Walgreens Boots Alliance Fiscal 2022 Q4 Earnings

Fourth Quarter Results Ahead of Expectations; Raising Long-Term Targets for U.S. Healthcare Segment

"WBA has delivered ahead of expectations in the first year of our transformation to a consumer-centric healthcare company. Our resilient business achieved growth while navigating macroeconomic headwinds. Fiscal 2023 will be a year of accelerating core growth and rapidly scaling our U.S. Healthcare business. Our execution to date provides us visibility and confidence to increase the long-term outlook for our next growth engine and reconfirm our path to low-teens adjusted EPS growth. Our strategic actions are unlocking sustainable shareholder value as we simplify the company and continue our journey to being a healthcare leader."

Chief Executive Officer Roz Brewer

Selected Financial Results

For complete Q4 fiscal 2022 results, announced on October 13, 2022, please click here.

Sales

$132.7B

in fiscal 2022, up 1.2%
year-on-year on a constant currency basis

Adjusted EPS

$5.04

in fiscal 2022, up 3.4%
year-on-year on a constant currency basis

Reported EPS

$5.01

in fiscal 2022, up from $2.30
in the year-ago period

U.S. Comparable Retail Sales

+6.1%

in fiscal 2022, the highest in nearly two decades

Outlook

Expecting fiscal year 2023 adjusted EPS of $4.45 to $4.65 as strong core business growth is more than offset by lapping fiscal year 2022 COVID-19 execution, and currency headwinds

Raising U.S. Healthcare fiscal 2025 sales target to $11 billion – $12 billion, with the segment expected to achieve positive adjusted EBITDA by fiscal year 2024

Increased visibility to the company's long-term growth algorithm, building to low-teens adjusted EPS growth in fiscal year 2025 and beyond

Strategic Priorities

- Transform and align the core
- Build our next growth engine with consumer-centric healthcare solutions
- Focus the portfolio; optimize capital allocation
- Build a high-performance culture and a winning team

Continuing to play a leading role in COVID-19 vaccinations and testing

2.9M
COVID-19 vaccinations

Walgreens administered 2.9M COVID-19 vaccinations in Q4

3.4M
PCR and antigen COVID-19 tests

Walgreens administered 3.4M PCR and antigen COVID-19 tests in Q4

Transformational Cost Management Program

$3.5B
Annual cost savings

Transformational Cost Management Program expected to deliver $3.5 billion in annual cost savings by the end of fiscal 2024

Business Updates

myWalgreens

Grew myWalgreens members to over **102M** by the end of Q4, up **17M** members from Q4 FY21

Walgreens

U.S. retail digital sales growth of **14%** in Q4, on top of 82% last year, driven by **3.5M** same-day pick-up orders

Boots
Well can. For life.

Boots UK retail comparable sales growth of **15.2%**, compared to the year-ago quarter

U.S. Healthcare Segment

The U.S. Healthcare segment had Q4 sales of **$622M**

VillageMD

Rollout of VillageMD continued with **152** co-located clinics now open, on track toward **200** by end of CY22

Established **70** Walgreens Health Corners to date, on track toward **100** by end of CY22

carecentrix
It pays to care at home

Completed majority share acquisition of CareCentrix and, in October, accelerated full acquisition

SHIELDS
HEALTH SOLUTIONS

In September, accelerated full acquisition of Shields Health Solutions

Operated eight automated microfulfillment centers at quarter-end, supporting ~1,800 stores

Added deep technology expertise:

Inderpal S. Bhandari appointed to the Board of Directors

Hsiao Wang named senior vice president and chief information officer

Announced new leadership structure for the U.S. Retail Pharmacy segment, organized under two leaders:

Retail led by **Tracey Brown**

Pharmacy led by **Lee Cooper**

John Driscoll named executive vice president and president, U.S. Healthcare

Kevin Ban, M.D., elevated to executive vice president and chief medical officer of WBA

Alethia Jackson named senior vice president, environmental, social and governance (ESG) and chief diversity, equity and inclusion (DEI) officer for the U.S.

EXCELLENCE IN PROCUREMENT AWARDS 2022

Boots and WBA won Team of the Year at the CIPS Excellence in Procurement Awards, celebrating the best of the procurement industry across the UK and Europe

In a UK first, Boots delivered prescriptions via drone

DEI DISABILITY EQUALITY INDEX

Walgreens scored **100%** on the Disability Equality Index

Walgreens named to Newsweek's "America's Best Customer Service 2023" list

This message contains selected results from WBA's fiscal quarter ended August 31 2022 and is not intended to be a substitute for a comprehensive review of the company's earnings release, linked above and available in the Investor Relations section of walgreensbootsalliance.com, and the company's filings with the U.S. Securities and Exchange Commission, which can be found at www.SEC.gov.

Cautionary Note Regarding Forward-Looking Statements: All statements in this message that are not historical are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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 and speak only as of the date they are made. The company does not undertake, and expressly disclaims, any duty or obligation to update publicly any forward-looking statement after the date of this message.

WBA reports earnings according to generally accepted accounting principles (GAAP). The company's adjusted results are non-GAAP financial measures that exclude the impact of certain items affecting comparability and that supplement GAAP results. Please refer to the "Supplemental Information (Unaudited) Regarding Non-GAAP Financial Measures" in the press release for more information including reconciliations to the most directly comparable GAAP financial measures. Free cash flow is a non-GAAP financial measure.