$ 104,532
Gross profit (GAAP)	\$ 23,511	\$ —	\$ 106	\$ 23,618
Total adjustments to Gross Profit	207	—	—	207
<b>Adjusted gross profit (Non-GAAP measure)</b>	<b>\$ 23,718</b>	<b>\$ —</b>	<b>\$ 106</b>	<b>\$ 23,825</b>
Selling, general and administrative expenses (GAAP)	\$ 19,424	\$ —	\$ (117)	\$ 19,307
Total adjustments to selling, general and administrative expenses	(960)	—	1	(959)
<b>Adjusted selling, general and administrative expenses (Non-GAAP measure)</b>	<b>\$ 18,464</b>	<b>\$ —</b>	<b>\$ (115)</b>	<b>\$ 18,348</b>
Operating income (GAAP)	\$ 4,088	\$ 164	\$ 223	\$ 4,475
Total adjustments to Operating income	1,167	233	(1)	1,398
<b>Adjusted operating income (Non-GAAP measure)</b>	<b>\$ 5,255</b>	<b>\$ 397</b>	<b>\$ 222</b>	<b>\$ 5,873</b>

## SEGMENT RECONCILIATION TO AMOUNTS PREVIOUSLY REPORTED

### FISCAL YEAR 2020

	As previously reported			Adjustments			As recast
	Retail Pharmacy International Segment	Pharmacy Wholesale Segment	Total	Discontinued Operations	ABC	Corporate and Other	International Segment
Sales	\$ 10,4	\$ 23,958	\$ 33,962	\$ (19,349)	\$ —	\$ (333)	\$ 14,281
Gross profit (GAAP)	\$ 3,741	\$ 2,063	\$ 5,805	\$ (1,940)	\$ —	\$ (91)	\$ 3,774
Total adjustments to Gross Profit	2	—	2	—	—	—	2
Adjusted gross profit (Non-GAAP measure)	\$ 3,744	\$ 2,063	\$ 5,807	\$ (1,940)	—	\$ (91)	\$ 3,776
Selling, general and administrative expenses (GAAP)	\$ 5,858	\$ 1,672	\$ 7,530	\$ (1,610)	\$ —	\$ (55)	\$ 5,863
Total adjustments to selling, general and administrative expenses	(2,245)	(151)	(2,396)	151	—	1	(2,244)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 3,613	\$ 1,521	\$ 5,134	\$ (1,459)	\$ —	\$ (54)	\$ 3,619
Operating income (loss) (GAAP)	\$ (2,117)	\$ 732	\$ (1,385)	\$ (330)	\$ (340)	\$ (36)	\$ (2,090)
Total adjustments to Operating income	2,247	249	2,496	(151)	(97)	—	2,247
Adjusted operating income (loss) (Non-GAAP measure)	\$ 130	\$ 980	\$ 1,110	\$ (481)	\$ (437)	\$ (36)	\$ 157

### FISCAL YEAR 2019

	As previously reported			Adjustments			As recast
	Retail Pharmacy International Segment	Pharmacy Wholesale Segment	Total	Discontinued Operations	ABC	Corporate and Other	International Segment
Sales	\$ 11,462	\$ 23,053	\$ 34,515	\$ (18,618)	\$ —	\$ (355)	\$ 15,542
Gross profit (GAAP)	\$ 4,522	\$ 2,041	\$ 6,563	\$ (1,917)	\$ —	\$ (106)	\$ 4,540
Total adjustments to Gross Profit	45	—	45	—	—	—	45
Adjusted gross profit (Non-GAAP measure)	\$ 4,567	\$ 2,041	\$ 6,608	\$ (1,917)	—	\$ (106)	\$ 4,584
Selling, general and administrative expenses (GAAP)	\$ 4,084	\$ 1,734	\$ 5,818	\$ (1,685)	\$ —	\$ (42)	\$ 4,091
Total adjustments to selling, general and administrative expenses	(265)	(235)	(500)	229	—	4	(267)
Adjusted selling, general and administrative expenses (Non-GAAP measure)	\$ 3,819	\$ 1,499	\$ 5,319	\$ (1,456)	\$ —	\$ (38)	\$ 3,825
Operating income (loss) (GAAP)	\$ 438	\$ 471	\$ 909	\$ (232)	\$ (164)	\$ (64)	\$ 448
Total adjustments to Operating income	309	467	777	(229)	(233)	(4)	311
Adjusted operating income (loss) (Non-GAAP measure)	\$ 747	\$ 939	\$ 1,686	\$ (461)	\$ (397)	\$ (68)	\$ 759