

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 31, 2023

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____

Commission file number 001-36759

WALGREENS BOOTS ALLIANCE, INC.

(Exact name of registrant as specified in its charter)

Delaware

47-1758322

(State of incorporation)

(I.R.S. Employer Identification No.)

108 Wilmot Road, Deerfield, Illinois

60015

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (847) 315-3700

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of February 28, 2023, the aggregate market value of Walgreens Boots Alliance, Inc. common stock held by non-affiliates (based on the closing transaction price on Tuesday, February 28, 2023) was approximately \$25.4 billion. As of September 29, 2023, there were 863,914,593 shares of Walgreens Boots Alliance, Inc. common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for our Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year ended August 31, 2023 are incorporated by reference into Part III of this Form 10-K as indicated herein.

Walgreens Boots Alliance, Inc.
Annual Report on Form 10-K
Table of Contents

Part I

	Page
Item 1. Business	1
Information about our executive officers	10
Item 1A. Risk factors	13
Item 1B. Unresolved staff comments	34
Item 2. Properties	34
Item 3. Legal proceedings	35
Item 4. Mine safety disclosures	35

Part II

Item 5. Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities	36
Item 6. Reserved	36
Item 7. Management's discussion and analysis of financial condition and results of operations	37
Item 7A. Quantitative and qualitative disclosure about market risk	63
Item 8. Financial statements and supplementary data	64
Item 9. Changes in and disagreements with accountants on accounting and financial disclosure	122
Item 9A. Controls and procedures	122
Item 9B. Other information	123

Part III

Item 10. Directors, executive officers and corporate governance	124
Item 11. Executive compensation	124
Item 12. Security ownership of certain beneficial owners and management and related stockholder matters	124
Item 13. Certain relationships and related transactions and director independence	124
Item 14. Principal accounting fees and services	124

Part IV

Item 15. Exhibits and financial statement schedules	125
Item 16. Form 10-K summary	133
Signatures	134

References in this Annual Report on Form 10-K (this "Form 10-K") to the "Company," "we," "us" or "our" refer to Walgreens Boots Alliance, Inc. and its subsidiaries and in each case 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 2023", "fiscal 2022", and "fiscal 2021" refer to our fiscal years ended August 31, 2023, August 31, 2022, and August 31, 2021, respectively.

This Form 10-K includes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. See cautionary note regarding forward-looking statements in Management's discussion and analysis of financial condition and results of operations in Part II, Item 7.

All trademarks, trade names and service marks used herein are the property of their respective owners.

PART I

Item 1. Business

Overview

Walgreens Boots Alliance, Inc., a Delaware corporation incorporated in 2014 (“Walgreens Boots Alliance” or the “Company”), is an integrated healthcare, pharmacy and retail leader with a 170-year heritage of caring for customers and patients. Walgreens Boots Alliance is the successor of Walgreen Co., an Illinois corporation, which was formed in 1909. Our principal executive offices are located at 108 Wilmot Road, Deerfield, Illinois 60015. Our common stock trades on the Nasdaq Stock Market under the symbol “WBA”.

Walgreens Boots Alliance is one of the largest retail pharmacy, health and daily living destinations across the United States (“U.S.”) and Europe with sales of \$139.1 billion in fiscal 2023. Walgreens Boots Alliance has a presence in 9 countries and employs more than 331,000 people. In addition, Walgreens Boots Alliance is also one of the world’s largest purchasers of prescription drugs and many other health and well-being products. The Company’s size, scale and expertise are instrumental in helping expand the supply of, and helping to address the rising cost of prescription drugs in the U.S. and worldwide.

A trusted, global innovator in retail pharmacy with approximately 13,000 locations across the U.S., Europe and Latin America, Walgreens Boots Alliance plays a critical role in the healthcare ecosystem. The Company is reimagining local healthcare and well-being for all as part of its purpose – to create more joyful lives through better health. By dispensing medicines, improving access to a wide range of health services, providing high quality health and beauty products and offering anytime, anywhere convenience across its digital platforms, the Company is shaping the future of healthcare in the thousands of communities it serves. Walgreens Boots Alliance is going beyond pharmacy to coordinate with health plans and health systems, as well as with providers to engage patients in underserved communities to help improve the quality of care and outcomes, while also lowering overall costs. The Company offers a connected healthcare experience that can help drive better outcomes within communities, as it continues to accelerate the shift to value-based care, which prioritizes quality of patient care over quantity of services provided. The Company’s deepened focus on healthcare includes expanding services across primary, multi-specialty and urgent care providers serving patients in traditional clinic settings, in patients’ homes and virtual platforms.

The Company provides customers with convenient, omni-channel access through its portfolio of retail and business brands, which includes retail drugstores Walgreens, Boots, Duane Reade, Benavides and Ahumada as well its product brands such as No7, Soap & Glory, Free & Pure, NICE!, Liz Earle, Botanics, Sleek MakeUP and YourGoodSkin. The Company’s health and beauty product brands are enhanced by its in-house product research and development capabilities.

As part of its commitment to Environmental, Social and Governance (“ESG”) progress, the Company is proud of its health-centered sustainability strategy that focuses on healthy communities, a healthy planet, a healthy and inclusive workplace and a sustainable marketplace. Walgreens Boots Alliance is a participant in the United Nations Global Compact and adheres to its principles-based approach to responsible business. The Company has been recognized as an industry leader in several areas, including being named Disability:IN’s Employer of the Year for 2023 and for its commitment to operating sustainably the Company was named to the Dow Jones Sustainability Indices (“DJSI”) North American Index in 2022, for the third consecutive year.

Industry overview

Retail pharmacy

The retail pharmacy industry is highly competitive and dynamic with approximately 40,000 retail locations throughout the U.S. Pharmacists nationwide have been playing an increasingly important role in healthcare delivery over recent years and retail locations provide the much-needed access for a range of critical pharmacy and healthcare services, such as vaccinations and testing services. It is estimated that nearly 90 percent of the U.S. population lives within five miles of a retail pharmacy.

Prescription drugs play a significant role in healthcare and constitute a first line of treatment for many chronic and acute medical conditions. The Company believes the long-term outlook for prescription drug utilization is strong due, in part, to a number of factors, including aging populations, higher prevalence of chronic disease, increases in availability of generic drugs, and the continued development of cost-effective innovative drug therapies. Further, in the U.S., some form of insurance coverage for individuals for prescription drugs is expanding, including for the “baby boomers”, who are becoming increasingly eligible for federally funded Medicare Part D prescription benefits.

The retail pharmacy industry across the globe relies significantly on private and governmental third-party payors. Many private organizations throughout the healthcare industry, including pharmacy benefit managers (“PBMs”) and health insurance companies, have consolidated over recent years to create larger healthcare entities with greater bargaining power. Third-party payors, including the Medicare Part D plans and state-sponsored Medicaid and related managed care Medicaid agencies in the U.S., have the ability to change eligibility requirements and/or reduce certain reimbursement rates. In addition, in many European countries, the government provides or subsidizes healthcare to consumers and regulates pharmaceutical prices, patient eligibility and reimbursement levels to help control costs for the government-sponsored healthcare system. Changes in law or regulation can also impact reimbursement rates and terms. As an example, the Patient Protection and Affordable Care Act (the “ACA”) was enacted to help control federal healthcare spending, including for prescription drugs, in the U.S. These changes generally have been aimed at reducing Medicaid reimbursements in the U.S. State Medicaid programs are also expected to continue to seek reductions in reimbursements. In addition, the Inflation Reduction Act of 2022 (“IRA”), which began to take effect in 2023, includes policies designed to have a direct impact on drug prices and reduce drug spending by the federal government. The IRA requires drug manufacturers to pay rebates to Medicare if they increase prices faster than the inflation rate for drugs prescribed for Medicare beneficiaries. The mechanics of the rebate calculation mimic those of the Medicaid rebate, but the expansion of inflation-based rebates may further complicate pricing strategies, particularly with the availability of our new medications. When third-party payors or governmental authorities take actions that restrict eligibility or reduce prices or reimbursement rates, sales and margins in the retail pharmacy industry could be reduced, which would adversely affect industry profitability. In some cases, these possible adverse effects may be partially or entirely offset by controlling inventory costs and other expenses, dispensing more higher margin generics, finding new revenue streams through pharmacy services or other offerings and/or dispensing a greater volume of prescriptions.

These industry dynamics and challenges have been ongoing and some have intensified in recent years. The Company has always had a continuous focus on driving operational efficiencies and cost reduction. Generic prescription drugs have continued to help lower overall costs for customers and third-party payors. The Company expects the utilization of generic pharmaceuticals to continue to increase and industry data shows that generic drugs and biosimilars represent approximately 90% of all prescriptions filled. In general, in the U.S., generic versions of drugs generate lower sales dollars per prescription, but higher gross profit dollars as compared with patent-protected brand name drugs. The impact on retail pharmacy gross profit dollars can be significant in the first several months after a generic version of a drug is first allowed to compete with the branded version, which is generally referred to as a “generic conversion”. In any given year, the number of major brand name drugs that undergo a conversion from branded to generic status can vary and the timing of generic conversions can be difficult to predict, which can have a significant impact on retail pharmacy sales and gross profits. In general, in the U.S., the specialty prescription business is also growing and generates higher sales dollars per prescription, but lower gross margin, as compared to generic prescription drugs.

The Company expects that market demand, government regulation, third-party reimbursement policies, government contracting requirements and other pressures will continue to evolve across the industries in which the Company competes. Pharmacists are on the frontlines of the healthcare delivery system and playing a greater role as part of patients’ care teams than ever before. The Company believes rising healthcare costs and the need for greater care coordination with primary care and other providers present opportunities for pharmacists and retail pharmacies to play an even greater role in driving positive outcomes for patients and payors through expanded service offerings and access.

Healthcare services

Transformation in healthcare services has accelerated following the COVID-19 pandemic. One critical catalyst for this change are the new ways that patients seek and access care and the increasing value they place on their overall healthcare experience. Across the industry, many patients and caregivers are forced to navigate a fractured, complex healthcare system, facing barriers to access and care coordination that can lead to higher costs and poorer health outcomes. There is a growing demand for convenient, accessible and affordable care, while many provider groups face staff shortages and a backlog of patients with unmet healthcare needs. Consequently, many patients feel frustrated with long wait times to see healthcare providers and struggle to navigate the complex system. Others opt to delay seeking care until necessary or critical, resulting in more severe health issues that can require more costly interventions and services later. The ability to influence and impact patients early in the healthcare value chain attracts providers and payors seeking new models to improve their clinical and financial performance.

The Company's U.S. Healthcare segment is a consumer-centric, technology enabled healthcare business that is powered by a nationally scaled, locally delivered healthcare platform, organically developed clinical programs and strategic collaboration with WBA's majority-owned businesses, including Village Practice Management Company, LLC ("VillageMD"), Shields Health Solutions Parent, LLC ("Shields") and CCX Next, LLC ("CareCentrix"). The Company is working to build a personalized, omni-channel experience across a world-class healthcare services organization, investing in primary care and the post-acute care management journey. The U.S. Healthcare segment endeavors to improve health outcomes and expand digital-forward services to make healthcare more accessible. This includes building a differentiated value-based care delivery model that successfully integrates pharmacy and medical care for a value-based care market that is expected to increase significantly by 2027. The Company's portfolio of assets is well suited to meet the demands of a healthcare market that is quickly moving from fee for service to value-based.

The Company is well positioned to leverage its core assets and competencies in pharmacy, retail and consumer engagement, along with a range of best-in-class healthcare assets and portfolio investments. This represents a growth opportunity to capitalize on by partnering with providers and health systems transitioning into value-based care payment models, enabling improved care delivery and augmenting existing care teams with integrated pharmacy and wrap-around services. Additionally, payors who are looking to differentiate their benefit design and performance through enhanced network access, lower cost services and innovative programs that enhance clinical quality stand to benefit.

See Note 17. Segment reporting to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

Recent Developments

The information set forth in Part II, Item 7 of this Form 10-K under the caption "Recent Developments" is incorporated herein by reference.

Segments

The Company's operations are conducted through three reportable segments:

- U.S. Retail Pharmacy,
- International, and
- U.S. Healthcare.

In fiscal 2022, the Company changed the name of two reportable segments to better align with the Company's business activities, structure and strategy. The "United States" segment was renamed to "U.S. Retail Pharmacy" and the "Walgreens Health" segment was renamed to "U.S. Healthcare". The segment name changes did not result in any change to the composition of the segments and therefore no change to the historical results of segment operations. The information for these segments for all periods included in these consolidated financial statements has been presented using the new names.

In fiscal 2023, our segment sales were: U.S. Retail Pharmacy \$110.3 billion, International \$22.2 billion and U.S. Healthcare \$6.6 billion. Additional information relating to our segments is included in Management's discussion and analysis of financial condition and results of operations in Part II, Item 7, and in Note 17. Segment reporting and Note 18. Sales to the Consolidated Financial Statements included in Part II, Item 8.

U.S. Retail Pharmacy

The Company's U.S. Retail Pharmacy segment includes the Walgreens business which is comprised of the operations of retail drugstores, health and wellness services, specialty and home delivery pharmacy services, and its equity method investment in Cencora, Inc. ("Cencora"), formerly known as AmerisourceBergen Corporation.

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. The U.S. Retail Pharmacy segment (excluding equity method investments) has pharmacy-led health and beauty retail offerings in 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. The Company operated 8,701 retail stores in the segment as of August 31, 2023. The principal retail pharmacy brands in the segment are Walgreens and Duane Reade. The Company is a market leader in the U.S. and, as of August 31, 2023, approximately 78% of the population of the U.S. lived within five miles of a Walgreens or Duane Reade retail pharmacy.

The Company is focused on creating a neighborhood health destination and a more modern pharmacy aligned to a wider range of healthcare services. Significant investments have accelerated the Company's customer-centric approach, with specific focus on transforming omni-channel capabilities and offerings across retail and healthcare. The Company's services help improve health outcomes for patients and manage costs for payors, including employers, managed care organizations, health systems, PBMs and the public sector. The Company utilizes its retail network as a channel to provide health and wellness services to its customers and patients, as illustrated by the Company's ability to play a significant role in providing vaccinations. Additionally, through our key collaborations, we aim to develop new healthcare delivery models and to improve the speed, efficiency and safety of the prescription fulfillment process. We have taken further steps to develop our neighborhood health destinations, to provide an integrated primary care and pharmacy model that aims to drive better health outcomes, reduce costs and provide a differentiated patient experience to the communities we serve.

The Company also provides specialty pharmacy and mail services and offers certain other health and wellness services throughout the U.S. The Company employs more than 85,000 healthcare service providers, including pharmacists, pharmacy technicians, nurse practitioners and other health related professionals.

The segment provides customers with convenient, omni-channel access to consumer goods and services, including own branded general merchandise, such as NICE!, Free & Pure, No7, and Soap & Glory, as well as pharmacy and health and wellness services in communities across the U.S. Integrated with the Company's e-commerce platform, the Walgreens mobile application allows customers to refill prescriptions through scan technology, receive notifications when a refill is due and choose their delivery option, which includes in-store pick up, drive-through or delivery to their home.

The myWalgreens customer loyalty program provides an interface for customers to access the Company's enhanced and growing digital offering. The program allows members to receive discounts, in addition to earning Walgreens Cash rewards on storewide purchases. The cash benefit is applied as the customer chooses, not just to future transactions at Walgreens but also in support of the customer's favorite charity or community cause. The number of myWalgreens members continues to grow and as of August 31, 2023, totaled approximately 113 million.

The Walgreens Find Care platform also includes telehealth service providers, connecting patients and customers with options to access convenient and affordable care from their mobile devices. Additionally, the Company has expanded the retail functionality of its mobile application, such as extending drive-through service to include retail products, curbside collection for online orders and same day offerings including pick up orders within 30 minutes. The segment is also implementing new approaches to promotions, product selection and other areas to deliver greater value to its customers in its stores.

The components of the segment's sales are Pharmacy (the sale of prescription drugs and provision of pharmacy-related services) and Retail (the sale of healthcare and retail products including non-prescription drugs, health and wellness, beauty and personal care, and consumables and general merchandise). The segment's sales are subject to the influence of seasonality, particularly the cough, cold and flu seasons and winter holiday. This seasonality also can affect the segment's proportion of sales between Retail and Pharmacy during certain periods. The components of the segment's fiscal year sales were as follows:

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Pharmacy	74 %	74 %	76 %
Retail	26 %	26 %	24 %
Total	100 %	100 %	100 %

The Company filled 801 million prescriptions (including vaccinations) in the segment in fiscal 2023. Adjusted to 30-day equivalents, prescriptions filled were 1.2 billion in fiscal 2023. The Company fills prescriptions under Medicare, Medicaid and other publicly financed or sponsored health benefit and prescription drug plans and programs, including the federal 340B drug pricing program. Sales where reimbursement is received from managed care organizations, governmental agencies, PBMs and private insurance were approximately 97% of the segment's fiscal 2023 Pharmacy sales.

The Company fills prescriptions for many state and federal governmental health care programs, including Medicare Part D plans and Medicaid public assistance programs contributing to approximately 23% and 6%, respectively, of the segment's fiscal 2023 sales.

The Company's myWalgreens Credit Card program features the myWalgreens Mastercard and the myWalgreens Credit Card. These cards are the first ever of their kind to reward more personalized wellbeing choices and offer industry-leading rewards at Walgreens locations, Walgreens.com, Duane Reade stores, via the Walgreens mobile app, and wherever Mastercard is accepted.

Cencora supplies and distributes substantially all generic and branded pharmaceutical products to the segment's pharmacies. The Company purchases its non-pharmaceutical merchandise from numerous manufacturers and wholesalers.

The segment's sales, gross profit margin and gross profit are impacted by, among other things, both the percentage of prescriptions filled that are generic and the rate at which new generic drugs are introduced to the market. Because any number of factors outside of the Company's control can affect timing for a generic conversion, the Company faces substantial uncertainty in predicting when such conversions will occur and what effect they will have on particular future periods.

The Company's pharmacy business is subject to ongoing prescription reimbursement pressure, a shift in the fulfillment of prescriptions every thirty days towards 90-day at retail, an increased volume of Medicare Part D prescriptions and increased consumer use of prescription discount cards. Further consolidation among generic manufacturers coupled with changes in the number of major brand name drugs anticipated to undergo a conversion from branded to generic status may also result in gross margin pressures within the industry.

The Company continuously faces reimbursement pressure from PBMs, government, health maintenance organizations, managed care organizations and other commercial third-party payors. Agreements with these payors are regularly subject to expiration, termination or renegotiation. In addition, plan changes with rate adjustments often occur in January and the Company's reimbursement arrangements may provide for rate adjustments at prescribed intervals during their term. The Company experienced lower reimbursement rates in fiscal 2023 as compared to the same period in the prior year. The Company expects these pressures to continue.

The Company has also worked to develop and expand its relationships with commercial third-party payors to enable new and/or improved market access via participation in pharmacy provider networks they offer. The prescription volume impact of new agreements and relationships typically is incremental over time.

The Company's 90-day at retail prescription drug offering is typically at a lower margin than comparable 30-day prescriptions, but provides the Company with the opportunity to increase business with patients with chronic prescription needs while offering increased convenience, helping facilitate improved prescription adherence and resulting in a lower cost to fill the 90-day prescription. Similarly, the specialty prescription business, which generates higher sales dollars per prescription, may result in gross margin pressures within the industry, as compared to generic prescription drugs. The segment's performance is also impacted by the current environment, including adverse global macroeconomic conditions caused by factors including, among others, inflation, high interest rates, labor shortages, supply chain disruptions and pandemics like COVID-19. For more information, see Risk factors in Item 1A.

International

The International segment consists of pharmacy-led health and beauty retail businesses outside the U.S. and the pharmaceutical wholesaling and distribution business in Germany.

Pharmacy-led health and beauty retail businesses include Boots branded stores in the United Kingdom ("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. The Company operated 3,960 retail stores in the segment as of August 31, 2023 (see Item 2. Properties, for information regarding geographic coverage) and has grown its omni-channel platform, including its online presence, in recent years. In the UK, the Company is a market leader and its retail stores are conveniently located with pharmacists well placed to provide a significant role in the provision of healthcare services, working closely with other primary healthcare providers in the communities the Company serves.

The Boots omni-channel offering is differentiated from that of competitors due to the product brands the Company owns, such as No7, Liz Earle, Soap & Glory, Botanics, Sleek MakeUp, Boots Pharmaceuticals and 'only at Boots' exclusive products, together with its long established reputation for trust and customer care. The Company's brands portfolio is enhanced by its in-house product research and development capabilities. The Company has introduced new beauty brands and beauty halls in key locations. Certain of the product brands of the Company are also sold by third-party retailers.

The Company's retail store networks are typically complemented by online platforms. In the UK, through the boots.com website and integrated mobile application, the 'click and collect' service normally allows customers to order from a range of over 41,000 products online and collect the following day from approximately 75% of the UK's retail stores.

The Boots Advantage Card loyalty program, where customers earn points on purchases for redemption at a later date, continues to be a key element of the Boots offering. As of August 31, 2023, the number of active Boots Advantage Card members (members who have used their card in the last six months) totaled approximately 14 million.

In addition, Boots in the UK is one of the leaders in the optical market with 543 practices, of which 164 operated on a franchise basis as of August 31, 2023. Approximately 30% of these optical practices are located in Boots stores with the balance being standalone optical practices.

The components of the segment's sales are Pharmacy (typically the sale of prescription drugs and provision of pharmacy-related services, subject to variation in particular jurisdictions depending upon regulatory and other factors) and Retail (primarily the sale of health and beauty products including beauty, toiletries and lifestyle merchandising, non-prescription drugs and, in the UK, the provision of optical services). Further, the segment also has a wholesale business in Germany with 32 distribution centers which distribute prescription medicines to pharmacies and other similar healthcare facilities.

The segment's sales are subject to the influence of seasonality, with the second fiscal quarter typically the strongest as a result of the winter holiday period. This seasonality affects the segment's proportion of sales between Retail and Pharmacy during certain periods. The components of the segment's fiscal year sales were as follows:

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Pharmacy	17 %	17 %	19 %
Retail	33 %	32 %	30 %
Wholesale	51 %	51 %	51 %
Total	100 %	100 %	100 %

The segment's Pharmacy sales, gross margin and gross profit dollars are impacted by governmental agencies and other third-party payors seeking to minimize increases in the costs of healthcare, including pharmaceutical drug reimbursement rates. In the UK, which is the segment's largest market for Pharmacy sales, the amount of government funding available for pharmacy services is typically reviewed and agreed with the pharmacy industry on an annual basis.

The segment's Retail sales, gross profit margin and gross profit dollars are impacted by, among other things, the highly competitive nature of the health and beauty category, specifically the Company and its competitors' pricing actions, promotional offers and events, and the customer's desire for value and convenience.

The segment's Wholesale sales, gross profit margin and gross profit dollars are impacted by, among other things, government actions, which typically seek to reduce the growth in prescription drug consumption, reduce reimbursement rates and increase utilization of generic drugs. A greater proportion of generic drugs, whether as a result of government actions, generic conversions or other factors, typically has an adverse effect on the Company's revenues.

In addition, performance as measured in U.S. dollars is impacted by the exchange rates used to translate these amounts into U.S. dollars, the exchange rate of British pound sterling being the most significant.

The segment's performance and relevant exchange rates are also impacted by the current environment, including adverse global macroeconomic conditions caused by factors including, among others, inflation, high interest rates, labor shortages, supply chain disruptions and pandemics like COVID-19. For more information relating to these topics, see Risk factors in Item 1A.

U.S. Healthcare

The Company's U.S. Healthcare segment, created at the beginning of fiscal 2022, is a consumer-centric, technology-enabled healthcare business that engages consumers through a personalized, omni-channel experience across the care journey. The U.S. Healthcare segment delivers improved health outcomes and lower costs for payors and providers by delivering care through owned and partnered assets.

The U.S. Healthcare segment currently consists of a majority position in VillageMD, a national provider of value-based care with primary, multi-specialty, and urgent care providers serving patients in traditional clinic settings, in patients' homes and online appointments; Shields, a specialty pharmacy integrator and accelerator for hospitals; CareCentrix, a participant in the post-acute and home care management sectors, and the Walgreens Health organic business that contracts with payors and providers to deliver clinical healthcare services to their members and members' caregivers through both digital and physical channels.

The components of the segment's fiscal year sales were as follows:

	Fiscal 2023	Fiscal 2022
VillageMD	70 %	84 %
Shields	7 %	16 %
CareCentrix	23 %	— %
Total	100 %	100 %

Intellectual property and licenses

The Company markets products and services under various trademarks, trade dress and trade names and relies on a combination of patent, copyright, trademark, service mark and trade secret laws, as well as contractual restrictions to establish and protect its proprietary rights. The Company owns numerous domain names, holds numerous patents, has registered numerous trademarks and has filed applications for the registration of a number of other trademarks and service marks in various jurisdictions. The Company holds assorted business licenses (such as pharmacy, occupational, liquor and cigarette) having various terms within multiple legal jurisdictions, which are necessary for the normal operation of the business.

Seasonal variations in business

The Company's business is affected by a number of factors including, among others, the severity of COVID-19 and the efficacy of current vaccines, its sales performance during holiday periods (including particularly the winter holiday season) and during the cough, cold and flu season (the timing and severity of which is difficult to predict), significant weather conditions, the timing of its own or competitor discount programs and pricing actions and the timing of changes in levels of reimbursement from governmental agencies and other third-party payors.

See the summary of quarterly results (unaudited) in Note 20. Supplementary financial information, to the Consolidated Financial Statements included in Part II, Item 8.

Sources and availability of raw materials

Inventories are purchased from numerous domestic and foreign suppliers. The Company does not believe that the loss of any one supplier or group of suppliers under common control would have a material adverse effect on its business or that of any of its segments.

Working capital practices

Effective inventory management is important to the Company's operations. The Company uses various inventory management techniques, including demand forecasting and planning and various forms of replenishment management. Its working capital needs typically are greater in the months leading up to the winter holiday season. The Company generally finances its inventory and expansion needs with internally-generated funds and short-term debt.

For further information, see the liquidity and capital resources section in Management's discussion and analysis of financial condition and results of operations in Part II, Item 7.

Customers

The Company sells to numerous retail and wholesale customers. The Company also provides healthcare services to healthcare payors' eligible members, cash-pay patients, and health systems and provider groups. No single customer accounted for more than 10% of the Company's consolidated sales for any of the periods presented. In fiscal 2023, substantially all of our retail pharmacy and healthcare services sales were to customers covered by third-party payors (e.g., PBMs, insurance companies and governmental agencies) that agree to pay for all or a portion of a customer's eligible prescription purchases. Three third-party payors accounted for approximately 33% of the Company's consolidated sales in fiscal 2023.

See Note 17. Segment reporting, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Regulation

In the countries in which the Company does business, the Company is subject to national, state and local laws, regulations and administrative practices concerning healthcare, retail and wholesale pharmacy operations, including regulations relating to the Company's filling of prescriptions under Medicare, Medicaid and other publicly financed or sponsored health benefit plan and prescription drug plans and programs including the federal 340B drug pricing program; regulations prohibiting kickbacks, beneficiary inducement and the submission of false claims; the Stark Law; the Health Insurance Portability and Accountability Act ("HIPAA"); the ACA; the IRA; licensure and registration requirements concerning the operation of pharmacies and the practice of pharmacy; and regulations of the U.S. Food and Drug Administration, the U.S. Federal Trade Commission, the U.S. Drug Enforcement Administration and the U.S. Consumer Product Safety Commission, as well as regulations promulgated by comparable foreign, state and local governmental authorities concerning the operation of the Company's businesses. The Company is also subject to laws and regulations relating to licensing, tax, foreign trade, intellectual property, privacy and data protection, currency, political and other business restrictions.

The Company is also governed by national, state and local laws of general applicability in the countries in which it does business, including laws regulating matters of working conditions, health and safety and equal employment opportunity. In connection with the operation of its businesses, the Company is subject to laws and regulations relating to the protection of the environment and health and safety matters, including those governing exposure to, and the management and disposal of, hazardous substances.

Competitive conditions

The industries in which the Company operates are highly competitive. The Company competes primarily on the basis of service, convenience, variety and price. Its geographic dispersion helps mitigate the impact of temporary, localized economic and competitive conditions in individual markets.

As a leader in the retail pharmacy industry and as a retailer of general merchandise, the Company competes with various local, regional, national and global retailers, including chain and independent pharmacies, mail order prescription providers, grocery stores, convenience stores, mass merchants, online and omni-channel pharmacies and retailers, warehouse clubs, dollar stores and other discount merchandisers.

The Company's wholesale offerings and related investments compete with pharmaceutical wholesalers as well as alternative supply sources such as importers and manufacturers who supply directly to pharmacies.

With growing emphasis and investment in the healthcare industry, the Company's U.S. Healthcare segment faces competition in broad healthcare domains, competing with retail healthcare services, urgent care services, value-based primary care, vertically integrated providers, post-acute and home health service providers, and virtual care companies.

See Item 2. Properties, for further information regarding the Company's geographic dispersion.

Human Capital Management

The Company's purpose is to help people lead more joyful lives through better health. In order to best achieve this purpose, the Company is committed to: attracting, developing and retaining employees to deliver the highest levels of service to our customers and patients, supporting the personal health and well-being of employees, investing in talent development and employee engagement, fostering a diverse and inclusive culture for all, and implementing a robust approach to health and safety.

Employees

As of August 31, 2023, the Company employed approximately 331,000 persons globally, of which approximately 125,000 were part-time employees working less than 30 hours per week. Employees based in the U.S. and the UK account for 261,000 and 51,000 of the Company's total workforce, respectively. The foregoing does not include employees of equity method investments.

Oversight and governance

The Company's Board of Directors (the "Board"), through its Compensation and Leadership Performance Committee (the "CLP Committee"), provides oversight of human capital matters, including the Company's diversity, equity and inclusion ("DE&I") initiatives. The CLP Committee is also responsible for periodically reviewing the Company's compensation and benefits programs as well as management development and succession planning practices and strategies. The reports and recommendations to the Board via the CLP Committee underpin the broader framework that guides how the Company attracts, retains and develops its workforce in line with Company values.

The Board, through its Nominating and Governance Committee (the "NG Committee") has primary oversight responsibility for the Company's Environmental, Social and Corporate Governance ("ESG") initiatives and risks, reviewing at least annually the Company's policies and activities regarding sustainability and environment. Such oversight includes a review of the Company's management of related risks, in consultation with the Audit Committee as appropriate.

Compensation, benefits and well-being

The Company's compensation and benefits are designed to care for employees as whole people, supporting the financial, mental, and physical well-being of employees and their families. The Company offers a comprehensive range of benefits to full- and part-time employees. In the U.S. the Company offers healthcare coverage, insurance benefits, access to a digital well-being program and an employee assistance program. In addition, the Company provides benefits such as paid time off, defined contribution plans, paid maternity and paternal leave, family forming, and a stock purchase plan. The Company continuously evaluates its wellness offerings through competitive benchmarking and bi-annual employee surveys. Certain information related to retirement related benefit plans is included in Note 14. Retirement benefits, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Talent management and engagement

The Company has a talent management process that is designed to identify and assess talent across the organization and provide equal and consistent opportunities for employees to develop their skills. Several levels of employees participate in the Company's annual performance management process to create development plans that support their particular career objectives. The Company offers numerous resources and programs to attract, engage, develop, advance and retain colleagues. Training and development programs provide employees the support they need to perform in their current roles while planning and preparing for future opportunities. In the U.S. the Company provides training, leadership development and career advancement programs to employees at all levels via Walgreens University, a multi-channel platform that offers U.S. employees access to instructor-led classroom training, online learning, personal and professional development tools. In the UK, an apprenticeship program focused on developing career aspirations and fundamental skills is offered to Boots UK employees. Across the globe, the Company offers on-demand self-paced learning resources for all employees regardless of role or location.

The Company believes engaged employees translate directly to business success. The Company conducts global employee engagement surveys that provide colleagues with an opportunity to share their opinions and helps the Company measure and improve engagement.

DE&I and ESG

A diverse, equitable and inclusive organization is an essential part of the Company's business strategy, as we believe it positively impacts Company performance, growth and employee engagement. The Company's policies strictly prohibit any form of discrimination or racial profiling, and the Company has several training programs in place which help identify and eliminate unconscious bias towards women and minority groups.

The Company provides information on its DE&I and ESG initiatives, outcomes, and impacts through its annual ESG report. The Company also provides racial, ethnic, and gender composition of its U.S. work force through the Equal Employment Opportunity 2022 Employer Information Report (EEO-1) available on the Company's website and filed with the Equal Employment Opportunity Commission (EEOC). In fiscal 2023, the Company received a score of 100 from the Human Rights Campaign's Corporate Equality Index, scored 100 percent on the Disability Equality Index for disability inclusion and was named Disability:IN's 2023 Employer of the Year.

The Company's Leadership Accountability Model ties a portion of employee incentive pay to its enterprise-wide Health Equity Goal. The Health Equity Goal's components include representation, diverse supplier spend, waste management and carbon reduction, factors that impact health and wellbeing, especially for disproportionately impacted, underserved communities, and that recognize the irrefutable connection between the health of people and the health of our planet. In fiscal 2023, the Company continued to evolve its Leadership Accountability Model by becoming the first company in the S&P 500 to include disability representation as a separate, standalone metric within a disclosed incentive plan.

In fiscal 2020, the Board reaffirmed its commitment to diversity when it amended the Company's Corporate Governance Guidelines and the charter of the Nominating and Governance Committee of the Board to provide that when searching for new directors, the Nominating and Governance Committee will actively seek out women and individuals from minority groups to include in the pool from which Board nominees are chosen.

The Board currently has four female directors, one African American directors, one Asian American director and one director who identifies as LGBTQ+.

Workplace Health and Safety

The Company is committed to creating and upholding safe environments for employees, customers, contractors and patients across all of its business operations. The Company has a Health, Safety and Environmental Committee which works to continuously improve the management of health and safety. To create a safe and productive workplace, employees across the Company are offered avenues to report incidents including calling a toll-free, confidential hotline, submitting an online report, emailing the compliance officer and contacting human resources.

Available information

The Company makes available free of charge on or through its website at <http://investor.walgreensbootsalliance.com> its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after the Company files or furnishes them to the SEC. The contents of the website are not, however, a part of this Form 10-K or the Company's other SEC filings.

Information about our executive officers

The following table sets forth, for each person currently serving as an executive officer of the Company, the name, age (as of October 12, 2023) and office(s) held by such person:

Name	Age	Office(s) held
Stefano Pessina	82	Executive Chairman of the Board
Ginger L. Graham	67	Interim Chief Executive Officer
Ornella Barra	69	Chief Operating Officer, International
Danielle Gray	45	Executive Vice President and Global Chief Legal Officer
Holly May	41	Executive Vice President and Global Chief Human Resources Officer
Kevin Ban	56	Executive Vice President and Chief Medical Officer
John Driscoll	64	Executive Vice President and President, U.S. Healthcare
Manmohan Mahajan	44	Senior Vice President and Interim Global Chief Financial Officer
Rick Gates	52	Senior Vice President and Chief Pharmacy Officer, Walgreens Co.
Tracey Brown	56	Senior Vice President and President, Retail Products and Chief Customer Officer, Walgreen Co.

Set forth below is information regarding the principal occupations and employment and business experience over the past five years for each executive officer. Executive officers are elected by, and serve at the discretion of, the Board of Directors. Unless otherwise stated, employment is by Walgreens Boots Alliance.

Mr. Pessina has served as Executive Chairman of the Board since March 2021. Mr. Pessina served as Chief Executive Officer from July 2015 to March 2021 and as Executive Vice Chairman from January 2015 to March 2021. He also served as Acting Chief Executive Officer from January 2015 to July 2015. Previously, he served as Executive Chairman of Alliance Boots from July 2007 to December 2014. Prior to that, Mr. Pessina served as Executive Deputy Chairman of Alliance Boots. Prior to the merger of Alliance UniChem and Boots Group, Mr. Pessina was Executive Deputy Chairman of Alliance UniChem, previously having been its Chief Executive for three years through December 2004. Mr. Pessina was appointed to the Alliance UniChem Board in 1997 when UniChem merged with Alliance Santé, the Franco-Italian pharmaceutical wholesale group which he established in Italy in 1977. Mr. Pessina also serves on the Board of Directors of a number of private companies, and, from 2000 to 2017, served on the Board of Directors of Galenica AG, a publicly-traded Swiss healthcare group.

Ms. Graham, has served as the Company's Interim Chief Executive Officer since September 2023. Ms. Graham has served on the Company's Board since 2010, and in October 2022, was named the Board's Lead Independent Director. She is the former President and Chief Executive Officer of Two Trees Consulting, Inc., a healthcare and executive leadership consulting firm, where she served from November 2007 to December 2016. She also previously served as President (from September 2003 to June 2006) and Chief Executive Officer (from September 2003 to March 2007) of Amylin Pharmaceuticals, a biopharmaceutical company, where she also served as a Director (from 1995 to 2009). From 1994 to 2003, she held various positions at Guidant Corporation, a cardiovascular medical device manufacturer, including Group Chairman, Office of the President, President of the Vascular Intervention Group, and Vice President.

Ms. Barra has served as Chief Operating Officer, International since April 2021. Ms. Barra served as Co-Chief Operating Officer from June 2016 to April 2021. She served as Executive Vice President, President and Chief Executive of Global Wholesale and International Retail from December 2014 to June 2016. Previously, she served as the Chief Executive, Wholesale and Brands of Alliance Boots from September 2013 to December 2014 and Chief Executive of the Pharmaceutical Wholesale Division of Alliance Boots from January 2009 to September 2013, and before that, Wholesale & Commercial Affairs Director of Alliance Boots. Since January 2015, Ms. Barra has served as a director of Cencora and from April 2013 to April 2019, served as a director of Assicurazioni Generali, the parent company of Generali Group, a global insurance group. Ms. Barra also serves as a director of a number of private companies, and, until February 2015, served as a director of Alliance Boots.

Ms. Gray has served as Executive Vice President and Global Chief Legal Officer since September 2021. Previously, she served as Senior Vice President, Chief Legal and Administrative Officer and Corporate Secretary of Blue Cross Blue Shield of North Carolina from March 2018 to September 2021 and as a Litigation Partner with O'Melveny & Myers LLP from April 2014 to March 2018. Prior to this, Ms. Gray held a number of public service roles in the White House and U.S. Department of Justice from 2009 to 2014, including Assistant to the President and Cabinet Secretary from 2013 to 2014, Deputy Director of the National Economic Council from 2011 to 2013, Senior Counsel in the U.S. Department of Justice from 2010 to 2011 and Associate Counsel to the President in the White House Counsel's Office from 2009 to 2010. Ms. Gray began her career serving as a law clerk to Judge Merrick Garland on the U.S. Court of Appeals for the DC Circuit and Justice Stephen Breyer on the U.S. Supreme Court.

Ms. May has served as Executive Vice President and Global Chief Human Resources Officer since October 2021. Prior to joining the Company, Ms. May served as Global Chief Human Resources Officer for Abercrombie & Fitch Co., a global retail company, from January 2021 to October 2021. Prior to that, she served as Senior Vice President, Global Total Rewards & Service Delivery for Starbucks, a global retail food and beverage company, from September 2018 to January 2021 and as Vice President, Global Compensation, Mobility and Payroll for Visa, Inc., an electronic payments company, from October 2016 to August 2018. Ms. May held various senior positions with Voya Financial, a financial services company, from September 2012 to October 2016, including Senior Vice President, Human Resources from November 2014 to October 2016.

Dr. Ban has served as Executive Vice President and Chief Medical Officer since September 2022. Mr. Ban previously served as Senior Vice President and Chief Medical Officer from January 2020 to September 2022. Prior to joining the Company, Mr. Ban was Chief Medical Officer at athenahealth, Inc., a leading provider of network-enabled software and services for medical groups and health systems nationwide, from October 2017 to December 2019 and served as Population Health Executive Director from November 2015 to September 2017.

Mr. Driscoll has served as Executive Vice President and President, U.S. Healthcare, since October 2022, when the Company entered into a definitive agreement to acquire full ownership of CareCentrix, a participant in the post-acute and home care management sectors, where he served as Chief Executive Officer from May 2013 to October 2022. Prior to that, Mr. Driscoll served as President at Castlight Health, a healthcare technology company, from July 2012 to May 2013 and served as Group President, New Markets, at Medco Health Solutions from June 2003 to April 2012. Earlier in his career, Mr. Driscoll was a member of the executive team at Oxford Health Plans, serving as Corporate Vice President for government programs.

Mr. Mahajan is the Senior Vice President and Interim Global Chief Financial Officer, as of July, 2023. He previously had served as Senior Vice President, Global Controller and Chief Accounting Officer since July 2021. Mr. Mahajan served as Vice President, Assistant Global Controller from October 2019 to July 2021 and as Vice President, Global Reporting and Technical Accounting from February 2016 to September 2019. Prior to joining the Company, Mr. Mahajan served in positions of increasing responsibility with GE Capital, a former subsidiary of General Electric Company, most recently serving as Controller at GE Capital Americas from March 2011 until January 2016.

Mr. Gates has served as Senior Vice President and Chief Pharmacy Officer, Walgreens Co., since March 2023. Mr. Gates previously served as Senior Vice President, Pharmacy and Healthcare, from January 2018 to March 2023. Prior to that, Mr. Gates served in roles of increasing responsibility since joining Walgreens in 1995 after graduation from pharmacy school, including in store care delivery, field leadership, Duane Reade pharmacy integration lead and pharmacy operations where he led the strategic development, alignment and delivery of pharmacy-led health and wellness programs. Mr. Gates serves as a current board member with the National Association of Chain Drug Stores (NACDS), iA Rx and Pharmacy Quality Alliance (PQA).

Ms. Brown has served as Senior Vice President and President of Retail Products and Chief Customer Officer, Walgreen Co. since September 2022. Ms. Brown has served as President of Retail Products and Chief Customer Officer, Walgreen Co. since November 2021. She was previously Chief Executive Officer of the American Diabetes Association (“ADA”) from June 2018 to November 2021. Prior to the ADA, Ms. Brown was Senior Vice President, Operations and Chief Experience Officer for Sam’s Club, a division of Walmart Inc., from 2014 to June 2018. Prior to that, she served in leadership roles with RAPP Dallas, a data-driven integrated marketing agency, Direct Impact, a direct marketing agency, and Advanced Micro Devices. Earlier in her career, she held leadership positions at American Express, Proctor & Gamble and Exxon Mobil.

Mr. Pessina and Ms. Barra are married. There are no other family relationships among any of our directors or executive officers.

Other Officers

Todd Heckman, 50, has served as Vice President, Interim Global Controller and Chief Accounting Officer since July 2023. Prior to that Mr. Heckman served as Vice President, Assistant Global Controller from July 2021 until July 2023 and Vice President, Controller Walgreen Co. from September 2016 until July 2021. Prior to joining the Company, Mr. Heckman held various roles with Exelon Corporation, Ernst & Young LLP and Grant Thornton LLP.

Item 1A. Risk factors

In addition to the other information in this report and our other filings with the SEC, you should carefully consider the risks described below, which could materially and adversely affect our business operations, financial condition and results of operations. These risks are not the only risks that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial.

Risk Factor Summary

The following summary is intended to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors discussed below in their entirety for additional information. Some of the factors that could materially and adversely affect our business, financial condition or results of operations include:

Risks Relating to Our Business

- Changes in economic conditions could adversely affect consumer buying practices.
- Reductions in third-party reimbursement levels, from private or governmental agency plans, and potential changes in industry pricing benchmarks for prescription drugs could materially and adversely affect our results of operations.
- A shift in pharmacy mix toward lower margin plans, products and programs could adversely affect our results of operations.
- We derive a significant portion of our sales in the U.S. Retail Pharmacy segment from prescription drug sales reimbursed by a limited number of pharmacy benefit management companies.
- We could be adversely affected by a decrease in the introduction of new brand name and generic prescription drugs as well as increases in the cost to procure prescription drugs.
- Consolidation and strategic alliances in the healthcare industry could adversely affect our business operations, competitive positioning, financial condition and results of operations.
- The U.S. Healthcare segment faces various risks related to the provision of healthcare services that could result in a material adverse effect on our business operations, results of operations and financial condition.
- The U.S. Healthcare segment may face risks related to payor contracts, including if existing payors modify or discontinue their contracts with us or there are changes in the payor mix of patients or reimbursement methodologies, which could have a negative impact on our business, financial condition and results of operations.
- Our business results depend on our ability to successfully manage ongoing organizational change and business transformation and achieve cost savings and operating efficiency initiatives.
- The industries in which we operate are highly competitive and constantly evolving and changes in market dynamics could adversely impact us.
- If we do not continuously develop and maintain a relevant omni-channel experience for our customers, our businesses and results of operations could be adversely impacted.
- If the merchandise and services that we offer fail to meet customer needs, our sales may be adversely affected.
- Our substantial international business operations subject us to a number of operating, economic, political, regulatory and other international business risks.
- Our business is subject to evolving global ESG regulatory requirements and expectations. We may be unable to achieve our ESG goals.

Risks Related to Our Operations

- Disruption in our global supply chain could negatively impact our businesses.
- We outsource certain business processes to third-party vendors that subject us to risks, including disruptions in business and increased costs.
- We use a single wholesaler of branded and generic pharmaceutical drugs as our primary source of such products.
- Changes to management, including turnover of our top executives, could have an adverse effect on our business.
- We may be unable to keep existing store locations or open new locations in desirable places on favorable terms, which could materially and adversely affect our results of operations.
- Our failure to attract and retain qualified team members, increases in wage and benefit costs, changes in laws and other labor issues could materially adversely affect our financial performance.
- Our business and operations are subject to risks related to climate change.

Risks Relating to Our Business Strategy

- We may not be successful in executing elements of our business strategy, which may have a material adverse impact on our business and financial results.
- Our growth strategy is partially dependent upon our ability to identify and successfully complete acquisitions, joint ventures and other strategic partnerships and alliances.
- The anticipated strategic and financial benefits of our relationship with Cencora may not be realized.
- From time to time, we may choose to divest certain assets or businesses as we execute our strategy and our ability to engage in such transactions will be subject to market conditions beyond our control which will affect our ability to transact on terms favorable to us or at all.
- From time to time, we make investments in companies over which we do not have sole control and some of these companies may operate in sectors that differ from our current operations and have different risks.

Cybersecurity, Data Privacy and Information Security Risks

- A significant disruption in our information technology and computer systems or those of businesses we rely on could harm us.
- Privacy and data protection laws increase our compliance burden and any failure to comply could harm us.
- We and businesses we interact with experience cybersecurity incidents and might experience significant computer system compromises or data breaches.
- We are subject to payment-related and other financial services risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business operations.

Financial and Accounting Risks

- We have significant outstanding debt; our debt and associated payment obligations could significantly increase in the future if we incur additional debt and do not retire existing debt.
- As a holding company, we are dependent on funding from our operating subsidiaries to pay dividends and other distributions.
- Our quarterly results may fluctuate significantly based on seasonality and other factors.
- We have a substantial amount of goodwill and other intangible assets which could, in the future, become impaired and result in material non-cash charges to our results of operations.
- We are exposed to risks associated with foreign currency exchange rate fluctuations.
- We could be adversely impacted by changes in assumptions used in calculating pension assets and liabilities.

Risks from Changes in Public Policy and Other Legal and Regulatory Risks

- Changes in the healthcare industry and regulatory environments may adversely affect our businesses.
- We are exposed to risks related to litigation and other legal proceedings.
- A significant change in, or noncompliance with, governmental regulations and other legal requirements could have a material adverse effect on our reputation and profitability.
- We could be adversely affected by violations of anti-bribery, anti-corruption and/or international trade laws.
- We could be adversely affected by product liability, product recall, personal injury or other health and safety issues.
- We could be subject to adverse changes in tax laws, regulations and interpretations or challenges to our tax positions.

Risks Related to Our Structure and Organization

- Certain stockholders may have significant voting influence over matters requiring stockholder approval.
- Conflicts of interest, or the appearance of conflicts of interest, may arise because certain of our directors and officers are also owners or directors of companies we may have dealings with.
- Our certificate of incorporation and bylaws, Delaware law or our agreements with certain stockholders may impede the ability of our stockholders to make changes to our Board or impede a takeover.
- We cannot guarantee that our stock repurchase program will be fully implemented or that it will enhance long-term stockholder value.

Risks Relating to Our Business

Changes in economic conditions could adversely affect consumer buying practices.

Our performance has been, and may continue to be, adversely impacted by changes in global, national, regional or local economic conditions and consumer confidence. These conditions can also adversely affect our key vendors and customers. External factors that affect consumer confidence and over which we exercise no influence include unemployment rates, inflation, levels of personal disposable income, levels of taxes and interest and global, national, regional or local economic conditions, health epidemics or pandemics (such as COVID-19), as well as looting, vandalism, acts of war or terrorism. Changes in economic conditions and consumer confidence could adversely affect consumer preferences, purchasing power and spending patterns, which could lead to a decrease in overall consumer spending as well as in prescription drug and health services utilization and which could be exacerbated by the increasing prevalence of high-deductible health insurance plans and related plan design changes. In addition to general levels of inflation that we have experienced, we are also subject to risk of specific inflationary pressures on product prices due to, for example, the continuing impacts of COVID-19, related global supply chain disruptions, and the uncertain economic and geopolitical environment. We are experiencing and may continue to experience increases in the price of input costs, such as transportation and energy costs. We might also suffer from supply disruptions from supplier exits as higher costs may become unaffordable for certain suppliers. In addition, central banks may continue to increase interest rates or conduct other monetary policies to counter inflation, which could negatively affect our borrowing costs and those of our customers and suppliers, as well as exchange rates and other macroeconomic factors. If inflation continues to increase, we may not be able to adjust prices sufficiently to offset the effect without negatively impacting consumer demand or our gross margin. In addition, it may increase costs and cause changes in provider behavior in our U.S. Healthcare segment as hospitals and other providers attempt to maintain revenue levels in an effort to adjust to their own economic challenges. If we are unable to increase the prices of our products and services to our customers to offset inflationary cost trends, or if we are unable to achieve cost savings to offset such cost increases, we could fail to meet our cost expectations, and our profits and operating results could be adversely affected. Our ability to price our products competitively to timely reflect higher input costs is critical to maintain and grow our sales. Furthermore, reduced or flat consumer spending may drive us and our competitors to offer additional products at promotional prices. Increased cost volatility trends may also impact the business and financial situation of our customer or suppliers, which could in turn affect the demand or supply, respectively, by such parties. Future inflationary and deflationary trends are beyond our control, and we may not be able to sufficiently mitigate any impact on our business and financial situation. All of these factors could materially and adversely impact our business operations, financial condition and results of operations.

Reductions in third-party reimbursement levels, from private or governmental agency plans, and potential changes in industry pricing benchmarks for prescription drugs could materially and adversely affect our results of operations.

The substantial majority of the prescriptions we fill are reimbursed by third-party payors, including private and governmental agency payors. The continued efforts of health maintenance organizations, managed care organizations, PBMs, governmental agencies, and other third-party payors to reduce prescription drug costs and pharmacy reimbursement rates, as well as litigation and other legal proceedings relating to how drugs are priced, may adversely impact our results of operations. In the U.S., plan changes with rate adjustments often occur in January and our reimbursement arrangements may provide for rate adjustments at prescribed intervals during their term. In addition, the timing and amount of periodic contractual reconciliations payments can vary significantly and may not follow a predictable path. Further, in an environment where some PBMs clients utilize narrow or restricted pharmacy provider networks, some of these entities may offer pricing terms that we may not be willing to accept or otherwise restrict our participation in their networks of pharmacy providers.

In addition, many payors in the U.S. are increasingly considering new metrics as the basis for reimbursement rates. It is possible that the pharmaceutical industry or regulators may evaluate and/or develop an alternative pricing reference to replace average wholesale price, which is the pricing reference used for many of our contracts. In addition, many state Medicaid fee-for-service programs have established pharmacy network payments on the basis of actual acquisition cost, which could have an impact on reimbursement practices in other commercial and governmental arrangements. Future changes to the pricing benchmarks used to establish pharmaceutical pricing, including changes in the basis for calculating reimbursement by third-party payors, could adversely affect us.

A shift in pharmacy mix toward lower margin plans, products and programs could adversely affect our results of operations.

Our U.S. Retail Pharmacy segment seeks to grow prescription volume while operating in a marketplace with continuous reimbursement pressure. A shift in the mix of pharmacy prescription volume towards programs offering lower reimbursement rates could adversely affect our results of operations. For example, our U.S. Retail Pharmacy segment has experienced a shift in pharmacy mix towards 90-day at retail in recent years, and specialty pharmacy represents a significant and growing proportion of prescription drug spending in the U.S. and a larger proportion of our revenues. Our 90-day at retail offering for patients with chronic prescription needs typically is at a lower margin than comparable 30-day prescriptions, and specialty pharmacy sales are generally also lower margin. Our U.S. Retail Pharmacy segment also has experienced a shift in pharmacy mix towards Medicare Part D prescriptions in recent years, and that trend may continue. Preferred Medicare Part D networks have increased in number in recent years; however, we do not participate in all such networks. We have accepted market competitive reimbursement rates in order to secure preferred relationships with Medicare Part D plans serving senior patients with significant pharmacy needs. We also have worked to develop and expand our relationships with commercial third-party payors to enable new and/or improved market access via participation in the pharmacy provider networks they offer. If we are not able to generate additional prescription volume and other business from patients participating in these programs that is sufficient to offset the impact of lower reimbursement, or if the degree or terms of our participation in such preferred networks declines from current levels in future years, our results of operations could be materially and adversely affected.

We derive a significant portion of our sales in the U.S. Retail Pharmacy segment from prescription drug sales reimbursed by a limited number of pharmacy benefit management companies.

We derive a significant portion of our sales in the U.S. Retail Pharmacy segment from prescription drug sales reimbursed through prescription drug plans administered by a limited number of PBMs. PBMs typically administer multiple prescription drug plans that expire at various times and provide for varying reimbursement rates, and often limit coverage to specific drug products on an approved list, known as a formulary, which might not include all of the approved drugs for a particular indication. Changes in pricing and other terms of our contracts with PBMs can significantly impact our results of operations. There can be no assurance that we will continue to participate in any particular PBMs pharmacy provider network in any particular future time period or on terms reasonably acceptable to us. If our participation in the pharmacy provider network for a prescription drug plan administered by one or more of the large PBMs is restricted or terminated, we expect that our sales would be adversely affected, at least in the short-term. If we are unable to replace any such lost sales, either through an increase in other sales or through a resumption of participation in those plans, our operating results could be materially and adversely affected. If we exit a pharmacy provider network and later resume participation, there can be no assurance that we will achieve any particular level of business on any particular pace, or that all clients of the PBMs will choose to include us again in the pharmacy network for their plans, initially or at all. In addition, in such circumstances we may incur increased marketing and other costs in connection with initiatives to regain former patients and attract new patients covered by such plans.

We could be adversely affected by a decrease in the introduction of new brand name and generic prescription drugs as well as increases in the cost to procure prescription drugs.

The profitability of our pharmacy businesses depends upon the utilization of prescription drugs. Utilization trends are affected by, among other factors, the introduction of new and successful prescription drugs as well as lower-priced generic alternatives to existing brand name drugs. Inflation in the price of drugs also can adversely affect utilization, particularly given the increased prevalence of high-deductible health insurance plans and related plan design changes. New brand name drugs can result in increased drug utilization and associated sales, while the introduction of lower priced generic alternatives typically results in relatively lower sales, but relatively higher gross profit margins. Accordingly, a decrease in the number or magnitude of significant new brand name drugs or generics successfully introduced, delays in their introduction, or a decrease in the utilization of previously introduced prescription drugs, could materially and adversely affect our results of operations.

In addition, if we experience an increase in the amounts we pay to procure pharmaceutical drugs, including generic drugs, our gross profit margins would be adversely affected to the extent we are not able to offset such cost increases. Any failure to fully offset any such increased prices and costs or to modify our activities to mitigate the impact could have a material adverse effect on our results of operations. Also, any future changes in drug prices could be significantly different than our expectations.

Consolidation and strategic alliances in the healthcare industry could adversely affect our business operations, competitive positioning, financial condition and results of operations.

Many organizations in the healthcare industry, including PBMs, have consolidated in recent years to create larger healthcare enterprises with greater bargaining power, which has resulted in greater pricing pressures. If this consolidation trend continues, it could give the resulting enterprises even greater bargaining power, which may lead to further pressure on the prices for our products and services. If these pressures result in reductions in our prices, our businesses would become less profitable unless we are able to achieve corresponding reductions in costs or develop profitable new revenue streams. In addition, if laws or regulations are promulgated that limit the number of PBMs available to a particular business or geography, competition in those businesses and geographies could be amplified and could adversely affect our financial condition and results of operations.

The U.S. Healthcare segment faces various risks related to the provision of healthcare services that could result in a material adverse effect on our business operations, results of operations and financial condition.

The U.S. Healthcare segment could experience losses or liabilities, including medical liability claims related to the delivery of healthcare services, such as medical malpractice by staff at our affiliates' facilities, or by healthcare practitioners who are employed by us, have contractual relationships with us, or serve as providers to our managed care networks, including as a result of a failure to adhere to applicable clinical, quality and/or patient safety standards, causing us to incur significant expenses and requiring us to pay significant damages if not covered by insurance. We do not control the providers and other healthcare professionals in our U.S. Healthcare segment with respect to the practice of medicine and the provision of healthcare services, and the risk of liability, including through unexpected medical outcomes, is inherent to the healthcare industry. These businesses have in the past been subject to medical liability claims in the ordinary course of business. If patients, clients or partners assert liability claims against us, any ensuing litigation, regardless of outcome, could result in a substantial cost to us, divert management's attention from operations, decrease market acceptance of our services and care delivery model and may significantly harm our business or reputation.

Although we carry insurance covering medical malpractice claims, including professional liability insurance, in amounts we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that exceed the limits of our insurance coverage. Professional liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand our services. As a result, adequate professional liability insurance may not be available to our providers or to us in the future at acceptable costs or at all. Any claims made against us or our acquired businesses that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us and divert the attention of our management and our providers from our operations, which could harm our business.

Additional risks posed by the U.S. Healthcare segment include, but are not limited to, the following:

- Ability to recruit, retain and grow our network of credentialed, high-quality physicians, physician assistants and nurse practitioners to provide clinical services in highly competitive markets for talent
- Dependence on a concentrated number of key health plan customers;
- Quality of the information received about plan members of such health plans for whom we will seek to provide in-home evaluations and other services, and the regulatory restrictions and requirements associated with directly contacting plan members;
- Ability to perform and ensure the quality of health risk assessments;
- Regulatory and business risks associated with participation in certain government healthcare programs;
- Health reform initiatives and changes in the rules governing government healthcare programs, including rules related to the use of in-home health risk assessments;
- Ability to attract new Medicare-eligible patients and credentialed, high-quality physicians and other providers for senior-focused primary care in a highly competitive market for such patients and providers;
- Satisfying the enrollment requirements under government healthcare programs for physicians and other providers in a timely manner;
- Dependence on revenue from Medicare or Medicare Advantage plans, which subjects our businesses to reductions in Medicare reimbursement rates or changes in the rules governing the Medicare program;
- Submission of inaccurate, incomplete or erroneous data, including risk adjustment data, to health plans and government payors could result in inaccuracies in the revenue our businesses record or receipt of overpayments, which may subject our businesses to repayment obligations and penalties;

- Geographic concentration of our primary centers; and
- Laws regulating the corporate practice of medicine and the associated agreements entered into with physician practice groups restrict the manner in which we are able to direct the operations and otherwise exercise control of our physician practice groups.

Any of the aforementioned risks associated with our healthcare businesses, if they materialize, could adversely affect our business, financial condition and results of operations, including our ability to timely and effectively integrate our healthcare businesses in our operations and the timing and extent of realization of synergies and other benefits that we expected in connection with these investments. Our experience in managing the additional risks associated with our healthcare businesses is more limited than our experience in managing the risks associated with our historical businesses, and there is no assurance that we will be able to effectively manage or mitigate such risks. Further, the additional risks faced by our healthcare business within the U.S. Healthcare segment may be compounded, or heightened by, many of the other risks described in this Annual Report, including the risks associated with global macroeconomic uncertainty mentioned above.

The U.S. Healthcare segment may face risks related to payor contracts, including if existing payors modify or discontinue their contracts with us or there are changes in the payor mix of patients or reimbursement methodologies, which could have a negative impact on our business, financial condition and results of operations.

Continuation of our contracts with existing payors is critical to our future business, revenue growth and results of operations. Factors that may affect our ability to maintain existing contracts include, but are not limited to, the following:

- the number of patients that are attributed to our providers;
- our providers' quality performance and metrics;
- the cost of care we deliver to patients;
- medical claims expense associated with third-party healthcare services;
- performance and functionality of our services;
- the availability, price, performance and functionality of competing services;
- our ability to develop and provide complementary services to existing patients;
- the stability, performance and security of our technology infrastructure and services;
- changes in healthcare laws, regulations or trends;
- any governmental investigations or inquiries into or challenges to our relationships with health network partners; and
- the business environment of our payors.

The businesses within the U.S. Healthcare segment have also entered and intend to continue to enter into value-based contracts with payors, pursuant to which they contract with payors to receive a fee for professional services based on the number of patients assigned or attributed to U.S. Healthcare segment providers and assume the financial responsibility for the healthcare expenses of such patients. The amounts we receive from our healthcare businesses for services provided to patients are determined by a number of factors, including the payor mix of our patients and the reimbursement methodologies and rates utilized by our patients' plans. These contracts may also include arrangements that contemplate sharing certain of the savings generated with respect to U.S. Healthcare segment's patients' costs of care back with the payor. Under a fee-for-service arrangement, we collect fees directly from the payor as services are provided. Reimbursement rates are generally higher for value-based arrangements than they are under traditional fee-for-service arrangements, and value-based arrangements provide us with an opportunity to capture additional surplus we create by investing in population health services to better manage a particular patient's care, which, in turn, should reduce the total cost of care. To the extent that patients require more care than is anticipated or the cost of care increases, aggregate compensation amounts may be insufficient to cover the costs associated with treatment. If medical costs and expenses exceed estimates, except in very limited circumstances, our healthcare businesses will not be able to increase the fee received under these risk agreements during their then-current terms and could suffer losses with respect to such agreements, which may adversely impact the growth, profitability and liquidity of our U.S. Healthcare segment.

In addition, our revenue streams for our healthcare businesses depend on reimbursements by third-party payors, as well as payments by individuals, which could lead to delays and uncertainties in the reimbursement process. We may from time to time experience delays in receiving the associated reimbursement and, with respect to value-based arrangements, ultimate payment of any shared savings, bonuses, withholds and similar payments is received only after the close of the relevant measurement period, which may be a calendar year, and then only after the payor has reconciled cost of care, fee-for-service reimbursement paid, if any, reported quality data, and patient attribution resulting in significant delays between the provision of services and ultimate payment. In addition, payors may disallow, in whole or in part, requests for reimbursement based on determinations that the patient is not eligible for coverage, certain amounts are not reimbursable under plan coverage or were for services provided that were not medically necessary, not adequately documented or after submitting additional supporting documentation requested by the payor. Retroactive adjustments may change amounts realized and recognized as revenue from payors. We may also be subject to audits by such payors, including governmental audits of our Medicare claims, and may be required to repay these payors if a finding is made that we were incorrectly reimbursed. Payors are also increasingly focused on controlling healthcare costs, and such efforts, including any revisions to reimbursement policies, which may further complicate and delay our reimbursement of claims. Delays and uncertainties in the reimbursement process may adversely affect our accounts receivable, increase the overall costs of collection and cause us to incur additional borrowing costs. Additionally, our accounts receivable may be concentrated among a limited number of payors.

Our business results depend on our ability to successfully manage ongoing organizational change and business transformation and achieve cost savings and operating efficiency initiatives.

Our Board of Directors approved the plans to increase the Transformational Cost Management Program described in "Management's discussion and analysis of financial condition and results of operations" in Part II, Item 7 as part of an initiative to reduce costs and increase operating efficiencies. There can be no assurance that we will realize, in full or in part, the anticipated benefits of these programs. Our financial goals assume a level of productivity improvement, including those reflected in the Transformational Cost Management Program and other business optimization initiatives. If we are unable to implement the programs or deliver these expected productivity improvements, while continuing to invest in business growth, or if the volume and nature of change overwhelms available resources, our business operations, financial condition and results of operations could be materially and adversely impacted.

The industries in which we operate are highly competitive and constantly evolving and changes in market dynamics could adversely impact us.

The level of competition in the retail pharmacy, healthcare services and pharmaceutical wholesale industries is high. Changes in market dynamics or actions of competitors or manufacturers, including industry consolidation and the emergence of new competitors and strategic alliances, could materially and adversely impact us. Disruptive innovation, or the perception of potentially disruptive innovation, by existing or new competitors could alter the competitive landscape in the future and require us to accurately identify and assess such changes and if required make timely and effective changes to our strategies and business model to compete effectively. All of our businesses face intense competition from multiple existing and new businesses, some of which are aggressively expanding in markets we serve. We continue to develop our offerings to respond to market dynamics; however, if our customers are not receptive to these changes, if we are unable to expand successful programs in a timely manner, or we otherwise do not effectively respond to changes in market dynamics, our businesses and financial performance could be materially and adversely affected.

Specialty pharmacy represents a significant and growing proportion of prescription drug spending in the U.S., a significant portion of which is dispensed outside of traditional retail pharmacies. Because our specialty pharmacy business focuses on complex and high-cost medications, many of which are made available by manufacturers to a limited number of pharmacies (so-called limited distribution drugs), that serve a relatively limited universe of patients, the future growth of this business depends to a significant extent upon expanding our ability to access key drugs and successfully penetrate key treatment categories. Accordingly, it is important that we and our affiliates compete effectively in this evolving and highly competitive market, or our business operations, financial condition and results of operations could be materially and adversely affected. To better serve this evolving market, the Company wholly owns and operates AllianceRx Walgreens. Certain clients of AllianceRx Walgreens were and are not obligated to contract through AllianceRx Walgreens, and have in the past, and may in the future, enter into specialty pharmacy and other agreements without involving AllianceRx Walgreens. Certain clients have chosen not to renew their contracts through AllianceRx Walgreens which impacts gross sales. If AllianceRx Walgreens is not able to compete effectively in this evolving and highly competitive market and successfully adapt to changing market conditions, our business operations, financial condition and results of operations could be materially and adversely affected.

If we do not continuously develop and maintain a relevant omni-channel experience for our customers, our businesses and results of operations could be adversely impacted.

The portion of total consumer expenditures with retailers occurring online and through mobile applications has continued to increase and has accelerated significantly in the recent years following COVID-19. The pace of this increase could further accelerate in the future. Our business has evolved from an in-store experience to interaction with customers across numerous channels, including in-store, online, mobile and social media, among others. Omni-channel and differentiated retail models are rapidly evolving and we must keep pace with changing customer expectations and new developments by our competitors. We must compete by offering a consistent and convenient shopping experience for our customers regardless of the ultimate sales channel and by investing in, providing and maintaining digital tools for our customers. If we are unable to improve or develop relevant customer-facing technology in a timely manner that keeps pace with technological developments and dynamic customer expectations, our ability to compete and our results of operations could be materially and adversely affected. In addition, if our online activities or our other customer-facing technology systems do not function as designed, we may experience a loss of customer confidence, data security breaches, lost sales, or be exposed to fraudulent purchases, any of which could materially and adversely affect our business operations, reputation and results of operations.

If the merchandise and services that we offer fail to meet customer needs, our sales may be adversely affected.

The success of our retail pharmacy businesses depends on our ability to offer a superior shopping experience, engaging customer service and a quality assortment of available merchandise that differentiates us from other retailers, including enhanced health and beauty product offerings. We must identify, obtain supplies of, and offer to our customers attractive, innovative and high-quality merchandise on a continuous basis. It is difficult to predict consistently and successfully the products and services our customers will demand. If we misjudge the demand for products and services we sell or our customers' purchasing habits, we may be faced with sales declines, excess product inventories and missed opportunities for products and services we chose not to offer, which could materially and adversely impact our results of operations.

Our substantial international business operations subject us to a number of operating, economic, political, regulatory and other international business risks.

Our substantial international business operations are subject to a number of risks, including, without limitation, compliance with a wide variety of foreign laws and regulations; potential difficulties in managing foreign operations, mitigating credit risks in foreign markets, enforcing agreements and collecting receivables through foreign legal systems; varying regional and geopolitical business conditions and demands; tax and trade policies, tariffs and other government regulations affecting trade between the U.S. and other countries; fluctuations in currency exchange rates; the impact of recessions and economic slowdowns in economies outside the U.S.; impact of war (such as the conflict in Ukraine) and the instability of foreign economies, governments and currencies and unexpected regulatory, economic or political changes in foreign markets.

These factors can also adversely affect our payors, vendors and customers in international markets, which in turn can negatively impact our businesses. We cannot assure you that one or more of these factors will not have a material adverse effect on our business operations, results of operation and financial condition.

Our business is subject to evolving global ESG regulatory requirements and expectations. We may be unable to achieve our ESG goals.

We recognize the rising importance of ESG matters among our team members, customers, and certain shareholders and are committed to upholding a culture dedicated to corporate responsibility. We have established certain goals that allow us to better communicate and align to our ESG strategy. However, these goals are subject to risks and uncertainties, which are outside of our control and might prohibit us from meeting the goals. Further, there is a risk that team members, customers, or certain shareholders might not be satisfied with our goals or strategy and efforts to meet the goals. Some of the risks that we are subject to include, but are not limited to: our ability to execute our operational strategy within the timeframe or costs projected; the availability or cost of renewable energy, materials, goods, and/or services required, and evolving regulations or requirements that change or limit our ability to set standards or gather information from our supplier partners or third party contractors. Failure to meet our goals could negatively impact public perception of our company with interested stakeholders.

ESG matters are also increasingly important to current and potential employees. In order to retain and attract talent we know that it is critical that we clearly communicate our ESG strategy, and a delay or inability to meet our goals on time could impact our reputation as a desirable place to work. With increased interest from certain shareholders, an inability to meet our goals could also have a negative impact on our stock price. These impacts could make it more difficult for us to operate efficiently and effectively and could have a negative effect on our business, operating results and financial conditions.

We are subject to evolving ESG rules and regulations, including the SEC's recently proposed climate-related reporting requirements, and similar proposals by other international regulatory bodies. These changing rules and regulations are likely to result in, increased compliance costs driven by developing and acting on initiatives for proposed or adopted ESG rules and regulations, and collecting, measuring and reporting ESG-related information.

Risks Related to Our Operations

Disruption in our global supply chain could negatively impact our businesses.

The products we sell are sourced from a wide variety of domestic and international vendors, and any future disruption in our supply chain or inability to find qualified vendors and access products that meet requisite quality and safety standards in a timely and efficient manner could adversely impact our businesses. The loss or disruption of such supply arrangements for any reason, including from COVID-19 or other health epidemics or pandemics, labor disputes, loss or impairment of key manufacturing sites, inability to procure sufficient raw materials, quality control issues, ethical sourcing issues, a supplier's financial distress, natural disasters, looting, vandalism or acts of war (such as the conflict in Ukraine) or terrorism, trade sanctions or other external factors over which we have no control, could interrupt product supply and, if not effectively managed and remedied, have a material adverse impact on our business operations, financial condition and results of operations.

We outsource certain business processes to third-party vendors that subject us to risks, including disruptions in business and increased costs.

We outsource certain business and administrative functions and rely on third parties to perform certain services on our behalf. We rely on these third parties to meet our quality and performance requirements and to timely perform as expected. If our continuing relationship with certain third-party providers is interrupted, or if such third-party providers experience disruptions or do not perform as anticipated, or we experience problems with any transition, we may experience operational difficulties, reputational harm, and increased costs that could materially and adversely affect our business operations and results of operations.

We use a single wholesaler of branded and generic pharmaceutical drugs as our primary source of such products.

The Company and Cencora are parties to various agreements and arrangements, including a pharmaceutical distribution agreement between the Company and Cencora pursuant to which we source branded and generic pharmaceutical products from Cencora in the U.S. and an agreement which provides Cencora the ability to access generic pharmaceutical products through our global sourcing enterprise. These agreements were amended in June 2021 in connection with the Alliance Healthcare Sale. Pursuant to those amendments, the U.S. distribution agreement was extended through 2029 and the parties committed to pursue additional opportunities in sourcing and distribution. The parties also agreed that Alliance Healthcare UK will remain the distribution partner of Boots until 2031. As of the date of this report, Cencora distributes substantially all of our branded and generic pharmaceutical products. Consequently, our business may be adversely affected by any operational, financial or regulatory difficulties that Cencora experiences, including those resulting from COVID-19 supply chain disruptions or global macroeconomic uncertainty. For example, if Cencora's operations are seriously disrupted for any reason, whether due to a natural disaster, pandemic, labor disruption, regulatory action, computer or operational systems or otherwise, it could adversely affect our business and our results of operations.

Our distribution agreement with Cencora is subject to early termination in certain circumstances and, upon the expiration or termination of the agreement, there can be no assurance that we or Cencora will be willing to renew the agreement or enter into a new agreement, on terms favorable to us or at all. If such expiration or termination occurred, we believe that alternative sources of supply for most generic and brand-name pharmaceuticals are readily available and that we could obtain and qualify alternative sources, which may include self-distribution in some cases, for substantially all of the prescription drugs we sell on an acceptable basis, such that the impact of any such expiration or termination would be temporary. However, there can be no assurance we would be able to engage alternative supply sources or implement self-distribution processes on a timely basis or on terms favorable to us, or effectively manage these transitions, any of which could adversely affect our business operations, financial condition and results of operations.

Changes to management, including turnover of our top executives, could have an adverse effect on our business.

Our success depends, to a large degree on the integration of our new Chief Executive Officer. The ability of the new Chief Executive Officer to quickly adapt to and understand our business, operations, and strategic plans will be critical to the Company and our management's ability to make informed decisions about our near term strategic direction and operations. Leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business due to, among other things, diverting management's attention away from the Company's financial and operational goals or causing a deterioration in morale. In addition, while our Board strives to mitigate the risk through a robust management succession planning process, if we are unable to attract and retain qualified candidates to become our new Global Chief Financial Officer in a timely manner, as well as retain our key senior executives, our ability to meet our financial and operational goals and strategic plans may be adversely impacted, as well as our financial performance.

The loss of any member of our senior management could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find an adequate replacement on a timely basis, or at all. Further, future executives may view the business differently than current members of management, and over time may make changes to our strategic focus, operations, business plans or financial guidance and outlook, with corresponding changes in how we report our results of operations. We can make no assurances that we would be able to properly manage any shift in focus or that any changes to our business would ultimately prove successful. Any of these factors could negatively affect our strategy and execution, and our business, financial condition or results of operations may be adversely affected.

We may be unable to keep existing store locations or open new locations in desirable places on favorable terms, which could materially and adversely affect our results of operations.

We compete with other retailers and businesses for suitable locations for our stores. Local land use and zoning regulations, environmental regulations and other regulatory requirements may impact our ability to find suitable locations and influence the cost of constructing, renovating and operating our stores. In addition, real estate, zoning, construction and other delays may adversely affect store openings and renovations and increase our costs. Further, changing local demographics at existing store locations may adversely affect revenue and profitability levels at those stores. The terms of leases at existing store locations may adversely affect us if the renewal terms of, or requested modifications to, those leases are unacceptable to us and we are forced to close or relocate stores. If we are unable to maintain our existing store locations or open new locations in desirable places and on favorable terms, our results of operations could be materially and adversely affected.

Our failure to attract and retain qualified team members, increases in wage and benefit costs, changes in laws and other labor issues could materially adversely affect our financial performance.

Our ability to continue to conduct and expand our operations depends on our ability to attract and retain qualified team members globally. Our ability to meet our labor needs, including our ability to find qualified personnel to fill positions that become vacant at our existing stores, distribution centers and corporate offices, while controlling our associate wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the markets in which we operate, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and adoption of new or revised employment and labor laws and regulations. Additionally, our ability to successfully execute organizational changes, including our enterprise strategy and management transitions within the Company's senior leadership, and to effectively motivate and retain team members are critical to our business success. We compete for talent with other retail and non-retail businesses, including, for example, health and wellness businesses, and invest significant resources in training and motivating our team members. Increased competition among potential employers at all levels, including senior management and executive levels, could result in increased team member costs or make it more difficult to recruit and retain team members. For example, we have experienced difficulties attracting and retaining qualified pharmacists which has reduced the quality of service we provide to our customers in our U.S. Retail Pharmacy segment and our financial performance has been adversely affected as a result. In addition, if our costs of labor or related costs increase for other reasons or if new, revised, or novel interpretations of existing labor laws, rules or regulations or healthcare laws are adopted or implemented that further increase our labor costs, our financial performance could be materially adversely affected.

Our business and operations are subject to risks related to climate change.

The long-term effects of global climate change present both physical risks (such as extreme weather conditions or rising sea levels) and transition risks (such as regulatory or technology changes), which are expected to be widespread and unpredictable. These changes could over time affect, for example, the availability and cost of products, commodities and energy (including utilities), which in turn may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require. In addition, many of our operations and facilities around the world are in locations that may be impacted by the physical risks of climate change, and we face the risk of losses incurred as a result of physical damage to stores, distribution or fulfillment centers, loss or spoilage of inventory and business interruption caused by such events. Current or future insurance arrangements may not provide protection for costs that may arise from such events, particularly if such events are catastrophic in nature or occur in combination. We also use natural gas, diesel fuel, gasoline and electricity in our operations, all of which could face increased regulation as a result of climate change or other environmental concerns. Regulations limiting greenhouse gas emissions and energy inputs may also increase in coming years, which may increase our costs associated with compliance and merchandise. These events and their impacts could otherwise disrupt and adversely affect our operations and could materially adversely affect our financial performance.

Risks Relating to Our Business Strategy

We may not be successful in executing elements of our business strategy, which may have a material adverse impact on our business and financial results.

We engage in strategic initiatives to, among other reasons, maximize long-term shareholder value, expand on our consumer-centric approach, strengthen our partnerships with local healthcare providers and improve health outcomes. These strategic initiatives may not result in improvements in future financial performance. We cannot provide any assurance that we will be able to successfully execute these strategic initiatives, or that these initiatives will not result in additional unanticipated costs. The failure to realize the benefits of any strategic initiatives or successfully structure our business to meet market conditions could have a material adverse effect on our business, financial condition, cash flows, or results of operations.

Our growth strategy is partially dependent upon our ability to identify and successfully complete and integrate acquisitions, joint ventures and other strategic partnerships and alliances.

A significant element of our growth strategy is to identify, pursue and successfully complete and integrate acquisitions, joint ventures and other strategic partnerships and alliances that either expand or complement our existing operations. For example, in fiscal 2022, the Company acquired controlling equity interests in VillageMD, Shields and CareCentrix. Acquisitions and integration of large, diverse and independent businesses is complex, costly and time-consuming. Acquisitions and other strategic transactions involve numerous risks and challenges, including but not limited to difficulties in successfully integrating the operations and personnel, navigating the necessary regulatory approval requirements, distraction of management from overseeing, and disruption of, our existing operations, difficulties in entering markets or lines of business in which we have no or limited direct prior experience, the possible loss of key employees and difficulties in retaining relationships with existing or new customers and suppliers, and difficulties in achieving the synergies we anticipated. Any failure to select suitable opportunities at fair prices, conduct appropriate due diligence, acquire and successfully integrate the acquired company, including particularly when acquired businesses operate in new geographic markets or areas of business, could materially and adversely impact our growth strategies, financial condition and results of operations. Our ability to integrate and retain qualified and experienced employees from acquired businesses at all levels, including in executive and other key strategic positions, is essential for us to meet our growth strategy and successfully complete acquisition, joint ventures and other strategic partnerships and alliances.

These transactions may also cause us to significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, issue common stock that would dilute our current stockholders' percentage ownership, or incur asset write-offs and restructuring costs and other related expenses that could have a material adverse impact on our operating results. Acquisitions, joint ventures and strategic investments also involve numerous other risks, including potential exposure to assumed litigation and unknown environmental and other liabilities, as well as undetected internal control, regulatory or other issues, or additional costs not anticipated at the time the transaction was completed.

In addition, the full benefits of the transactions may not be realized, including, among others, the synergies, cost savings or revenue growth that are expected. These benefits may not be achieved within the anticipated time frame or at all. The failure to meet the challenges involved in integrating the businesses and to realize the anticipated benefits of the transactions could result in a material adverse impact on our business and results of operations.

The anticipated strategic and financial benefits of our relationship with Cencora may not be realized.

As of August 31, 2023, we beneficially owned approximately 15.9% of the outstanding Cencora common stock and had designated one nominee for election to Cencora's board of directors. The Company accounts for its investment in Cencora using the equity method of accounting, subject to a two-month reporting lag, with the net earnings attributable to the investment classified within the operating income of the Company's U.S. Retail Pharmacy segment. The financial performance of Cencora, including any charges which may arise relating to its ongoing opioid litigation matters, will impact the Company's results of operations. Additionally, a substantial and sustained decline in the price of Cencora's common stock could trigger an impairment evaluation of our investment. Further, our ability to transact in Cencora securities is subject to certain restrictions set forth in our agreements with Cencora and arising under applicable laws and regulations, which in some circumstances could adversely impact our ability to transact in Cencora securities in amounts and at the times desired. These considerations may materially and adversely affect the Company's financial condition and results of operations.

From time to time, we may choose to divest certain assets or businesses as we execute our strategy and our ability to engage in such transactions will be subject to market conditions beyond our control which will affect our ability to transact on terms favorable to us or at all.

We have, from time to time, divested certain assets or businesses in order to redeploy capital into our core strategies. The success of such transactions in the future will be subject to market conditions, availability of financing and other circumstances beyond our control. In the future, we may intend to relaunch a process for the sale of certain businesses or contemplate other opportunities to monetize our interest in these businesses. In addition, we have recently divested of a portion of our interests in Cencora and fully divested our interests in Option Care Health, Inc. and may choose to divest more of our investment interests in the future. However, our ability to divest these or any of our other assets, will be subject to global financial markets and market instability which may severely impact the ability to divest, divestiture terms, financing availability and other considerations for potential buyers.

From time to time, we make investments in companies over which we do not have sole control and some of these companies may operate in sectors that differ from our current operations and have different risks.

From time to time, we make debt or equity investments in companies that we may not control or over which we may not have sole control. Some of the businesses in which we have made non-controlling investments operate in markets or industries that are different from our primary lines of business and/or operate in different geographic markets than we do. Investments in these businesses, among other risks, subject us to the operating and financial risks of the businesses we invest in and to the risk that we do not have sole control over the operations of these businesses. We rely on the internal controls and financial reporting controls of these entities and their failure to maintain effectiveness or comply with applicable standards may materially and adversely affect us. Ineffective internal controls could cause investors to lose confidence in our reported financial information that could negatively impact the trading price of our securities and our access to capital. Investments in entities over which we do not have sole control, including joint ventures and strategic partnerships and alliances, present additional risks such as having differing objectives from our partners or the entities in which we are invested, becoming involved in disputes, or competing with those persons. In addition, any difficulties in assimilating business into our system of financial controls could cause us to fail to meet our financial reporting obligations.

Cybersecurity, Data Privacy and Information Security Risks

A significant disruption in our information technology and computer systems or those of businesses we rely on could harm us.

We rely extensively on our computer systems to manage our ordering, pricing, point-of-sale, pharmacy fulfillment, inventory replenishment, customer loyalty programs, finance and other processes. Our systems are subject to damage or interruption from power outages, facility damage, computer and telecommunications failures, computer viruses, security breaches including credit card or personally identifiable information breaches, vandalism, theft, natural disasters, catastrophic events, human error and potential cyber threats, including malicious codes, worms, phishing attacks, denial of service attacks, ransomware and other sophisticated cyber-attacks, and our disaster recovery planning cannot account for all eventualities. If any of our systems are damaged, fail to function properly or otherwise become unavailable, we may incur substantial costs to repair or replace them for which insurance coverage may not be wholly sufficient, and may experience loss or corruption of critical data and interruptions or disruptions and delays in our ability to perform critical functions, which could materially and adversely affect our businesses and results of operations.

In addition, we are currently making, and expect to continue to make, substantial investments in our information technology systems and infrastructure, some of which are significant. Implementing new systems carries significant potential risks, including failure to operate as designed, potential loss or corruption of data or information, changes in security processes, cost overruns, implementation delays, disruption of operations, and the potential inability to meet business and reporting requirements. We rely on strategic partners and other service providers to help us with certain significant information technology projects and services. Information technology projects or services frequently are long-term in nature and may take longer to complete and cost more than we expect and may not deliver the benefits we project once they are complete. Any system implementation and transition difficulty may result in operational challenges, reputational harm, and increased costs that could materially and adversely affect our business operations and results of operations. We also could be adversely affected by any significant disruption in the systems of third parties we interact with, including strategic and business partners, key payors and vendors.

Privacy and data protection laws increase our compliance burden and any failure to comply could harm us.

The regulatory environment surrounding data security and privacy is increasingly demanding, with the frequent imposition of new and changing requirements across businesses and geographic areas. We are required to comply with increasingly complex and changing data security and privacy regulations in the jurisdictions in which we operate that regulate the collection, use and transfer of personal data, including the transfer of personal data between or among countries. In the U.S., for example, HIPAA imposes extensive privacy and security requirements governing the transmission, use and disclosure of health information by covered entities in the healthcare industry, including healthcare providers such as pharmacies. In addition, the California Consumer Privacy Act, which went into effect on January 1, 2020, imposes stringent requirements on the use and treatment of “personal information” of California residents, and other jurisdictions have enacted, or are proposing similar laws related to the protection of personal data. Outside the U.S., for example, the European Union’s General Data Protection Regulation, which became effective in May 2018, greatly increased the jurisdictional reach of European Union data protection laws and added a broad array of requirements for handling personal data, including the public disclosure of significant data breaches, and provides for greater penalties for noncompliance. Other countries have enacted or are considering enacting data localization laws that require certain data to stay within their borders.

Compliance with changes in privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes. Failure to comply with these laws may subject us to potential regulatory enforcement activity, fines, private litigation including class actions, and other costs. We also have contractual obligations that might be breached if we fail to comply. A significant privacy breach or failure to comply with privacy and information security laws could have a materially adverse impact on our reputation, business operations, financial position and results of operations.

We and businesses we interact with experience cybersecurity incidents and might experience significant computer system compromises or data breaches.

The protection of customer, employee and Company data is critical to our businesses. Cybersecurity and other information technology security risks, such as a significant breach or theft of customer, employee, or company data, could create significant workflow disruption, attract media attention, damage our customer relationships, reputation and brand, and result in lost sales, fines or lawsuits. Throughout our operations, we receive, retain and transmit certain personal information that our customers and others provide to purchase products or services, fill prescriptions, enroll in promotional programs, participate in our customer loyalty programs and banking and credit programs, register on our websites, or otherwise communicate and interact with us. In addition, aspects of our operations depend upon the secure transmission of confidential information over public networks. We also depend on and interact with the information technology networks and systems of third-parties for many aspects of our business operations, including payors, strategic partners and cloud service providers. These third parties may have access to information we maintain about our company, operations, customers, employees and vendors, or operating systems that are critical to or can significantly impact our business operations. Like other global companies, we and businesses we interact with have experienced and expect to continue to experience threats to data and systems, including from vandalism or theft of physical systems or media and from perpetrators of random or targeted malicious cyber-attacks, computer viruses, worms, phishing attacks, bot attacks or other destructive or disruptive software and attempts to misappropriate customer information, including credit card information, and cause system failures and disruptions.

Compromises of our data security systems or of those of businesses with which we interact that result in confidential information being accessed, obtained, damaged or used by unauthorized or improper persons, have in the past and could in the future adversely impact us. Any such compromise could harm our reputation and expose us to regulatory actions, customer attrition, remediation expenses, and claims from customers, financial institutions, payment card associations and other persons, any of which could materially and adversely affect our reputation, business operations, financial condition and results of operations. In addition, security incidents may require that we expend substantial additional resources related to the security of information systems and disrupt our businesses. The risks associated with data security and cybersecurity incidents have increased during COVID-19 given the increased reliance on remote work arrangements.

We are subject to payment-related and other financial services risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business operations.

We accept payments using a variety of methods, including cash, checks, credit and debit cards, gift cards and mobile payment technologies such as Apple Pay™, and we may offer new payment options over time. Acceptance of these payment options subjects us to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. These requirements and related interpretations may change over time, which has made and could continue to make compliance more difficult or costly. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which could increase over time and raise our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could disrupt our business. The payment methods that we offer also subject us to potential fraud and theft by persons who seek to obtain unauthorized access to or exploit any weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements, or if data is compromised due to a breach or misuse of data relating to our payment systems, we may be liable for costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments could be impaired. In addition, our reputation could suffer and our customers could lose confidence in certain payment types, which could result in higher costs and/or reduced sales and materially and adversely affect our results of operations.

Additionally, we offer branded credit cards, money (wire) transfer services and sell prepaid debit, credit and gift cards. These products and services require us to comply with global anti-money laundering laws and regulations. Failure to comply with these laws and regulations could result in fines, sanctions, penalties and damage to our reputation.

Financial and Accounting Risks

We have significant outstanding debt; our debt and associated payment obligations could significantly increase in the future if we incur additional debt and do not retire existing debt.

We have outstanding debt and other financial obligations. As of August 31, 2023, we had approximately \$9.1 billion of outstanding indebtedness, including short-term debt. Our debt level and related debt service obligations could have negative consequences, including:

- requiring us to dedicate significant cash flow from operations to amounts payable on our debt, which would reduce the funds we have available for other purposes;
- making it more difficult or expensive for us to obtain any necessary future financing;
- reducing our flexibility in planning for or reacting to changes in our industry and market conditions and making us more vulnerable in the event of a downturn in our business operations;
- exposing us to interest rate risk given that a portion of our debt obligations and undrawn revolving credit facilities is at variable interest rates;
- a potential downgrade of our credit ratings; and
- our ability to pursue certain operational and strategic opportunities.

We may incur or assume significantly more debt in the future, including in connection with acquisitions, strategic investments or joint ventures. If we add new debt and do not retire existing debt, the risks described above could increase. Incurrence of additional debt by us and changes in our operating performance could also adversely affect our credit ratings. Any actual or anticipated downgrade of our credit ratings, including any announcement that our ratings are under review for a downgrade or have been assigned a negative outlook, could adversely affect our cost of funds, liquidity, financial covenants, competitive position and access to capital markets and increase the cost of existing facilities, which could materially and adversely affect our business operations, financial condition, and results of operations. We also could be adversely impacted by any failure to renew or replace, on terms acceptable to us or at all, existing funding arrangements when they expire, and any failure to satisfy applicable covenants.

Our long-term debt obligations include covenants that may adversely affect our ability, and the ability of certain of our subsidiaries, to incur secured indebtedness or engage in certain types of transactions. In addition, our existing credit agreements require us to maintain as of the last day of each fiscal quarter a ratio of consolidated debt to total capitalization not to exceed a certain level. Our ability to comply with these restrictions and covenants may be affected by events beyond our control. If we breach any of these restrictions or covenants and do not obtain a waiver from the lenders, then, subject to applicable cure periods, our outstanding indebtedness could be declared immediately due and payable. This could have a material adverse effect on our business operations and financial condition.

As a holding company, we are dependent on funding from our operating subsidiaries to pay dividends and other distributions.

We are a holding company with no business operations of our own. Our assets primarily consist of direct and indirect ownership interests in, and our business is conducted through, subsidiaries which are separate legal entities. As a result, we are dependent on funding from our subsidiaries, including Walgreens and international subsidiaries, to pay dividends and meet our obligations. Our subsidiaries may be restricted in their ability to pay cash dividends or to make other distributions to us, which may limit the payment of cash dividends or other distributions to the holders of our common stock. Payments to us by our subsidiaries are also contingent upon our subsidiaries' earnings and business considerations. Future dividends to us will be determined based on earnings, capital requirements, financial condition, and other debt obligations, fines and/or adverse rulings by courts or arbitrators in legal or regulatory matters, changes in federal, state or foreign income tax law, adverse global macroeconomic conditions, and changes to our business model.

The Company currently intends to continue to pay quarterly dividends to our stockholders, subject to capital availability. However, its ability to pay dividends will depend on our ability to generate sufficient cash flows from operations in the future. Future dividends will be determined based on earnings, capital requirements, financial condition, credit facilities and other debt obligations, fines and/or adverse rulings by courts or arbitrators in legal or regulatory matters, changes in federal, state or foreign income tax law, adverse global macroeconomic conditions, changes to the Company's business model and other factors considered relevant by the Company's Board of Directors. Our Board may, at its discretion, decrease or entirely discontinue our quarterly dividend payment at any time. Any reduction in the amount of dividends we pay to stockholders could negatively impact our reputation and investor confidence in us and may have an adverse effect on the trading price of our common stock.

Our quarterly results may fluctuate significantly based on seasonality and other factors.

Our operating results have historically varied on a quarterly basis, including increased variability during COVID-19, and may continue to fluctuate significantly in the future. For instance, our businesses are seasonal in nature, with the second fiscal quarter (December, January and February), which falls during the holiday season, typically generating a higher proportion of retail sales and earnings than other fiscal quarters. In addition, both prescription and non-prescription drug sales are affected by the timing and severity of the cough, cold and flu season, which can vary considerably from year to year. Other factors that may affect our quarterly operating results, some of which are beyond the control of management, include, but are not limited to; the impact and duration of COVID-19 and other pandemics; the timing of the introduction of new generic and brand name prescription drugs; inflation, including with respect to generic drug procurement costs; the timing and severity of the cough, cold and flu season; changes or rates of change in payor reimbursement rates and terms; the timing and amount of periodic contractual reconciliation payments; fluctuations in inventory, energy, transportation, labor, healthcare and other costs; significant acquisitions, dispositions, joint ventures and other strategic initiatives; asset impairment charges, including the performance of and impairment charges related to our equity method investments; the relative magnitude of our LIFO provision in any particular quarter; foreign currency fluctuations; market conditions, widespread looting or vandalism; and many of the other risk factors discussed herein. Accordingly, we believe that quarter-to-quarter comparisons of our operating results are not necessarily meaningful and investors should not place undue reliance on the results of any particular quarter as an indication of our future performance.

We have a substantial amount of goodwill and other intangible assets which could, in the future, become impaired and result in material non-cash charges to our results of operations.

As of August 31, 2023, we had \$28.2 billion of goodwill and \$13.6 billion of other intangible assets on our Consolidated Balance Sheets. We evaluate this goodwill and other indefinite-lived intangible assets for impairment annually during the fourth quarter, or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying value. As part of this impairment analysis, we determine fair value for each reporting unit using both the income and market approaches. Estimated fair values could change if, for example, there are changes in the business climate, changes in the competitive environment, adverse legal or regulatory actions or developments, changes in capital structure, cost of debt and equity, capital expenditure levels, operating cash flows, or market capitalization. There can be no assurance that impairments will not occur, and any impairment may have a material impact on our financial condition and results of operations.

We are exposed to risks associated with foreign currency exchange rate fluctuations.

We operate or have equity method investments in several countries across the globe which expose us to currency exchange rate fluctuations and related risks, including transaction currency exposures relating to the import and export of goods in currencies other than a businesses' functional currencies as well as currency translation exposures relating to profits and net assets denominated in currencies other than the U.S. dollar. We present our financial statements in U.S. dollars and have a significant proportion of net assets and income in non-U.S. dollar currencies, primarily the British pound sterling, as well as a range of other foreign currencies. Our results of operations and capital ratios can therefore be sensitive to movements in foreign exchange rates. Due to the constantly changing currency exposures to which we are subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon our future results of operations. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations. A depreciation of non-U.S. dollar currencies relative to the U.S. dollar could have a significant adverse impact on our results of operations.

We may from time to time, in some instances, enter into foreign currency contracts or other derivative instruments intended to hedge a portion of our foreign currency fluctuation risks, which subjects us to additional risks, such as the risk that counterparties may fail to honor their obligations to us, that could materially and adversely affect us. Additionally, we may (and currently do) use foreign currency debt to hedge some of our foreign currency fluctuation risks. The periodic use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. We cannot assure you that fluctuations in foreign currency exchange rates will not materially affect our consolidated financial results.

We could be adversely impacted by changes in assumptions used in calculating pension assets and liabilities.

We operate certain defined benefit pension plans in the UK, which were closed to new entrants in 2010, as well as smaller plans in other jurisdictions. The valuation of the pension plans' assets and liabilities depends in part on assumptions, which are primarily based on the financial markets as well as longevity and employee retention rates. This valuation is particularly sensitive to material changes in the value of equity, bond and other investments held by the pension plans, changes in the corporate bond yields which are used in the measurement of the liabilities, changes in market expectations for long-term price inflation and other macroeconomic factors, and new evidence on projected longevity rates. Funding requirements and the impact on the statement of earnings relating to these pension plans are also influenced by these factors. Adverse changes in the assumptions used to calculate the value of pension assets and liabilities, including lower than expected pension fund investment returns and/or increased life expectancy of plan participants, or regulatory change could require us to increase the funding of its defined benefit pension plans or incur higher expenses, which would adversely impact our results of operations and financial position.

Risks from Changes in Public Policy and Other Legal and Regulatory Risks

Changes in the healthcare industry and regulatory environments may adversely affect our businesses.

Political, economic and regulatory influences are subjecting the healthcare industry to significant changes that could adversely affect our results of operations. In recent years, the healthcare industry has undergone significant changes in an effort to reduce costs and government spending. These changes include an increased reliance on managed care; cuts in certain Medicare and Medicaid funding in the U.S. and the funding of governmental payors in foreign jurisdictions; consolidation of competitors, suppliers and other market participants; and the development of large, sophisticated purchasing groups. In addition, on August 16, 2022, President Biden signed into law the IRA, which, among other things, includes policies that are designed to have a direct impact on drug prices and reduce drug spending by the federal government. For example, the IRA requires drug manufacturers to pay rebates to Medicare if they increase prices faster than inflation for drugs used by Medicare beneficiaries. The mechanics of the rebate calculation would mimic those of the Medicaid rebate, but the expansion of inflation-based rebates may further complicate pricing strategies, particularly as to the launch of our new products. The IRA could have the effect of reducing the prices we can charge and reimbursement we receive for our products, thereby reducing our profitability.

We expect the healthcare industry to continue to change significantly in the future. Some of these potential changes, such as a reduction in governmental funding for certain healthcare services or adverse changes in legislation or regulations governing prescription drug pricing, healthcare services or mandated benefits, may cause customers to reduce the amount of our products and services they purchase or the price they are willing to pay for our products and services. We expect continued governmental and private payor pressure to reduce pharmaceutical pricing, and these pressures could be further exacerbated if payor deficits or shortfalls increase. Changes in pharmaceutical manufacturers' pricing or distribution policies and practices as well as applicable government regulations, including, for example, in connection with the federal 340B drug pricing program, could also significantly reduce our profitability.

We are exposed to risks related to litigation and other legal proceedings.

We operate in a highly regulated and litigious environment. We are involved in legal proceedings, including litigation, arbitration and other claims, and investigations, inspections, audits, claims, inquiries and similar actions by pharmacy, healthcare, tax and other governmental authorities, including those contained in Note 11. Commitments and contingencies, to the Consolidated Financial Statements included in Part II, Item 8 for further information. For example, in January 2019, Walgreen Co., on behalf of itself, its subsidiaries and certain identified affiliates, resolved matters regarding certain dispensing practices by entering into, among other things, a Corporate Integrity Agreement with the Office of Inspector General of the United States Department of Health and Human Services. The Corporate Integrity Agreement has a five-year term and provides that Walgreen Co. shall, among other things, continue the compliance program it created to address compliance with federal healthcare program requirements, provide annual certifications of compliance and provide training and education for certain covered employees. Failure to meet the Corporate Integrity Agreement obligations could have material adverse consequences for us, including reputational harm and monetary penalties for each instance of non-compliance. In addition, in the event of a breach or deliberate violation of the Corporate Integrity Agreement, we could be excluded from participation in federal healthcare programs, or subjected to other significant penalties, which could seriously harm our results of operations, liquidity and financial results.

Legal proceedings, in general, and securities, derivative action and class action and multi-district litigation, in particular, can be expensive and disruptive. Some of these suits may purport or may be determined to be class actions and/or involve parties seeking large and/or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. For example, we have been a defendant in numerous litigation proceedings relating to opioid matters, including federal multidistrict litigation that consolidated numerous cases filed against an array of defendants by various plaintiffs such as counties, cities, hospitals, Indian tribes, and others, as well as numerous lawsuits brought in state courts. As previously disclosed, we have reached settlement agreements in some proceedings, including for example Multistate Opioid Settlement Frameworks (the "Settlement Frameworks"). The Company has now resolved its litigation with all states, territories, tribes and 99.5% of litigating subdivisions within participating states and political subdivisions included in the Multistate Settlement Agreement or in separate agreements. The Company remains a defendant in multiple actions in federal courts alleging claims generally concerning the impacts of widespread opioid abuse, which have been commenced by various plaintiffs. Additionally, the Company has received from the Department of Justice and the Attorney Generals of numerous states subpoenas, civil investigative demands and/or other requests concerning opioid matters. The Company has incurred and expects to continue to incur significant expense in order to resolve those and other opioids-related matters, including through settlement agreements. From time to time, the Company is also involved in legal proceedings as a plaintiff involving antitrust, tax, contract, intellectual property and other matters. See Note 11. Commitments and contingencies, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

The Company's financial results may also be adversely affected by the litigation and other legal proceedings of companies in which it has an equity method investment. For example, Cencora is involved in litigation and legal proceedings, including those relating to opioid matters. Any unfavorable outcome or settlement related to these proceedings could have a material adverse effect on the Company's financial results.

Like other companies in the retail pharmacy, healthcare services and pharmaceutical wholesale industries, the Company is subject to extensive regulation by national, state and local government agencies in the U.S. and other countries in which it operates. There continues to be a heightened level of review and/or audit by regulatory authorities of, and increased litigation regarding business, compliance and reporting practices of the Company and other industry participants. As a result, the Company regularly is the subject of government actions of the types described above. In addition, under the qui tam or "whistleblower" provisions of the federal and various state false claims acts, persons may bring lawsuits alleging that a violation of the federal anti-kickback statute or similar laws has resulted in the submission of "false" claims to federal and/or state healthcare programs, including Medicare and Medicaid. After a private party has filed a qui tam action, the government must investigate the private party's claim and determine whether to intervene in and take control over the litigation. These actions may remain under seal while the government makes this determination.

We cannot predict with certainty the outcomes of these legal proceedings and other contingencies, and the costs incurred in litigation can be substantial, regardless of the outcome. Substantial unanticipated verdicts, fines and rulings do sometimes occur. As a result, we could from time to time incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could harm our reputation and have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid. In addition, as a result of governmental investigations or proceedings, the Company may be subject to damages, civil or criminal fines or penalties, or other sanctions, including the possible suspension or loss of licensure and/or suspension or exclusion from participation in government programs. The outcome of some of these legal proceedings and other contingencies could require us to take, or refrain from taking, actions which could negatively affect our operations. Additionally, defending against these lawsuits and proceedings may involve significant expense and diversion of management's attention and resources.

A significant change in, or noncompliance with, governmental regulations and other legal requirements could have a material adverse effect on our reputation and profitability.

We operate in complex, highly regulated environments around the world and could be materially and adversely affected by changes to applicable legal requirements including the related interpretations and enforcement practices, new legal requirements and/or any failure to comply with applicable regulations. Our retail pharmacy and health and wellness services businesses are subject to numerous country, state and local regulations including licensing, billing practices, utilization and other requirements for pharmacies and reimbursement arrangements. The regulations to which we are subject include, but are not limited to: country and state registration and regulation of pharmacies and drug discount card programs; dispensing and sale of controlled substances and products containing pseudoephedrine; applicable governmental payor regulations including Medicare and Medicaid; data privacy and security laws and regulations including HIPAA; the ACA or any successor thereto; laws and regulations relating to the protection of the environment and health and safety matters, each of which continues to evolve, including those governing exposure to, and the management and disposal of, hazardous substances; regulations regarding food and drug safety including those of the U.S. Food and Drug Administration ("FDA") and Drug Enforcement Administration ("DEA"), trade regulations including those of the U.S. Federal Trade Commission, and consumer protection and safety regulations including those of the Consumer Product Safety Commission, as well as state regulatory authorities, governing the availability, sale, advertisement and promotion of products we sell as well as our loyalty and drug discount card programs; anti-kickback laws; false claims laws; laws against the corporate practice of medicine; and foreign, national and state laws governing healthcare fraud and abuse and the practice of the profession of pharmacy. For example, in the U.S., the DEA, FDA and various other regulatory authorities regulate the distribution and dispensing of pharmaceuticals and controlled substances. We are required to hold valid DEA and state-level licenses, meet various security and operating standards and comply with the federal and various state controlled substance acts and related regulations governing the sale, dispensing, disposal, holding and distribution of controlled substances. The DEA, FDA and state regulatory authorities have broad enforcement powers, including the ability to seize or recall products and impose significant criminal, civil and administrative sanctions for violations of these laws and regulations. On August 16, 2022, President Biden signed into law the IRA, which, among other things, includes policies that are designed to have a direct impact on drug prices and reduce drug spending by the federal government, which shall take effect in 2023. We are also governed by foreign, national and state laws of general applicability, including laws regulating matters of working conditions, health and safety and equal employment opportunity and other labor and employment matters as well as employee benefit, competition and antitrust matters. In addition, we could have significant exposure if we are found to have infringed another party's intellectual property rights.

Some of our businesses are also subject to federal and state laws and regulations that may impact our relationships with healthcare providers and customers, including laws on self-referrals, beneficiary inducements, false claims, fee-splitting, telemedicine, corporate practice of medicine, dispensing, packaging, fulfillment, and distribution of controlled substances, other pharmaceutical products and medical devices, medical malpractice, consumer protection, product liability, narrow networks, provider tiering programs, provider contracts, overpayments, reimbursement of out-of-network claims, and licensure.

Changes in laws, regulations and policies and the related interpretations and enforcement practices may alter the landscape in which we do business and may significantly affect our cost of doing business. The impact of new laws, regulations and policies and the related interpretations and enforcement practices generally cannot be predicted, and changes in applicable laws, regulations and policies and the related interpretations and enforcement practices may require extensive system and operational changes, be difficult to implement, increase our operating costs and require significant capital expenditures. Untimely compliance or noncompliance with applicable laws and regulations could result in the imposition of civil and criminal penalties that could adversely affect the continued operation of our businesses, including: suspension of payments from government programs; loss of required government certifications; loss of authorizations to participate in or exclusion from government programs, including the Medicare and Medicaid programs in the U.S. and the National Health Service in the UK; loss of licenses; and significant fines or monetary penalties. Any failure to comply with applicable regulatory requirements in the U.S. or in any of the countries in which we operate could result in significant legal and financial exposure, damage to our reputation and brand, and have a material adverse effect on our business operations, financial condition and results of operations.

We could be adversely affected by violations of anti-bribery, anti-corruption and/or international trade laws.

We are subject to laws concerning our business operations and marketing activities in foreign countries where we conduct business. For example, we are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA"), U.S. export control, anti-money laundering and economic and trade sanction laws, and similar anti-corruption and international trade laws in certain foreign countries, such as the UK Bribery Act, any violation of which could create substantial liability for us and also harm our reputation. Violations of these laws and regulations or any other anti-bribery, anti-corruption or international trade laws may subject us to penalties, sanctions, including civil and criminal fines, disgorgement of profits, and suspension or debarment of our ability to contract with governmental agencies or receive export licenses. From time to time, we may face audits or investigations by one or more domestic or foreign governmental agencies relating to our international business activities, compliance with which could be costly and time-consuming, and could divert our management and key personnel from our business operations. An adverse outcome under any such investigation or audit could damage our reputation and subject us to fines or other penalties, which could materially and adversely affect our business operations, financial condition, and results of operations.

We could be adversely affected by product liability, product recall, personal injury or other health and safety issues.

We could be adversely impacted by the supply of defective or expired products, including the infiltration of counterfeit products into the supply chain, errors in re-labeling of products, product tampering, product recall and contamination or product mishandling issues. Through our pharmacies and specialist packaging sites, including through services provided by third-party healthcare providers, we are also exposed to risks relating to the products and services we offer. Errors in the dispensing and packaging of pharmaceuticals, including related counseling, and in the provision of other healthcare services could lead to serious injury or death. Product liability or personal injury claims may be asserted against us and mandatory or voluntary product recalls may apply to us with respect to any of the retail products or pharmaceuticals we sell or services we provide, particularly with regard to our private branded products that are not available from other retailers. For example, from time to time, the FDA issues statements alerting patients that products in our supply chain may contain impurities or harmful substances, and claims relating to the sale or distribution of such products may be asserted against us or arise from these statements. Our healthcare clinics also increase our exposure to professional liability claims related to medical care. We could suffer significant reputational damage and financial liability if we, or any affiliated entities or third-party healthcare providers that we do business with, experience any of the foregoing health and safety issues or incidents, which could have a material adverse effect on our business operations, financial condition and results of operations.

We could be subject to adverse changes in tax laws, regulations and interpretations or challenges to our tax positions.

As a large corporation with operations in the U.S. and numerous other jurisdictions, from time to time, changes in tax laws or regulations may be proposed or enacted that could adversely affect our overall tax liability. There can be no assurance that changes in tax laws or regulations, both within the U.S. and the other jurisdictions in which we operate, such as the proposed 15% global minimum tax under the Organisation for Economic Co-operation and Development (“OECD”) Pillar Two, Global Anti-Base Erosion Rules, will not materially and adversely affect our effective tax rate, tax payments, financial condition and results of operations. As of August 31, 2023, among the jurisdictions where the Company operates, only the UK has enacted legislation adopting the Pillar Two Rules, effective in fiscal 2025.

Tax laws and regulations are complex and subject to varying interpretations, and we are subject to regular review and audit by both domestic and foreign tax authorities. Any adverse outcome of such a review or audit could have a negative impact on our effective tax rate, tax payments, financial condition and results of operations. In addition, the determination of our income tax provision and other tax liabilities requires significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. The ultimate tax determination may differ from the amounts recorded in our financial statements and may materially affect our results of operations in the period or periods for which such determination is made. Any significant failure to comply with applicable tax laws and regulations in all relevant jurisdictions could give rise to substantial penalties and liabilities. Any changes in enacted tax laws, rules or regulatory or judicial interpretations; or any change in the pronouncements relating to accounting for income taxes could materially and adversely impact our effective tax rate, tax payments, financial condition and results of operations.

Risks Related to Our Structure and Organization

Certain stockholders may have significant voting influence over matters requiring stockholder approval.

As of August 31, Stefano Pessina, our Executive Chairman (together with his affiliates, the “SP Investors”), had sole or shared voting power, directly or indirectly, over an aggregate of approximately 17% of our outstanding common stock. The SP Investors have agreed to, for so long as they have the right to designate a nominee for election to the Board, to vote all of their shares of common stock in accordance with the Board’s recommendation on matters submitted to a vote of the Company’s stockholders (including with respect to the election of directors). The SP Investors’ significant interest in our common stock potentially could determine the outcome of matters submitted to a vote by our stockholders. The influence of the SP Investors could result in the Company taking actions that other stockholders do not support or failing to take actions that other stockholders support. In addition, issuances or sales of our common stock (or the exercise of related registration rights), including sales of shares by our directors and officers or key investors, including the SP Investors and certain other former Alliance Boots stockholders, are subject to restrictions in the case of shares held by persons deemed to be our affiliates and to certain obligations pursuant to the Company Shareholders Agreement (as defined herein). As a result, the market price of our common stock could be adversely affected.

Conflicts of interest, or the appearance of conflicts of interest, may arise because certain of our directors and officers are also owners or directors of companies we may have dealings with.

Conflicts of interest, or the appearance of conflicts of interest, could arise between our interests and the interests of the other entities and business activities in which our directors or officers are involved. For example, potential conflicts of interest could arise if a dispute were to arise between the Company and other parties to the shareholders agreement (the “Company Shareholders Agreement”) with certain SP Investors. Mr. Pessina, our Executive Chairman, indirectly controls Alliance Santé Participations S.A. (“ASP”), a privately-held company which is a party to the Company Shareholders Agreement, and he and his spouse Ornella Barra, our Chief Operating Officer, International serve as directors of ASP. There are other arrangements between affiliates of Mr. Pessina and the Company, with required disclosures included in the Company’s annual proxy statement, including with respect to Alliance Healthcare Italia SpA, which is an entity indirectly owned and controlled by Mr. Pessina (and in which, until April 2022, the Company held an indirect 9% interest), which operates Boots branded stores in Italy. Conflicts of interest, or the appearance of conflicts of interest, or similar issues could arise in connection with these or other transactions in the future. While our contractual arrangements place restrictions on the parties’ conduct in certain situations, and related party transactions are subject to independent review and approval in accordance with our related party transactions approval procedures and applicable law, the potential for a conflict of interest exists and such persons may have conflicts of interest, or the appearance of conflicts of interest, with respect to matters involving or affecting both companies.

Our certificate of incorporation and bylaws, Delaware law or our agreements with certain stockholders may impede the ability of our stockholders to make changes to our Board or impede a takeover.

Certain provisions of our certificate of incorporation and bylaws, as well as provisions of the Delaware General Corporation Law (the “DGCL”), could make it difficult for stockholders to change the composition of the Board or discourage, delay, or prevent a merger, consolidation, or acquisitions that stockholders may otherwise consider favorable. These provisions include the authorization of the issuance of “blank check” preferred stock that could be issued by the Board, limitations on the ability of stockholders to call special meetings, and advance notice requirements for nomination for election to the Board or for proposing matters that can be acted upon by stockholders at stockholder meetings. We are also subject to the provisions of Section 203 of the DGCL, which prohibits us, except under specified circumstances, from engaging in any mergers, significant sales of stock or assets, or business combinations with any stockholder or group of stockholders who own 15% or more of our common stock.

Under the Company Shareholders Agreement, the SP Investors are entitled to designate one nominee to the Board (currently Stefano Pessina) for so long as the SP Investors continue to meet certain beneficial ownership thresholds and subject to certain other conditions. Pursuant to the Company Shareholders Agreement, the SP Investors have agreed that, for so long as they have the right to designate a nominee to the Board, they will vote all of their shares of common stock in accordance with the Board’s recommendation on matters submitted to a vote of our stockholders (including with respect to the election of directors).

While these provisions do not make us immune from takeovers or changes in the composition of the Board, and are intended to protect our stockholders from, among other things, coercive or otherwise unfair tactics, these provisions could have the effect of making it difficult for stockholders to change the composition of the Board or discouraging, delaying, or preventing a merger, consolidation, or acquisitions that stockholders may otherwise consider favorable.

We cannot guarantee that our stock repurchase program will be fully implemented or that it will enhance long-term stockholder value.

In June 2018, our Board of Directors approved a new stock repurchase program authorizing the repurchase of up to \$10 billion of our common stock. The repurchase program does not have an expiration date and we are not obligated to repurchase a specified number or dollar value of shares, on any particular timetable or at all. There can be no assurance that we will repurchase stock at favorable prices. Activity under this program was suspended in July 2020 and there can be no assurance whether or when activity will resume. If resumed, the repurchase program may be suspended or terminated at any time and, even if fully implemented, may not enhance long-term stockholder value.

Item 1B. Unresolved staff comments

There are no unresolved written comments that were received from the SEC Staff 180 days or more before the end of the fiscal year relating to the Company’s periodic or current reports under the Exchange Act.

Item 2. Properties

The following information regarding the Company’s properties is provided as of August 31, 2023 and does not include properties of unconsolidated, partially-owned entities.

Retail stores and healthcare locations

The following is a breakdown of the Company's domestic and international retail stores and healthcare locations by segment:

	Number of retail stores and healthcare locations
U.S. Retail Pharmacy:	
United States ¹	8,600
Puerto Rico	105
U.S. Virgin Islands	1
	8,706
International:	
United Kingdom ²	2,514
Mexico	1,151
Chile	295
Thailand	243
The Republic of Ireland	94
	4,297
U.S. Healthcare - healthcare locations	529
Walgreens Boots Alliance total	13,532

¹ Includes co-located VillageMD clinics

² Includes standalone Boots Opticians locations

The Company's domestic and international retail stores and healthcare locations covered approximately 145 million square feet. The Company owned approximately 5% and 4% of these U.S. Retail Pharmacy and International segment locations, respectively. The remaining locations, including all U.S. Healthcare locations were leased or licensed.

See Note 5. Leases, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Distribution centers and other facilities

The Company operated 21 retail distribution centers covering approximately 13 million square feet of space, of which 11 locations were owned. Geographically, 16 of these retail distribution centers were located in the U.S. and 5 were located outside of the U.S. In addition, the Company used public warehouses and third-party distributors to handle certain retail distribution needs.

The Company's U.S. Retail Pharmacy segment operated 10 micro-fulfillment centers, 1 prescription mail service facility and 1 manufacturing facility, covering approximately 789 thousand, 110 thousand, and 77 thousand square feet, respectively.

The Company's International segment operated 32 pharmaceutical distribution centers in Germany, of which 8 were owned. The pharmaceutical distribution centers in Germany covered approximately 3 million square feet.

Office facilities

The Company operated 50 principal office facilities, covering approximately 1.8 million square feet, of which 5 were owned. Geographically, 36 of these principal office facilities were located in the U.S. and 14 were located outside of the U.S.

Item 3. Legal proceedings

The information in response to this item is included in Note 11. Commitments and contingencies, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Item 4. Mine safety disclosures

Not applicable.

PART II**Item 5. Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities**

Walgreens Boots Alliance's common stock is listed on the Nasdaq Stock Market under the symbol WBA. As of August 31, 2023, there were approximately 43,816 holders of record of Walgreens Boots Alliance common stock.

The Company has paid cash dividends every quarter since 1933. Future dividends will be determined based on earnings, capital requirements, financial condition, and other debt obligations, fines and/or adverse rulings by courts or arbitrators in legal or regulatory matters, changes in federal, state or foreign income tax law, adverse global macroeconomic conditions, changes to the Company's business model and other factors considered relevant by the Company's Board of Directors.

The following table provides information about purchases made by the Company during the quarter ended August 31, 2023 of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act. Subject to applicable law, share purchases may be made from time to time in open market transactions, privately negotiated transactions including accelerated share repurchase agreements, or pursuant to instruments and plans complying with Rule 10b5-1, among other types of transactions and arrangements.

Period	Issuer purchases of equity securities			
	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced repurchase programs ¹	Approximate dollar value of shares that may yet be purchased under the plans or programs ¹
6/1/23 - 6/30/23	—	\$ —	—	\$ 2,003,419,960
7/1/23 - 7/31/23	—	—	—	2,003,419,960
8/1/23 - 8/31/23	—	—	—	2,003,419,960

¹ In June 2018, Walgreens Boots Alliance authorized a stock repurchase program, which authorized the repurchase of up to \$10.0 billion of Walgreens Boots Alliance common stock. This program has no specified expiration date. In July 2020, the Company announced that it had suspended activities under this program.

Item 6. Reserved

Not applicable.

Item 7. Management’s discussion and analysis of financial condition and results of operations

The following discussion and analysis of the Company’s financial condition and results of operations should be read together with the financial statements and the related notes included elsewhere herein and the description of the Company’s business and reportable segments in Part I, Item 1. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in forward-looking statements that involve risks and uncertainties. Factors that might cause a difference include, but are not limited to, those discussed under “Cautionary note regarding forward-looking statements” below and in Risk factors in Part I, Item 1A of this Form 10-K. References herein to the “Company,” “we,” “us,” or “our” refer to Walgreens Boots Alliance, Inc. and its subsidiaries, and in each case do not include unconsolidated partially-owned entities, except as otherwise indicated or the context otherwise requires.

Certain amounts in the Consolidated Financial Statements and associated notes may not add due to rounding. All percentages have been calculated using unrounded amounts for each of the periods presented.

INTRODUCTION AND SEGMENTS

Walgreens Boots Alliance, Inc. and its subsidiaries (“Walgreens Boots Alliance” or the “Company”) is an integrated healthcare, pharmacy and retail leader with a 170-year heritage of caring for customers and patients. Its operations are conducted through three reportable segments:

- U.S. Retail Pharmacy,
- International, and
- U.S. Healthcare.

In fiscal 2022, the Company changed the name of two reportable segments to better align with the Company’s business activities, structure and strategy. The “United States” segment was renamed to “U.S. Retail Pharmacy” and the “Walgreens Health” segment was renamed to “U.S. Healthcare”. The segment name changes did not result in any change to the composition of the segments and therefore no change to the historical results of segment operations. The information for these segments for all periods included in these consolidated financial statements has been presented using the new names. See Note 17. Segment reporting and Note 18. Sales, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

FACTORS, TRENDS AND UNCERTAINTIES AFFECTING OUR RESULTS AND COMPARABILITY

The Company has been, and we expect it to continue to be, affected by a number of factors that may cause actual results to differ from our historical results or current expectations. These factors include: the impact of opioid litigation settlements, the impact of adverse global macroeconomic conditions caused by factors including, among others, inflation, high interest rates, labor shortages, supply chain disruptions and pandemics like COVID-19 on our operations and financial results; the financial performance of our equity method investees, including Cencora, Inc. (“Cencora”), formerly known as AmerisourceBergen Corporation, the financial performance of our consolidated subsidiaries in the U.S. Healthcare segment; the influence of certain holidays; seasonality; foreign currency rates; changes in vendor, payor and customer relationships and terms and associated reimbursement pressure; strategic transactions and acquisitions, dispositions, joint ventures and other strategic collaborations; changes in laws, including the tax law changes in the United States (“U.S.”) and the United Kingdom (“UK”); changes in trade tariffs, including trade relations between the U.S. and China, and international relations, including the UK’s withdrawal from the European Union and its impact on our operations and prospects, and those of our customers and counterparties; the timing and magnitude of cost reduction initiatives, including under our Transformational Cost Management Program (as defined herein); the timing and severity of the cough, cold and flu season; fluctuations in variable costs; adjustments to Centers for Medicare and Medicaid Services, Medicare Advantage and Medicare rates; the impacts of looting, natural disasters, war, terrorism and other catastrophic events, and changes to management, including turnover of our top executives and our ability to retract and retain qualified associates in the markets in which the Company operates.

Specialty pharmacy

Specialty pharmacy represents a significant and growing proportion of prescription drug spending in the U.S., a significant portion of which is dispensed outside of traditional retail pharmacies. To better serve the evolving specialty pharmacy market, in March 2017, the Company and Prime Therapeutics LLC (“Prime”), a PBM, closed a transaction to form a combined central specialty pharmacy and mail services company, AllianceRx Walgreens Prime, using an innovative model that sought to align pharmacy, PBMs and health plans to coordinate patient care, improve health outcomes and deliver cost of care opportunities. On December 31, 2021, the Company purchased Prime’s portion of the joint venture and now wholly owns the joint venture, which was renamed AllianceRx Walgreens. Certain clients of AllianceRx Walgreens are not obligated to contract through AllianceRx Walgreens, and have in the past, and may in the future, enter into specialty pharmacy and other agreements without involving AllianceRx Walgreens. Certain clients have chosen not to renew their contracts through AllianceRx Walgreens which impacts gross sales. However, considering the relatively low margin nature of this business, the Company does not anticipate this will have a material impact on operating income.

Opioid litigation settlements

On November 2, 2022, the Company announced that it had agreed to financial amounts and payment terms as part of settlement frameworks (the “Settlement Frameworks”) that have the potential to resolve a substantial majority of opioid-related lawsuits filed against the Company by the attorneys general of participating states and political subdivisions (the “Settling States”) and litigation brought by counsel for tribes. On December 9, 2022, the Company committed the Settlement Frameworks to a proposed settlement agreement (the “Proposed Settlement Agreement”). The Proposed Settlement Agreement became effective on August 7, 2023 (the “Multistate Settlement Agreement”). As of August 31, 2023, the Company has accrued a total \$7.0 billion liability associated with the Multistate Settlement Agreement and other opioid-related claims and litigation settlements. The cost of the settlements is reflected in the Consolidated Statement of Earnings within Selling, general and administrative expenses as part of the U.S. Retail Pharmacy segment.

See Note 11. Commitments and contingencies, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

COVID-19

Since 2020, COVID-19 has severely impacted, and may continue to directly and indirectly impact, the economies of the U.S., the UK and other countries around the world. COVID-19 created significant public health concerns as well as significant volatility, uncertainty and economic and supply chain disruption in every region in which we operate, which has adversely affected our industries and our business operations. Further, financial and credit markets experienced volatility and could continue to experience volatility due to COVID-19 and other factors.

The Company has and continues to play a critical role in fighting COVID-19. The Company has worked with the Centers for Disease Control and Prevention, U.S. Department of Health and Human Services and the U.S. government to help administer COVID-19 vaccinations to the general public and to high priority groups, including long-term care facility residents and staff. Fiscal 2022 and Fiscal 2021 results included significant contributions from COVID-19 vaccinations and related sales, net of incremental labor and other costs related to the vaccination program. In fiscal 2023, the Company has seen significantly lower COVID-19 vaccine and testing volume. As a result, these COVID-19 related items had a net unfavorable impact on our results for fiscal 2023 compared to fiscal 2022.

The Company continues to monitor COVID-19 and its potential future impacts on the consumer, customer and healthcare utilization patterns, as well as the U.S. and global economies, including supply chains and the labor force. As a result, the financial and/or operational impact on the Company, operating results, cash flows and/or financial condition is uncertain, but the impact, singularly or collectively, could be material and adverse.

The Company’s current expectations described above are forward-looking statements and our actual results may differ. Factors that might cause a difference include, but are not limited to, those discussed below under “Cautionary note regarding forward-looking statements” and in Item 1A, Risk factors.

U.S. Healthcare

The Company’s U.S. Healthcare segment, created at the beginning of fiscal 2022, is a consumer-centric, technology-enabled healthcare business that engages consumers through a personalized, omni-channel experience across the care journey. The U.S. Healthcare segment delivers improved health outcomes and lower costs for payors and providers by delivering care through owned and partnered assets.

The U.S. Healthcare segment currently consists of a majority position in Village Practice Management Company, LLC (“VillageMD”), a national provider of value-based care with primary, multi-specialty, and urgent care providers serving patients in traditional clinic settings, in patients’ homes and online appointments; Shields Health Solutions Parent, LLC (“Shields”), a specialty pharmacy integrator and accelerator for hospitals, CCX Next, LLC (“CareCentrix”), a participant in the post-acute and home care management sectors; and the Walgreens Health organic business that contracts with payors and providers to deliver clinical healthcare services to their members and members’ caregivers through both digital and physical channels.

The Company is aligned into three reportable segments: U.S. Retail Pharmacy, International and U.S. Healthcare. Fiscal 2021 data related to the U.S. Healthcare segment, has been reclassified in the Consolidated Financial Statements and accompanying notes to conform to the current period presentation.

See Note 17. Segment reporting to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

These and other factors can affect the Company's operations and net earnings for any period and may cause such results not to be comparable to the same period in previous years. The results presented in this report are not necessarily indicative of future operating results.

RECENT DEVELOPMENTS

Change of Management

On October 10, 2023, the Company announced that its Board of Directors appointed Timothy Wentworth as Chief Executive Officer ("CEO") and a member of the Board of Directors of the Company, effective as of October 23, 2023. Mr. Wentworth, 63, has previously served as CEO of Evernorth Health Services, a division of The Cigna Group ("Cigna"); as President, Health Services of Cigna; and as President and CEO of Express Scripts.

On September 1, 2023, the Company announced that its Board of Directors and Rosalind Brewer had mutually agreed that Ms. Brewer would step down as the Company's CEO and as a member of the Board of Directors, effective August 31, 2023. The Board of Directors appointed Ginger Graham as the Company's Interim CEO, effective September 1, 2023.

On July 27, 2023, the Company announced the departure of James Kehoe as the Company's Executive Vice President and Global Chief Financial Officer, effective July 27, 2023. The Board appointed Manmohan Mahajan as the Company's Interim Global Chief Financial Officer and Todd Heckman as the Company's Interim Global Controller and Chief Accounting Officer, effective July 27, 2023.

Sale of Option Care Health common stock

In fiscal 2023 the Company sold its remaining interest in Option Care Health for a total consideration of approximately \$798 million.

See Note 6. Equity method investments, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Sale of Cencora common stock

In fiscal 2023 the Company sold shares of Cencora common stock for total consideration of approximately \$3.4 billion, and the Company also entered into the variable prepaid forward ("VPF") transactions with third-party financial institutions and received prepayments of \$2.6 billion related to the forward sale of up to 17.3 million shares of Cencora common stock.

See Note 6. Equity method investments, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Shields acquisition

On December 28, 2022 the Company acquired the remaining 30% equity interest in Shields for approximately \$1.4 billion of cash consideration.

See Note 3. Acquisitions and other investments to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

Summit acquisition

On January 3, 2023, VillageMD, through its parent company, following an internal reorganization, completed the acquisition of WP CityMD TopCo ("Summit"), a provider of primary, specialty and urgent care in exchange, for \$7.0 billion aggregate consideration, consisting of \$4.85 billion of cash consideration paid, \$2.05 billion in preferred units of VillageMD issued to Summit equity holders and \$100 million of cash to be paid one year following closing. In connection with the amended Agreement and Plan of Merger, and in order to finance the acquisition, the Company and Cigna Health & Life Insurance Company acquired preferred units of VillageMD in exchange for \$1.75 billion and \$2.5 billion in aggregate consideration, respectively. Following the Summit acquisition, the Company remains the largest and consolidating equity holder of VillageMD with ownership of approximately 53% of the outstanding equity interests on a fully diluted basis.

See Note 3. Acquisitions and other investments to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

CareCentrix acquisition

On March 31, 2023, the Company acquired the remaining 45% equity interest in CareCentrix for approximately \$378 million of cash consideration.

See Note 3. Acquisitions and other investments to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

Sale of Farmacias Ahumada

On May 16, 2023, the Company announced that it entered into an agreement to sell the Farmacias Ahumada business in Chile. The transaction is subject to customary regulatory and governmental approvals and expected to close by the end of calendar year 2023.

TRANSFORMATIONAL COST MANAGEMENT PROGRAM

On December 20, 2018, the Company announced a transformational cost management program that was expected to deliver in excess of \$2.0 billion of annual cost savings by fiscal 2022 (the “Transformational Cost Management Program”). The Company achieved this goal at the end of fiscal 2021.

On October 12, 2021, the Company expanded and extended the Transformational Cost Management Program through the end of fiscal 2024 and increased its annual cost savings target to \$3.3 billion by the end of fiscal 2024. In fiscal 2022, the Company increased its annual cost savings target from \$3.3 billion to \$3.5 billion by the end of fiscal 2024. In fiscal 2023, the Company increased its annual cost savings target from \$3.5 billion to \$4.5 billion by the end of fiscal 2024. The Company is currently on track to achieve the savings target.

The Transformational Cost Management Program, which is multi-faceted and includes divisional optimization initiatives, global smart spending, global smart organization and the transformation of the Company’s information technology (IT) capabilities, is designed to help the Company achieve increased cost efficiencies. To date, the Company has taken actions across all aspects of the Transformational Cost Management Program which focus primarily on the U.S. Retail Pharmacy and International reportable segments along with the Company’s global functions. Divisional optimization within the Company’s segments includes activities such as optimization of stores. The Company now plans to reduce its presence by up to 300 Boots stores in the UK and up to 200 stores in the U.S. by end of fiscal 2024, which are incremental to the fiscal 2022 previously planned reductions of approximately 350 Boots stores in the UK and approximately 450 to 500 stores in the U.S. As of August 31, 2023, the Company has closed 291 and 466 stores in the UK and U.S., respectively.

In fiscal 2023, the Company increased its estimate of cumulative pre-tax charges to its GAAP financial results for the Transformational Cost Management Program from \$3.6 billion to \$3.9 billion to \$4.1 billion to \$4.4 billion. As a result, pre-tax charges for exit and disposal activities increased from \$3.3 billion to \$3.6 billion to \$3.8 billion to \$4.1 billion. The Company currently estimates that it will recognize aggregate pre-tax charges to its GAAP financial results related to the Transformational Cost Management Program as follows:

Transformational Cost Program Activities	Range of Charges
Lease obligations and other real estate costs ¹	\$1.5 to \$1.6 billion
Asset impairments ²	\$1.0 to \$1.1 billion
Employee severance and business transition costs	\$1.0 to \$1.1 billion
Information technology transformation and other exit costs	\$0.3 to \$0.4 billion
Total cumulative pre-tax exit and disposal charges	\$3.8 to \$4.1 billion
Other IT transformation costs	\$0.2 to \$0.3 billion
Total estimated pre-tax charges	\$4.1 to \$4.4 billion

¹ Includes impairments relating to operating lease right-of-use and finance lease assets.

² Primarily related to store closures and other asset impairments.

The Company estimates that approximately 75% of the cumulative pre-tax charges relating to the Transformational Cost Management Program represent current or future cash expenditures, primarily related to employee severance and business transition costs, IT transformation and lease and other real estate payments. The amounts and timing of all estimates are subject to change until finalized. The actual amounts and timing may vary materially based on various factors. See “Cautionary note regarding forward-looking statements”.

The total pre-tax charges under the Transformational Cost Management Program, which were primarily recorded in Selling, general and administrative expenses were as follows (in millions):

Fiscal 2023	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Total exit and disposal charges	\$ 816	\$ 213	\$ 115	\$ 14	\$ 1,158
Other IT transformation costs	14	9	—	—	23
Total pre-tax charges	\$ 830	\$ 222	\$ 115	\$ 14	\$ 1,181

Fiscal 2022	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Total exit and disposal charges	\$ 546	\$ 118	\$ —	\$ 25	\$ 690
Other IT transformation costs	57	15	—	—	73
Total pre-tax charges	\$ 603	\$ 134	\$ —	\$ 26	\$ 763

Fiscal 2021	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Total exit and disposal charges	\$ 217	\$ 72	\$ —	\$ 46	\$ 335
Other IT transformation costs	63	19	—	—	82
Total pre-tax charges	\$ 279	\$ 91	\$ —	\$ 46	\$ 417

See Note 4. Exit and disposal activities to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

EXECUTIVE SUMMARY

The following table presents certain key financial statistics for the Company for fiscal 2023, 2022 and 2021:

	(in millions, except per share amounts)		
	2023	2022	2021
Sales	\$ 139,081	\$ 132,703	\$ 132,509
Gross profit	27,072	28,265	28,067
Selling, general and administrative expenses	34,205	27,295	24,586
Equity earnings (loss) in Cencora	252	418	(1,139)
Operating (loss) income	(6,882)	1,387	2,342
Adjusted operating income (Non-GAAP measure) ¹	3,871	5,133	5,117
(Loss) earnings before interest and income tax (benefit) provision	(4,839)	4,385	2,900
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc. - continuing operations (GAAP)	(3,080)	4,337	1,994
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. - continuing operations (Non-GAAP measure) ¹	3,439	4,360	4,256
Diluted net (loss) earnings per common share - continuing operations (GAAP)	(3.57)	5.01	2.30
Adjusted diluted net earnings per common share - continuing operations (Non-GAAP measure) ¹	3.98	5.04	4.91

	Percentage increases (decreases)		
	2023	2022	2021
Sales	4.8	0.1	8.6
Gross profit	(4.2)	0.7	7.6
Selling, general and administrative expenses	25.3	11.0	(3.3)
Operating (loss) income	NM	(40.8)	138.4
Adjusted operating income (Non-GAAP measure)- ¹	(24.6)	0.3	8.2
(Loss) earnings before interest and income tax provision	NM	51.2	173.7
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc. - continuing operations (GAAP)	NM	117.5	NM
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. - continuing operations (Non-GAAP measure) ¹	(21.1)	2.5	12.8
Diluted net (loss) earnings per common share - continuing operations (GAAP)	NM	117.6	NM
Adjusted diluted net earnings per common share - continuing operations (Non-GAAP measure) ¹	(20.9)	2.5	14.6

	Percent to sales		
	2023	2022	2021
Gross margin	19.5	21.3	21.2
Selling, general and administrative expenses	24.6	20.6	18.6

¹ See "--Non-GAAP Measures" below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

NM - Not meaningful. Percentage increases above 200% or when one period includes income and other period includes loss are considered not meaningful.

WALGREENS BOOTS ALLIANCE RESULTS OF OPERATIONS

The following information summarizes our results of operations for fiscal 2023 compared to fiscal 2022. For discussion related to the results of operations by segment for fiscal 2022 compared to fiscal 2021, refer to Part II, Item 7. Management's discussion and analysis of financial condition and results of operations in our fiscal 2022 Form 10-K, as amended by Form 10-K/A which was filed with the United States Securities and Exchange Commission on November 23, 2022.

Net loss (GAAP) from continuing operations fiscal 2023 compared to fiscal 2022

Fiscal 2023 net loss attributable to the Company was \$3.1 billion compared to net earnings of \$4.3 billion in the year ago period. Diluted net loss per share was \$3.57 compared to diluted net earnings per share of \$5.01 in the year ago period. The decrease in net earnings and diluted net earnings per share reflects a \$5.5 billion after-tax charge for opioid-related claims and litigation in the current year and a \$2.5 billion after-tax gain on the Company's investments in VillageMD and Shields in the year ago period, partly offset by a \$1.7 billion after-tax gain from the partial sale of the Company's investments in Cencora and the complete sale of the Company's investment in Option Care Health.

Operating loss was \$6.9 billion in fiscal 2023 compared to operating income of \$1.4 billion in fiscal 2022. The decrease is primarily driven by a \$6.8 billion pre-tax charge for opioid-related claims and litigation settlements, lower volumes of COVID-19 vaccinations and testing, and planned payroll investments in the U.S. Retail Pharmacy segment, partly offset by higher Boots UK intangible assets impairment charges in the year ago period, lower incentive accruals, International segment growth, and improved retail contributions in the U.S.

Other income, net in fiscal 2023 was \$2.0 billion compared to \$3.0 billion in fiscal 2022. The decrease in other income is mainly due to the gains on the Company's investments in VillageMD and Shields in the year ago period, partly offset by the pre-tax gain of \$1.8 billion from the partial sale of the Company's investments in Cencora and full sale of investment in Option Care Health in the current year.

Interest expense, net was \$580 million and \$400 million in fiscal 2023 and 2022, respectively. The increase in interest expense was primarily the result of higher short-term benchmark interest rates and incremental facility borrowings associated with the Summit transaction in the current period.

The Company's effective tax rate for fiscal 2023 and 2022 was a benefit of 34.3% and 0.8%, respectively. The increase in the effective tax rate benefit was primarily attributable to a reduction in the valuation allowance, changes to deferred taxes as a result of internal legal entity restructuring, and tax benefits related to a measurement change in prior year tax positions. These benefits were partially offset by the impact of certain nondeductible charges for opioid-related claims and litigation settlements recorded during fiscal 2023. The Company recognized a tax benefit due to the reduction of a valuation allowance previously recorded against deferred tax assets related to capital loss carryforwards. The reduction is primarily due to capital loss carryforwards utilized in the current year against capital gains recognized on the sale of shares in Cencora and other forecasted capital gains. See Note 6. Equity method investments, to the Consolidated Financial Statement included in Part II, Item 8 for further information.

Adjusted net earnings from continuing operations (Non-GAAP measure) fiscal 2023 compared to fiscal 2022

Adjusted net earnings attributable to the Company in fiscal 2023 decreased 21.1 percent to \$3.4 billion compared with the year ago period. Adjusted diluted net earnings per share in fiscal 2023 decreased 20.9 percent to \$3.98 compared with the year ago period. Adjusted net earnings and adjusted diluted earnings per share were both adversely impacted by 0.6 percentage points as a result of currency translation.

Excluding the impact of currency translation, the decrease in adjusted net earnings for fiscal 2023 primarily reflects a COVID-19 headwind of approximately 21 percent and planned payroll investments in the U.S. Retail Pharmacy segment, partly offset by lower incentive accruals, improved retail contributions in the U.S., and International growth.

See "--Non-GAAP Measures" below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

RESULTS OF OPERATIONS BY SEGMENT

The following information summarizes our results of operations by segment for fiscal 2023 compared to fiscal 2022.

U.S. Retail Pharmacy

The Company's U.S. Retail Pharmacy segment includes the Walgreens business which is comprised of the operations of retail drugstores, health and wellness services, specialty and home delivery pharmacy services, and its equity method investment in Cencora. 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.

FINANCIAL PERFORMANCE

	(in millions, except location amounts)		
	2023	2022	2021
Sales	\$ 110,314	\$ 109,078	\$ 112,005
Gross profit	22,115	23,669	23,736
Selling, general and administrative expenses	27,674	21,180	20,042
Equity earnings (loss) in Cencora	252	418	(1,139)
Operating (loss) income (GAAP)	(5,307)	2,907	2,554
Adjusted operating income ¹	3,689	5,029	5,019
Number of prescriptions ²	800.8	819.6	827.5
30-day equivalent prescriptions ^{2,3}	1,211.6	1,216.4	1,210.6
Number of locations at period end	8,720	8,901	8,973
	Percentage increases (decreases)		
	2023	2022	2021
Sales	1.1	(2.6)	4.0
Gross profit	(6.6)	(0.3)	6.4
Selling, general and administrative expenses	30.7	5.7	3.7
Operating (loss) income	NM	13.8	(22.9)
Adjusted operating income ¹	(26.6)	0.2	5.4
Comparable sales ⁴	4.9	5.1	5.1
Pharmacy sales	2.1	(5.3)	5.5
Comparable pharmacy sales ⁴	7.2	4.7	6.7
Retail sales	(1.6)	5.6	(0.4)
Comparable retail sales ⁴	(0.8)	6.1	1.2
Comparable number of prescriptions ^{2,4}	(1.3)	(1.0)	2.4
Comparable 30-day equivalent prescriptions ^{2,3,4}	0.6	1.3	5.0
	Percent to sales		
	2023	2022	2021
Gross margin	20.0	21.7	21.2
Selling, general and administrative expenses	25.1	19.4	17.9

¹ See "--Non-GAAP Measures" below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

² Includes vaccinations, including COVID-19.

³ Includes the adjustment to convert prescriptions greater than 84 days to the equivalent of three 30-day prescriptions. This adjustment reflects that these prescriptions include approximately three times the amount of product days supplied compared to a normal prescription.

⁴ Comparable sales are defined as sales from stores that have been open for at least twelve consecutive months without closure for seven or more consecutive days, including due to looting or store damage, and without a major remodel or being subject to a natural disaster, in the past twelve months as well as e-commerce sales. E-commerce sales include digitally initiated sales online or through mobile applications. Relocated stores are not included as comparable sales for the first twelve months after the relocation. Acquired stores are not included as comparable sales for the first twelve months after acquisition or conversion, when applicable, whichever is later. Comparable sales, comparable pharmacy sales, comparable retail sales, comparable number of prescriptions and comparable number of 30-day equivalent prescriptions refer to total sales, pharmacy sales, retail sales, number of prescriptions and number of 30-day equivalent prescriptions, respectively. Comparable retail sales for previous periods have been restated to include e-commerce sales. The method of calculating comparable sales varies across the retail industry and our method of calculating comparable sales may not be the same as other retailers' methods.

NM - Not meaningful. Percentage increases above 200% or when one period includes income and other period includes loss are considered not meaningful.

Sales fiscal 2023 compared to fiscal 2022

Sales for fiscal 2023 increased by 1.1 percent to \$110.3 billion. Comparable sales increased by 4.9 percent in fiscal 2023.

Pharmacy sales increased by 2.1 percent in fiscal 2023, and represented 74.4 percent of the segment's sales. Pharmacy sales were negatively impacted by a 3.5 percentage point headwind from AllianceRx Walgreens. In fiscal 2022, pharmacy sales decreased 5.3 percent and represented 73.7 percent of the segment's sales. Comparable pharmacy sales increased 7.2 percent in fiscal 2023, aided by higher brand inflation and mix impacts, compared to an increase of 4.7 percent in the year ago period. Within comparable pharmacy sales, 30-day equivalent prescriptions filled in fiscal 2023 increased by 0.6 percent compared to the year ago period. Total prescriptions filled in fiscal 2023, including immunizations, adjusted to 30-day equivalents, decreased 0.4 percent to 1.2 billion, impacted by lower market growth.

Retail sales decreased by 1.6 percent in fiscal 2023 and were 25.6 percent of the segment's sales. In comparison, fiscal 2022 retail sales increased by 5.6 percent and comprised 26.3 percent of the segment's sales. Comparable retail sales decreased 0.8 percent in fiscal 2023 and increased 6.1 percent in fiscal 2022.

Operating loss fiscal 2023 compared to fiscal 2022

Gross profit was \$22.1 billion for fiscal 2023, compared to \$23.7 billion in the year ago period. Gross profit decreased 6.6 percent primarily driven by lower volumes of COVID-19 vaccinations and testing volumes and pharmacy reimbursement pressure net of procurement savings, partly offset by improved retail gross profit driven by gross margin expansion and improved shrink.

Selling, general and administrative expenses as a percentage of sales were 25.1 percent in fiscal 2023 compared to 19.4 percent in fiscal 2022. The increase is primarily driven by the \$6.8 billion pre-tax charge for opioid-related claims and litigation settlements, and planned payroll investments, partly offset by cost savings from the Transformational Cost Management Program and lower incentive accruals.

Operating loss for fiscal 2023 was \$5.3 billion, including income of \$252 million from the Company's share of equity earnings in Cencora. This compared to \$2.9 billion of operating income in the year ago period, including, \$418 million from Company's share of equity earnings in Cencora. The decrease was primarily driven by a \$6.8 billion pre-tax charge for opioid-related claims and litigation settlements, and lower gross profit.

Adjusted operating income fiscal 2023 compared to fiscal 2022

Adjusted operating income for fiscal 2023 decreased 26.6 percent to \$3.7 billion. The decrease reflects a 23.7 percent headwind from lower COVID-19 vaccination and testing volumes, softness in retail comparable sales and continued reimbursement pressure, partly offset by improved retail contributions, selling, general, and administrative expense discipline and lower incentive accruals.

See "--Non-GAAP Measures" below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

International

The Company's International segment consists of pharmacy-led health and beauty retail businesses outside the U.S. and the Company's pharmaceutical wholesale 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.

The International segment operates in currencies other than the U.S. dollar, including the British pound sterling, euro, Chilean peso and Mexican peso and therefore the segment's results are impacted by movements in foreign currency exchange rates. See Item 7A. Quantitative and qualitative disclosure about market risk, for further information on currency risk.

The Company presents certain information related to operating results in "constant currency," which is a non-GAAP financial measure. Comparable sales in constant currency, comparable pharmacy sales in constant currency and comparable retail sales in constant currency exclude the effects of fluctuations in foreign currency exchange rates. See "--Non-GAAP Measures."

FINANCIAL PERFORMANCE

	(in millions, except location amounts)		
	2023	2022	2021
Sales	\$ 22,198	\$ 21,830	\$ 20,505
Gross profit	4,704	4,618	4,328
Selling, general and administrative expenses	4,326	4,964	4,101
Operating income (loss)	379	(346)	227
Adjusted operating income ¹	935	726	466
Number of locations at period end	3,960	3,989	4,031
	Percentage increases (decreases)		
	2023	2022	2021
Sales	1.7	6.5	43.6
Gross profit	1.9	6.7	14.7
Selling, general and administrative expenses	(12.9)	21.0	(30.1)
Operating income (loss) (GAAP)	NM	NM	110.9
Adjusted operating income ¹	28.8	55.7	197.2
Comparable sales in constant currency ²	9.5	11.3	3.9
Pharmacy sales	(1.7)	(2.1)	8.7
Comparable pharmacy sales in constant currency ²	4.7	2.5	6.7
Retail sales	5.8	11.2	5.5
Comparable retail sales in constant currency ²	12.1	16.9	2.0
	Percent to sales		
	2023	2022	2021
Gross margin	21.2	21.2	21.1
Selling, general and administrative expenses	19.5	22.7	20.0

¹ See "--Non-GAAP Measures" below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

² Comparable sales in constant currency are defined as sales from stores that have been open for at least twelve consecutive months without closure for seven or more consecutive days, including due to looting or store damage, and without a major remodel or being subject to a natural disaster, in the past twelve months as well as e-commerce sales. Comparable sales in constant currency exclude wholesale sales in Germany. 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 in constant currency, comparable pharmacy sales in constant currency and comparable retail sales in constant currency refer to total sales, pharmacy sales and retail sales, respectively. The method of calculating comparable sales in constant currency varies across the retail industry and our method of calculating comparable sales in constant currency may not be the same as other retailers' methods.

NM - Not meaningful. Percentage increases above 200% or when one period includes income and other period includes loss are considered not meaningful.

Sales fiscal 2023 compared to fiscal 2022

Sales for fiscal 2023 increased 1.7 percent to \$22.2 billion. The adverse impact of currency translation on sales was 5.1 percentage points. Sales increased 6.8 percent on a constant currency basis, with Boots UK sales growing 9.0 percent, and Germany wholesale business growing 4.7 percent.

Pharmacy sales decreased 1.7 percent in fiscal 2023 and represented 16.5 percent of the segment's sales. The adverse impact of currency translation on pharmacy sales was 4.5 percentage points. Comparable pharmacy sales in constant currency increased 4.7 percent compared to the year ago period, driven by improved National Health Services ("NHS") pharmacy funding in the UK and prescription drug inflation in Mexico and Chile, partly offset by lower demand for COVID-19 services.

Retail sales increased 5.8 percent for fiscal 2023 and represented 33.0 percent of the segment's sales. The adverse impact of currency translation on retail sales was 6.5 percentage points. Comparable retail sales in constant currency increased 12.1 percent driven by higher retail sales in the UK, including market share gains, and the impact of the ongoing recovery in store footfall, especially in flagship, destination stores and travel locations, compared to pre-COVID-19 levels.

Pharmaceutical wholesale sales represented 50.5 percent of the segment's sales. The increase in sales represents market growth in Germany.

Operating income fiscal 2023 compared to fiscal 2022

Gross profit increased 1.9 percent in fiscal 2023. Gross profit was adversely impacted by 5.4 percentage points or \$251 million as a result of currency translation. Excluding the impact of currency translation, the increase was primarily due to higher retail sales in the UK, solid execution in our Germany wholesale business and the favorable gross margin impact of NHS pharmacy funding in the UK. This was partially offset by lower demand for pharmacy services in the UK.

Selling, general and administrative expenses for fiscal 2023 decreased 12.9 percent from the year ago period to \$4.3 billion, including a favorable currency impact of 4.6 percentage points, or \$229 million, as a result of currency translation. Excluding the impact of currency translation, the decrease was primarily driven by higher Boots UK intangible asset impairment charges in the year ago period, real estate gains and effective cost management in Germany, and lower acquisition related costs, compared to the year ago period. This was partially offset by increased expenses, driven by higher inflation, increased in-store and marketing activity in the current period, and the lapping of temporary COVID-19 related benefits and sale-leaseback gains in the UK, in the year ago period.

Operating income for fiscal 2023 was \$379 million, compared to an operating loss of \$346 million in fiscal 2022. Operating income was adversely impacted by 6.4 percentage points or \$22 million, as a result of currency translation. Excluding the impact of currency translation, the increase in operating income was driven by higher Boots UK intangible assets impairment charges in the year ago period, execution in Germany, including real estate gains, and strong performance in UK retail sales. This was partially offset by increased selling, general and administrative expenses, driven by higher inflation, increased in-store and marketing activity in the current period and sale-leaseback gains in the UK in the year ago period.

Adjusted operating income fiscal 2023 compared to fiscal 2022

Adjusted operating income for fiscal 2023 increased \$209 million to \$935 million. Adjusted operating income was adversely impacted by 3.7 percentage points, or \$27 million, as a result of currency translation. Excluding the impact of currency translation, the increase in adjusted operating income was driven by strong growth in UK retail sales and execution in Germany, including real estate gains, and the favorable gross margin impact of NHS pharmacy funding, partially offset by increased selling, general and administrative expenses and lower demand for COVID-19 related services in the UK.

See “--Non-GAAP Measures” below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

U.S. Healthcare

The Company’s U.S. Healthcare segment, created at the beginning of fiscal 2022, is a consumer-centric, technology-enabled healthcare business that engages consumers through a personalized, omni-channel experience across the care journey. The U.S. Healthcare segment delivers improved health outcomes and lower costs for payors and providers by delivering care through owned and partnered assets.

The U.S. Healthcare segment currently consists of a majority position in VillageMD, a national provider of value-based care with primary, multi-specialty, and urgent care providers serving patients in traditional clinic settings, in patients’ homes and online appointments; Shields, a specialty pharmacy integrator and accelerator for hospitals; CareCentrix, a participant in the post-acute and home care management sectors, and the Walgreens Health organic business that contracts with payors and providers to deliver clinical healthcare services and care management programs to their members and members’ caregivers through both digital and physical channels.

FINANCIAL PERFORMANCE

	(in millions)		
	2023	2022	2021
Sales	\$ 6,570	\$ 1,795	\$ —
Gross profit (loss)	252	(22)	—
Selling, general and administrative expenses	1,977	806	57
Operating loss (GAAP)	(1,725)	(829)	(57)
Adjusted operating loss ¹	(566)	(370)	(57)
Adjusted EBITDA (Non-GAAP measure) ¹	(376)	(312)	(56)

¹ See “--Non-GAAP Measures” below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

Sales fiscal 2023 compared to fiscal 2022

Sales for fiscal 2023 were \$6.6 billion, an increase of \$4.8 billion compared to the year ago period primarily due to the acquisition of Summit and CareCentrix, which were not included in the year ago period. This is reflective of VillageMD sales of \$4.6 billion inclusive of Summit, which closed January 3, 2023, Shields sales of \$468 million, and CareCentrix sales of \$1.5 billion. Sales for fiscal 2022 were \$1.8 billion. This included VillageMD sales of \$1.5 billion reflecting ownership since the acquisition date of November 24, 2021 and Shields sales of \$286 million reflecting ownership since the acquisition date of October 29, 2021.

Operating loss fiscal 2023 compared to fiscal 2022

Gross profit for fiscal 2023 was \$252 million compared to a loss of \$22 million in the fiscal 2022. The increase was primarily driven by the acquisition of CareCentrix which was not included in the year ago period and a positive Shields contribution, partially offset by VillageMD expansion.

Selling, general and administrative expenses were \$2.0 billion for fiscal 2023 compared to \$806 million in fiscal 2022. The increase was driven by the acquisitions of CareCentrix and Summit, which were not included in the year ago period, amortization of acquired intangible assets, and VillageMD clinic expansion.

Operating loss for fiscal 2023 was \$1.7 billion compared to a loss of \$829 million in fiscal 2022. The increase was primarily driven by higher selling, general, and administrative expenses for VillageMD and the acquisition of Summit.

Adjusted operating loss for fiscal 2023 compared to fiscal 2022

Adjusted operating loss was \$566 million for fiscal 2023, compared to a loss of \$370 million in fiscal 2022. The current period represents a full year of VillageMD, Shields, and CareCentrix results compared to a partial period of VillageMD and Shields in the year ago period. The increase in loss is mainly driven by VillageMD clinic expansion and lower CityMD visit volume due to a weaker respiratory season. This was partly offset by positive contributions from Shields and CareCentrix, and cost management at Walgreens Health.

Adjusted EBITDA (Non-GAAP measure) for fiscal 2023 compared to fiscal 2022

Adjusted EBITDA was a loss of \$376 million for fiscal 2023, compared to a loss of \$312 million in fiscal 2022. The lower adjusted EBITDA in the current period is mainly driven by VillageMD clinic expansion and the acquisition of Summit which was not in the year ago period. This was partly offset by positive contributions from Shields and CareCentrix, and cost management at Walgreens Health.

See “--Non-GAAP Measures” below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

NON-GAAP MEASURES

The following information provides reconciliations of the supplemental non-GAAP financial measures, as defined under the SEC rules, presented herein 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 herein, 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. See notes to the “ Net (loss) earnings to Adjusted net earnings & Diluted net (loss) earnings per share to Adjusted diluted net earnings per share” and “Operating loss to Adjusted EBITDA for U.S. Healthcare segment” reconciliation tables for definitions of non-GAAP financial measures and related adjustments presented below.

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 believes that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the Company 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 herein.

The Company also 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 U.S. reporting in currencies other than the U.S. dollar and such presentation provides a framework to assess how its business performed excluding the impact of foreign currency exchange rate fluctuations.

NON-GAAP RECONCILIATIONS

Operating (loss) income to Adjusted operating income by segments (in millions)

The following are reconciliations of segment GAAP operating (loss) income to segment adjusted operating income (loss), as well as reconciliations of consolidated operating (loss) income (GAAP measure) to consolidated adjusted operating income (Non-GAAP measure):

	Fiscal 2023				
	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Operating (loss) income (GAAP)	\$ (5,307)	\$ 379	\$ (1,725)	\$ (228)	\$ (6,882)
Certain legal and regulatory accruals and settlements	7,466	—	—	—	7,466
Transformational cost management	830	222	115	14	1,181
Acquisition-related amortization	322	60	743	—	1,126
Acquisition-related costs	19	(25)	301	27	323
Impairment of intangible assets	—	299	—	—	299
Adjustments to equity earnings in Cencora	211	—	—	—	211
LIFO provision	187	—	—	—	187
Store damage and inventory loss insurance recovery	(40)	—	—	—	(40)
Adjusted operating income (loss) (Non-GAAP measure)	\$ 3,689	\$ 935	\$ (566)	\$ (187)	\$ 3,871

	Fiscal 2022				
	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Operating income (loss) (GAAP)	\$ 2,907	\$ (346)	\$ (829)	\$ (345)	\$ 1,387
Acquisition-related amortization	398	66	392	—	855
Impairment of intangible assets	—	783	—	—	783
Certain legal and regulatory accruals and settlements	768	—	—	—	768
Transformational cost management	604	133	—	26	763
Acquisition-related costs	(2)	89	67	69	223
Adjustments to equity earnings in Cencora	218	—	—	—	218
LIFO provision	135	—	—	—	135
Adjusted operating income (loss) (Non-GAAP measure)	\$ 5,029	\$ 726	\$ (370)	\$ (251)	\$ 5,133

	Fiscal 2021				
	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Operating income (loss) (GAAP)	\$ 2,554	\$ 227	\$ (57)	\$ (382)	\$ 2,342
Adjustments to equity loss in Cencora	1,645	—	—	—	1,645
Acquisition-related amortization	448	75	—	—	523
Transformational cost management	279	91	—	46	417
Certain legal and regulatory accruals and settlements	75	—	—	—	75
Acquisition-related costs	6	24	—	24	54
Impairment of intangible assets	—	49	—	—	49
LIFO provision	13	—	—	—	13
Adjusted operating income (loss) (Non-GAAP measure)	\$ 5,019	\$ 466	\$ (57)	\$ (311)	\$ 5,117

The Company uses adjusted operating income as its principal measure of segment performance as it enhances the Company's ability to compare past financial performance with current performance and analyze underlying business performance and trends. Non-GAAP financial measures the Company discloses, such as consolidated adjusted operating income, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP.

Net (loss) earnings to Adjusted net earnings & Diluted net (loss) earnings per share to Adjusted diluted net earnings per share (in millions)

	2023	2022	2021
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc. - continuing operations (GAAP)	\$ (3,080)	\$ 4,337	\$ 1,994
Adjustments to operating (loss) income:			
Certain legal and regulatory accruals and settlements ¹	7,466	768	75
Transformational cost management ²	1,181	763	417
Acquisition-related amortization ³	1,126	855	523
Acquisition-related costs ⁴	323	223	54
Impairment of intangible assets ⁵	299	783	49
Adjustments to equity earnings in Cencora ⁶	211	218	1,645
LIFO provision ⁷	187	135	13
Store damage and inventory loss insurance recovery ⁸	(40)	—	—
Total adjustments to operating (loss) income	10,752	3,746	2,775
Adjustments to other income, net:			
Impairment of equity method investment and investments in debt and equity securities ⁹	—	190	—
Loss on disposal of business ¹⁰	34	38	—
(Gain) loss on certain non-hedging derivatives ¹¹	(19)	1	8
Gain on investments, net ¹²	(109)	(2,576)	—
Gain on sale of equity method investment ¹³	(1,855)	(559)	(290)
Total adjustments to other income, net	(1,949)	(2,906)	(281)
Adjustments to interest expense, net:			
Early debt extinguishment ¹⁴	—	4	414
Total adjustments to interest expense, net	—	4	414
Adjustments to income tax (benefit) provision:			
UK tax rate change ¹⁵	—	—	378
Equity method non-cash tax ¹⁵	44	70	(161)
Tax impact of adjustments ¹⁵	(2,187)	(752)	(283)
Total adjustments to income tax (benefit) provision	(2,143)	(681)	(65)
Adjustments to post-tax earnings from other equity method investments:			
Adjustments to earnings in other equity method investments ¹⁶	40	58	(504)
Total adjustments to post-tax earnings from other equity method investments	40	58	(504)
Adjustments to net loss attributable to non-controlling interests - continuing operations:			
LIFO provision ⁷	—	—	(2)
Transformational cost management ²	—	(1)	1
Early debt extinguishment ¹⁴	—	(1)	—
Loss on business disposition ¹⁰	(14)	—	—
Acquisition-related costs ⁴	(80)	(32)	—
Discrete tax items ¹⁵	108	—	—
Acquisition-related amortization ³	(196)	(164)	(75)
Total adjustments to net loss attributable to non-controlling interests - continuing operations	(182)	(198)	(77)
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure) - continuing operations	\$ 3,439	\$ 4,360	\$ 4,256

	2023	2022	2021
Net earnings attributable to Walgreens Boots Alliance, Inc. - discontinued operations (GAAP)	\$ —	\$ —	\$ 548
Acquisition-related amortization ³	—	—	28
Transformational cost management ²	—	—	1
Acquisition-related costs ⁴	—	—	92
Gain on disposal of discontinued operations ¹⁰	—	—	(322)
Tax impact of adjustments ¹⁵	—	—	(6)
Total adjustments to net earnings attributable to Walgreens Boots Alliance, Inc. - discontinued operations	\$ —	—	(206)
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. - discontinued operations (Non-GAAP measure)	\$ —	\$ —	\$ 342
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	\$ 3,439	\$ 4,360	\$ 4,598
Diluted net (loss) earnings per common share - continuing operations (GAAP) ¹⁷	\$ (3.57)	\$ 5.01	\$ 2.30
Adjustments to operating (loss) income	12.45	4.33	3.20
Adjustments to other income, net	(2.26)	(3.36)	(0.32)
Adjustments to interest expense, net	—	0.01	0.48
Adjustments to income tax (benefit) provision	(2.48)	(0.79)	(0.08)
Adjustments to post-tax earnings from other equity method investments	0.05	0.07	(0.58)
Adjustments to net loss attributable to non-controlling interests	(0.21)	(0.23)	(0.09)
Adjusted diluted net earnings per common share - continuing operations (Non-GAAP measure) ¹⁸	\$ 3.98	\$ 5.04	\$ 4.91
Diluted net earnings per common share - discontinued operations (GAAP)	—	—	0.63
Total adjustments to net earnings attributable to Walgreens Boots Alliance, Inc. - discontinued operations	—	—	(0.24)
Adjusted diluted net earnings per common share - discontinued operations (Non-GAAP measure)	\$ —	\$ —	\$ 0.39
Adjusted diluted net earnings per common share (Non-GAAP measure)	\$ 3.98	\$ 5.04	\$ 5.31
Weighted average common shares outstanding, diluted (in millions) ¹⁸	864.0	865.9	866.4

Operating loss to Adjusted EBITDA for the U.S. Healthcare segment (in millions)

	2023	2022	2021
Operating loss (GAAP) ¹⁹	\$ (1,725)	\$ (829)	\$ (57)
Acquisition-related amortization ³	743	392	—
Acquisition-related costs ⁴	301	67	—
Transformational cost management ²	115	—	—
Adjusted operating loss	(566)	(370)	(57)
Depreciation expense	129	36	1
Stock-based compensation expense ²⁰	61	22	—
Adjusted EBITDA (Non-GAAP measure)	\$ (376)	\$ (312)	\$ (56)

- 1 Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within Selling, general and administrative expenses within the Consolidated Statement of Earnings. In fiscal 2023, the Company recorded charges related to the opioid litigation settlement frameworks and certain other legal matters. In fiscal 2022, the Company recorded charges 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.
- 2 Transformational Cost Management Program charges are costs associated with a formal restructuring plan. These charges are primarily recorded within Selling, general and administrative expenses within the Consolidated Statement of Earnings. These costs do not reflect current operating performance and are impacted by the timing of restructuring activity.
- 3 Acquisition-related amortization includes amortization of acquisition-related intangible assets, inventory valuation adjustments and stock-based compensation fair valuation adjustments. Amortization of acquisition-related intangible assets includes amortization of intangible assets such as customer relationships, trade names, trademarks, developed technology and contract intangibles. Intangible asset amortization excluded from the related non-GAAP measure represents the entire amount recorded within the Company's GAAP financial statements. The revenue generated by the associated intangible assets has not been excluded from the related non-GAAP measures. Amortization expense, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired, or the estimated useful life of an intangible asset is revised. These charges are primarily recorded within Selling, general and administrative expenses. The stock-based compensation fair valuation adjustment reflects the difference between the fair value based remeasurement of awards under purchase accounting and the grant date fair valuation. Post-acquisition compensation expense recognized in excess of the original grant date fair value of acquiree awards are excluded from the related non-GAAP measures as these arise from acquisition-related accounting requirements or agreements, and are not reflective of normal operating activities.
- 4 Acquisition-related costs are transaction and integration costs associated with certain merger, acquisition and divestitures related activities recorded in operating income within the Consolidated Statement of Earnings. Examples of such costs include deal costs, severance, stock compensation and employee transaction success bonuses. 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.
- 5 Impairment of intangible assets do not relate to the ordinary course of the Company's business. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within Selling, general and administrative expenses. In fiscal 2023, the Company recognized a \$431 million impairment of pharmacy license intangible assets in Boots UK of which \$132 million was attributed to additional store closures recognized as part of the Transformational Cost Management Program. In fiscal 2022, the Company recorded an impairment loss of \$783 million, related to indefinite-lived pharmacy license and trade name intangible assets in the Boots reporting unit, part of the International segment.
- 6 Adjustments to equity earnings in Cencora consist of the Company's proportionate share of non-GAAP adjustments reported by Cencora consistent with the Company's non-GAAP measures.
- 7 The Company's U.S. Retail Pharmacy segment inventory is accounted for using the last-in-first-out ("LIFO") method. This adjustment represents the impact on cost of sales as if the U.S. Retail Pharmacy segment inventory is accounted for using first-in first-out ("FIFO") method. The LIFO provision is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences. Therefore, the Company cannot control the amounts recognized or timing of these items.
- 8 Store damage and inventory loss insurance recovery for losses incurred in fiscal 2020 as a result of looting in the U.S.
- 9 Impairment of equity method investment and investments in debt and equity securities includes impairment of certain investments. The Company excludes these charges when evaluating operating performance because these do not relate to the ordinary course of the Company's business and it does not incur such charges on a predictable basis. Exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded within Other income, net.
- 10 Includes gains or losses related to the sale of businesses. These charges are recorded to Other income, net, in the Consolidated Statement of Earnings. In fiscal 2021, the Company recorded a net gain of \$322 million within results of discontinued operations related to the sale of the Alliance Healthcare business. These amounts were excluded as it is not reflective of normal operating activities.
- 11 Includes fair value gains or losses on the variable prepaid forward derivatives and certain derivative instruments used as economic hedges of the Company's net investments in foreign subsidiaries. These charges are recorded within Other income, net. The Company does not believe this volatility related to the mark-to-market adjustments on the underlying derivative instruments reflects the Company's operational performance.
- 12 Includes significant gains resulting from the change in classification of investments as well as fair value adjustments recorded on investments in equity securities to Other income, net. In fiscal 2023, the Company recorded pre-tax gains of \$109 million related to the change in classification of its previously held equity method investment in Option Care Health to an investment in equity security held at fair value and subsequent related fair value adjustments. In fiscal 2022, the Company recorded pre-tax gains of \$2.2 billion and \$402 million for VillageMD and Shields, respectively, related to the change in classification of previously held minority equity interests and debt securities to fair value on business combinations. These gains were recorded in Other income, net.
- 13 In fiscal 2023 and 2022, the Company recorded gains within Other income, net within the Consolidated Statement of Earnings resulting from the partial sale of its investment in Cencora and full sale of its equity method investment in Option Care Health. In fiscal 2021, the Company recorded a gain on the partial sale of its investment in Option Care Health.
- 14 In fiscal 2022, the Company incurred a \$4 million loss in connection with the early extinguishment of debt related to the integration of Shields. In fiscal 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.
- 15 Adjustments to income tax (benefit) provision include adjustments to the GAAP basis tax (benefit) provision commensurate with non-GAAP adjustments and certain discrete tax items including UK tax law changes and equity method non-cash tax. These charges are recorded within income tax (benefit) provision.

- 16 Adjustments to post-tax earnings from other equity method investments consist of the proportionate share of certain equity method investees' non-cash items or unusual or infrequent items consistent with the Company's non-GAAP adjustments. These charges are recorded 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 fiscal 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.
- 17 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 calculation of weighted-average common shares outstanding for diluted net loss per common share in fiscal 2023.
- 18 Includes impact of potentially dilutive securities in the calculation of weighted-average common shares, diluted for adjusted diluted net earnings per common share calculation purposes in fiscal 2023.
- 19 The Company reconciles Adjusted EBITDA for the U.S. Healthcare segment to Operating loss as the closest GAAP measure for the segment profitability. The Company does not measure Net earnings attributable to Walgreens Boots Alliance, Inc. for its segments.
- 20 Includes GAAP stock-based compensation expense excluding expenses related to acquisition-related amortization and acquisition-related costs.

The Company considers certain metrics presented in this Annual Report on Form 10-K, such as comparable sales (in constant currency), comparable pharmacy sales (in constant currency), comparable retail sales (in constant currency), comparable number of prescriptions and comparable 30-day equivalent prescriptions to be key performance indicators because the Company's management has evaluated its results of operations using these metrics and believes that these key performance indicators presented provide additional perspective and insights when analyzing the core operating performance of the Company from period to period and trends in its historical operating results. These key performance indicators should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein. These measures, which are described in more detail in this Annual Report on Form 10-K, may not be comparable to similarly-titled performance indicators used by other companies.

LIQUIDITY AND CAPITAL RESOURCES

The Company's long-term capital policy is to: maintain a strong balance sheet and financial flexibility; reinvest in its core strategies; invest in strategic opportunities that reinforce its core strategies and meet return requirements; and return surplus cash flow to stockholders in the form of dividends and share repurchases over the long term. In June 2018, the Company's Board of Directors reviewed and refined the Company's dividend policy to set forth the Company's current intention to increase its dividend each year. The Company has paid cash dividends every quarter since 1933. However, the Company is dependent on funding from its subsidiaries to pay dividends and meet its obligations. If the Company's subsidiaries' financial performance and earnings are not sufficient to make dividend payments to the Company while maintaining adequate capital levels, the Company may reduce or may not be able to make dividend payments to its stockholders. Future dividends will be determined based on earnings, capital requirements, financial condition, and other debt obligations, fines and/or adverse rulings by courts or arbitrators in legal or regulatory matters, changes in federal, state or foreign income tax law, adverse global macroeconomic conditions, changes to the Company's business model and other factors considered relevant by the Company's Board of Directors at its sole discretion. For further information regarding the Company's dependence on its subsidiaries to pay dividends and meet its obligations, please see Part I, Item 1A, Risk factors.

The Company's cash requirements are subject to change as business conditions warrant and opportunities arise. The timing and size of any new business ventures or acquisitions that the Company may complete may also impact its cash requirements. Additionally, the Company's cash requirements, and its ability to generate cash flow, have been and may continue to be adversely affected by adverse global macroeconomic conditions caused by factors including, among others, inflation, high interest rates, labor shortages, supply chain disruptions and pandemics like COVID-19. For further information regarding the impact of adverse macroeconomic conditions on the Company, including on its liquidity and capital resources, please see Part I, Item 1A, Risk factors.

The Company expects to fund its working capital needs, capital expenditures, expansion, acquisitions, dividend payments, stock repurchases and debt service obligations from liquidity sources including cash flow from operations, availability under existing credit facilities, commercial paper programs, working capital financing arrangements, debt offerings, sale of marketable securities, current cash, and monetization of investments and other assets. As of August 31, 2023, the Company had an aggregate borrowing capacity under committed revolving credit facilities of \$6.8 billion, with no funds drawn under these facilities. The Company believes that these sources, and the ability to obtain other financing will provide adequate cash funds to meet the Company's needs for at least the next 12 months. See Part II, Item 7A, Qualitative and quantitative disclosure about market risk, for a discussion of certain financing and market risks. See Note 8. Debt, to the Consolidated Financial Statements included in Part II, Item 8 for further information on the Company's debt instruments and its recent financing actions.

Cash, cash equivalents, marketable securities and restricted cash were \$856 million (including \$144 million in non-U.S. jurisdictions) and \$2.6 billion (including \$188 million in non-U.S. jurisdictions) as of August 31, 2023 and August 31, 2022, respectively. Short-term investment objectives are primarily to minimize risk and maintain liquidity. To attain these objectives, investment limits are placed on the amount, type and issuer of securities. Investments are principally in U.S. Treasury money market funds.

As of August 31, 2023, the Company has recorded a \$7.0 billion liability to resolve a substantial majority of opioid-related claims and litigation settlements and is expected to make payments for remediation and legal fees over the next 15 years. See Note 11. Commitments and contingencies to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

At August 31, 2023, the Company's letters of credit issued and guarantees outstanding were not material.

Cash flows from operating activities

Net cash provided by operating activities was \$2.3 billion, \$3.9 billion and \$5.6 billion in fiscal 2023, 2022 and 2021, respectively. The decrease in cash provided by operating activities in fiscal 2023 compared to fiscal 2022 is primarily driven by lower earnings and, opioid related legal settlement payments, partially offset by changes in net working capital. Changes in net working capital are primarily driven by lower cash outflows from inventories, trade accounts payable, accrued expenses and other liabilities, and income taxes, partially offset by lower cash inflows from accounts receivable.

Cash flows from investing activities

Net cash (used for) provided by investing activities was \$(3.1) billion, \$(1.1) billion and \$4.1 billion in fiscal 2023, 2022 and 2021, respectively.

Net cash used for investing activities in fiscal 2023 includes cash outflows for the acquisition of Summit Health, net of cash acquired of \$6.7 billion, offset by cash proceeds of \$4.2 billion related to the Company's sale of Cencora and Option Care Health common stock and cash proceeds of \$1.8 billion from sale-leaseback transactions.

Net cash used for investing activities in fiscal 2022 includes cash outflows associated with business, investment and asset acquisitions, net of cash acquired of VillageMD, Shields and CareCentrix for \$0.8 billion, \$0.9 billion and \$0.1 billion, respectively, offset by cash proceeds of \$1.3 billion related to the Company's sale of Cencora and Option Care Health common stock and cash proceeds of \$1.3 billion from sale-leaseback transactions. See Note 6. Equity method investments and Note 3. Acquisitions and other investments, to the Consolidated Financial Statement included in Part II, Item 8 for further information.

Net cash provided by investing activities in fiscal 2021 includes proceeds from sale of business, net of cash disposed of \$5.5 billion, related to the disposition of Alliance Healthcare business, cash proceeds from sale-leaseback transactions of \$856 million and proceeds from the partial sale of ownership interest in Option Care Health by the Company's then equity method investee HC Group Holdings of \$453 million. Net cash provided by investing activities was partially offset by cash outflows associated with business, investment and asset acquisitions, net of cash, of \$1.4 billion.

Capital Expenditure

Capital expenditure includes information technology projects and other growth initiatives. Additions to property, plant and equipment were as follows (in millions):

	2023	2022	2021
U.S. Retail Pharmacy	\$ 1,421	\$ 1,207	\$ 1,030
International	308	295	243
U.S. Healthcare	375	218	34
Corporate and Other	13	15	5
Discontinued operations	—	—	67
Total additions to property, plant and equipment	\$ 2,117	\$ 1,734	\$ 1,379

The increase in capital expenditures was primarily driven by maintenance and growth capital projects, including growth initiatives in the U.S. Healthcare segment, including VillageMD clinic expansion.

Cash flows from financing activities

Net cash used for financing activities was \$887 million, \$1.5 billion and \$9.0 billion in fiscal 2023, 2022 and 2021, respectively.

In fiscal 2023, 2022 and 2021, proceeds from debt, primarily from revolving credit facilities, commercial paper and the issuance of notes, were \$6.3 billion, \$11.9 billion and \$12.7 billion, respectively. In fiscal 2023, 2022 and 2021 payments of debt, primarily for revolving credit facilities and commercial paper, were \$9.0 billion, \$8.4 billion and \$15.3 billion, respectively.

In fiscal 2023, the Company acquired \$1.3 billion of non-controlling interests related to the acquisition of the remaining equity interest in Shields and CareCentrix. In fiscal 2022, the Company acquired \$2.1 billion of non-controlling interests primarily related to the acquisition of VillageMD. Financing activities in fiscal 2023 include \$2.7 billion in proceeds from the issuance of preferred units in VillageMD to Cigna Health & Life Insurance Company, as part of the Summit acquisition and subsequent exercise of tranche rights. See Note 3. Acquisitions and other investments to the Consolidated Financial Statement included in Part II, Item 8 for further information.

In fiscal 2023, the Company also entered into VPF transactions with third-party financial institutions and received prepayments of \$2.6 billion related to the forward sale of up to 17.3 million shares of Cencora common stock. See Note 6. Equity method investments and Note 9. Financial instruments, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

The Company purchased treasury shares to support the needs of the employee stock plans totaling \$150 million, \$187 million and \$110 million in fiscal 2023, fiscal 2022 and fiscal 2021, respectively. The Company did not repurchase stock pursuant to the stock repurchase programs described below.

Cash dividends paid were \$1.7 billion, \$1.7 billion and \$1.6 billion in fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Financing activities in fiscal 2022 include early debt extinguishment of \$1.6 billion driven by the early redemption of the \$731 million 3.100% notes due 2022 and early extinguishments of \$458 million and \$402 million of the debt related to the integration of Shields and CareCentrix, respectively. Financing activities in fiscal 2021 includes the partial purchase and retirement of \$3.3 billion of long-term debt. See Note 8. Debt, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Stock repurchase program

In June 2018, the Company's Board of Director's approved a stock repurchase program (the "June 2018 stock repurchase program"), which authorized the repurchase of up to \$10.0 billion of the Company's common stock of which the Company had repurchased \$8.0 billion as of August 31, 2023. The June 2018 stock repurchase program has no specified expiration date. In July 2020, the Company suspended repurchases under this program. The Company may continue to repurchase stock to offset anticipated dilution from equity incentive plans.

The Company determines the timing and amount of repurchases, including repurchases to offset anticipated dilution from equity incentive plans, based on its assessment of various factors, including prevailing market conditions, alternate uses of capital, liquidity and the economic environment. The Company has repurchased, and may from time to time in the future repurchase, shares on the open market through Rule 10b5-1 plans, which enable the Company to repurchase shares at times when we otherwise might be precluded from doing so under federal securities laws.

Debt covenants

Each of the Company's credit facilities described in Note 8. Debt, to the Consolidated Financial Statements included in Part II, Item 8, contain a covenant to maintain, as of the last day of each fiscal quarter, a ratio of consolidated debt to total capitalization not to exceed 0.60:1.00, subject to increase in certain circumstances set forth in the applicable credit agreement. As of August 31, 2023, the Company was in compliance with all such applicable financial covenants.

Credit ratings

As of October 12, 2023, the credit ratings of Walgreens Boots Alliance were:

Rating agency	Long-term debt rating	Commercial paper rating	Outlook
Moody's	Baa3	P-3	Negative
Standard & Poor's	BBB	A-2	Negative

In assessing the Company's credit strength, each rating agency considers various factors including the Company's business model, capital structure, financial policies and financial performance. There can be no assurance that any particular rating will be assigned or maintained. The Company's credit ratings impact its borrowing costs, access to capital markets and operating lease costs. The rating agency ratings are not recommendations to buy, sell or hold the Company's debt securities or commercial paper. Each rating may be subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other rating.

COMMITMENTS AND CONTINGENCIES

The information set forth in Note 11. Commitments and contingencies to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K is incorporated herein by reference.

CRITICAL ACCOUNTING ESTIMATES

The Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America and include amounts based on management's prudent judgments and estimates. Actual results may differ from these estimates. Management believes that any reasonable deviation from those judgments and estimates would not have a material impact on our consolidated financial position or results of operations. To the extent that the estimates used differ from actual results, however, adjustments to the Consolidated Statements of Earnings and corresponding Consolidated Balance Sheets accounts would be necessary. These adjustments would be made in future periods. Some of the more significant estimates include business combinations, leases, goodwill and indefinite-lived intangible asset impairment, long-lived assets impairment, cost of sales and inventory, equity method investments, pension and post-retirement benefits, contingencies and income taxes. The Company uses the following methods to determine its estimates:

Business combinations – The Company accounts for business combinations using the acquisition method of accounting, which requires that once control is obtained, all the assets acquired and liabilities assumed, including amounts attributable to non-controlling interests, be recorded at their respective fair values at the date of acquisition. The determination of fair values of assets and liabilities acquired requires estimates and the use of valuation techniques when market value is not readily available.

For intangible assets, the Company generally uses the income approach to determine fair value. The income approach requires management to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to: discount rates, terminal growth rates, royalty rates, forecasts of revenue, operating income, depreciation, amortization and capital expenditures. The discount rates applied to the projections reflect the risk factors associated with those projections.

Although the Company believes its estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on the determination of the fair value of the intangible assets acquired.

Judgment is also required in determining the intangible asset's useful life.

Leases - The Company determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. Lease commencement is the date the Company has the right to control the property. The Company utilizes its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the Company's estimated rate of interest for a collateralized borrowing over a similar term as the lease term. The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expensed on a straight line basis over the lease term.

The lease term of real estate leases includes renewal options that are reasonably certain of being exercised. Options to extend are considered reasonably certain of being exercised based on evaluation if there are significant investments within the leased property which have useful lives greater than the non-cancelable lease term, performance of the underlying store and the Company's economic and strategic initiatives. Short-term leases with an initial term of 12 months or less are not recorded on the balance sheets.

The Company accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred. The Company has real estate leases which require additional payments based on sales volume, as well as reimbursement for real estate taxes, common area maintenance and insurance, which are expensed as incurred as variable lease costs and hence are not included in the lease payments used to calculate lease liability. Other real estate leases contain one fixed lease payment that includes real estate taxes, common area maintenance and insurance. These fixed payments are considered part of the lease payment and included in the right-of-use assets and lease liabilities. The Company does not separately account for the land portion of the leases involving land and building.

Finance leases are recognized within property, plant and equipment and as a finance lease liability within accrued expenses and other liabilities and other non-current liabilities.

Goodwill and indefinite-lived intangible asset impairment – Goodwill and indefinite-lived intangible assets are evaluated for impairment annually during the fourth quarter, or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit or intangible asset below its carrying value. As part of the Company's impairment analysis, fair value of a reporting unit is generally determined using both the income and market approaches. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows and discount rates. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping, as well as recent guideline transactions.

The determination of the fair value of the reporting units requires the Company to make significant estimates and assumptions with respect to the business and financial performance of the Company's reporting units. These estimates and assumptions primarily include, but are not limited to: the selection of appropriate peer group companies, control premiums appropriate for acquisitions in the industries in which we compete, discount rates, terminal growth rates, forecasts of revenue, operating income, depreciation, amortization, working capital requirements and capital expenditures. The Company also compares the sum of estimated fair values of reporting units to the Company's fair value as implied by the market value of its equity. This comparison provides an indication that, in total, assumptions and estimates are reasonable. Future declines in the overall market value of the Company's equity securities may provide an indication that the fair value of one or more reporting units has declined below its carrying value.

Indefinite-lived intangible assets are tested for impairment by comparing the estimated fair value of the asset to its carrying value. If the carrying value of the asset exceeds its estimated fair value, an impairment loss is recognized and the asset is written down to its estimated fair value. Indefinite-lived intangible assets fair values are estimated using the relief from royalty method and multi-period excess earnings method of the income approach. The determination of the fair value of the indefinite-lived intangibles requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to: forecasts of revenue, the selection of appropriate royalty rate and discount rates.

Although the Company believes its estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions, could have a significant impact on either the fair value of the reporting units and indefinite-lived intangibles, the amount of any goodwill and indefinite-lived intangible impairment charges, or both. These estimates can be affected by a number of factors including, but not limited to, general economic conditions, availability of market information as well as the Company's profitability. The Company continues to monitor these potential impacts and economic, industry and market trends, and the impact these may have on the reporting units.

Impairment of long lived assets – The Company evaluates the recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such an asset may not be recoverable. The evaluation of long-lived assets is performed at the lowest level of identifiable cash flows, typically at the store level for retail pharmacy operations. Long-lived assets related to the Company's retail pharmacy operations include property, plant and equipment, definite-lived intangibles, and right of use assets. If the asset group fails the recoverability test, then an impairment charge is determined based on the difference between the fair value of the asset group compared to its carrying value. Fair value of the asset group is generally determined using the income approach based on cash flows expected from the use and eventual disposal of the asset group.

The determination of the fair value of the asset group requires management to estimate a number of factors including anticipated future cash flows and discount rates. Although we believe these estimates are reasonable, actual results could differ from those estimates due to the inherent uncertainty involved in making such estimates.

Cost of sales and inventory

Retail, Pharmacy and Wholesale

Cost of sales includes the purchase price of goods and cost of services rendered, store and warehouse inventory loss, inventory obsolescence, warehousing costs for retail operations, purchasing costs, freight costs, cash discounts, vendor allowances and supplier rebates. Cost of sales is derived based upon point-of-sale scanning information with an estimate for shrinkage and is adjusted based on periodic inventory counts.

The Company values inventories on a lower of cost and net realizable value or market basis. Inventories include product costs, inbound freight, direct labor, warehousing costs for retail pharmacy operations, and distribution costs of products, and are reduced by vendor allowances not classified as a reduction of advertising expense. The Company's U.S. Retail Pharmacy segment inventory is accounted for using the last-in-first-out ("LIFO") method. The Company's International segment inventory is accounted for using average cost and the first-in-first-out ("FIFO") method.

Vendor allowances are principally received as a result of purchases, sales or promotion of vendors' products. Allowances are generally recorded as a reduction of inventory and are recognized as a reduction of cost of sales when the related merchandise is sold. Allowances received for promoting vendors' products, if received for a specific, incremental, identifiable cost, are offset against advertising expense and result in a reduction of Selling, general and administrative expenses to the extent of advertising costs incurred, with the excess treated as a reduction of inventory costs. Rebates or refunds received by the Company from its suppliers, mostly in cash, are considered as an adjustment of the prices of the supplier's products purchased by the Company.

Healthcare services

For operations and activities related to the provision of healthcare, cost of services includes activities that are directly related to the provision of care, including medical claims expense, cost of care, clinic operating and support costs, and allocated depreciation and amortization.

Medical claims expense represents medical claims expenses related to fee-for-service and value-based arrangements and primarily includes costs for third-party healthcare service providers, including contracted providers, that provide medical care to patients. Medical claims expense and the liability for unpaid claims include estimates of the Company's obligations for medical care services that have been rendered by third parties for which the Company is contractually obligated to pay, but for which claims have either not yet been received, processed or paid. The Company develops estimates for medical care services incurred but not reported ("IBNR") utilizing actuarial models when a sufficient amount of medical claims history is available from the third-party healthcare service providers. In developing its unpaid claims liability estimates, the Company applies different estimation methods depending on which incurred claims are being estimated.

Cost of care represents the cost of employed providers and certain affiliated providers, including base compensation, quality incentive bonuses, provider benefits and share-based compensation. Clinic operating and support costs include costs incurred to operate clinics, including clinical care support staff, patient support staff, population health management employees, rent, utilities and supplies.

Equity method investments – The Company uses the equity method of accounting for equity investments if the investment provides the ability to exercise significant influence, but not control, over operating and financial policies of the investee. The Company's proportionate share of the net income or loss of these investees is included in consolidated net earnings. Judgment regarding the level of influence over each equity method investment includes considering key factors such as the Company's ownership interest, legal form of the investee (e.g. limited liability partnership), representation on the board of directors, participation in policy-making decisions and material intra-entity transactions.

The Company evaluates equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable. Factors considered by the Company when reviewing an equity method investment for impairment include the length of time (duration) and the extent (severity) to which the fair value of the equity method investment has been less than cost, the investee's financial condition and near-term prospects, and the intent and ability to hold the investment for a period of time sufficient to allow for anticipated recovery. An impairment that is other-than-temporary is recognized in the period identified.

Pension and post-retirement benefits – The Company has various defined benefit pension plans that cover some of its non-U.S. employees. The Company also has a post-retirement healthcare plan that covers qualifying U.S. employees. Eligibility and the level of benefits for these plans vary depending on participants' status, date of hire and or length of service. Pension and post-retirement healthcare plan expenses and valuations are dependent on assumptions used by third-party actuaries in calculating those amounts. These assumptions include discount rates, healthcare cost trends, long-term return on plan assets, retirement rates, mortality rates and other factors.

The Company funds its pension plans in accordance with applicable regulations. The post-retirement healthcare plan is not funded.

Contingencies – The Company assesses its liabilities and contingencies for outstanding legal proceedings and reserves are established on a case-by-case basis for those legal claims for which management concludes that it is probable that a loss will be incurred and that the amount of such loss can be reasonably estimated. Substantially all of these contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss can be complex. With respect to litigation and other legal proceedings where the Company has determined that a loss is reasonably possible, the Company may be unable to estimate the amount or range of reasonably possible loss due to the inherent difficulty of predicting the outcome of and uncertainties regarding such litigation and legal proceedings. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause the Company to change those estimates and assumptions. Therefore, it is possible that an unfavorable resolution of one or more pending litigation or other contingencies could have a material adverse effect on the Company's Consolidated Financial Statements in a future fiscal period. Management's assessment of current litigation and other legal proceedings, including the corresponding accruals, could change because of the discovery of facts with respect to legal actions or other proceedings pending against the Company which are not presently known. Adverse rulings or determinations by judges, juries, governmental authorities or other parties could also result in changes to management's assessment of current liabilities and contingencies. Accordingly, the ultimate costs of resolving these claims may be substantially higher or lower than the amounts reserved.

Income taxes –The Company is subject to routine income tax audits that occur periodically in the normal course of business. U.S. federal, state, local and foreign tax authorities raise questions regarding the Company’s tax filing positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the tax benefits associated with the various tax filing positions, the Company records a tax benefit for uncertain tax positions using the highest cumulative tax benefit that is more likely than not to be realized. Adjustments are made to the liability for unrecognized tax benefits in the period in which the Company determines the issue is effectively settled with the tax authorities, the statute of limitations expires for the return containing the tax position or when more information becomes available. The liability for unrecognized tax benefits, including accrued penalties and interest, is primarily included in other non-current liabilities and current income taxes on the Company’s Consolidated Balance Sheets and in income tax provision in its Consolidated Statements of Earnings.

In determining its provision for income taxes, the Company uses income, permanent differences between book and tax income and enacted statutory income tax rates. The provision for income taxes rate also reflects its assessment of the ultimate outcome of tax audits in addition to any foreign-based income deemed to be taxable in the U.S. Discrete events such as audit settlements or changes in tax laws are recognized in the period in which they occur.

RECENT ACCOUNTING PRONOUNCEMENTS

See “New accounting pronouncements” within Note 1. Summary of major accounting policies, to the Consolidated Financial Statements included in Part II, Item 8 for information regarding recent accounting pronouncements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report and other documents that we file or furnish with the SEC contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These include, without limitation, any statements regarding the Company’s future operations, financial or operating results, capital allocation, anticipated debt levels and ratios, future earnings, planned activities, anticipated growth, market opportunities, strategies, competition, and other expectations and targets for future periods. Words such as “expect,” “outlook,” “forecast,” “would,” “could,” “should,” “can,” “will,” “project,” “intend,” “plan,” “goal,” “guidance,” “target,” “aim,” “continue,” “transform,” “accelerate,” “model,” “long-term,” “believe,” “seek,” “estimate,” “anticipate,” “may,” “possible,” “assume,” “potential,” “preliminary,” 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 which are incorporated herein by reference, and in other documents that we file or furnish with the SEC. If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. All forward-looking statements we make or that are made on our behalf are qualified by these cautionary statements. Accordingly, you should not place undue reliance on these 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 report, whether as a result of new information, future events, changes in assumptions or otherwise.

Item 7A. Quantitative and qualitative disclosure about market risk

Interest rate risk

The Company is exposed to interest rate volatility with regard to existing variable-rate debt instruments and future incurrences of fixed or variable-rate debt, which exposure primarily relates to movements in various interest rates, such as U.S. treasury rates and commercial paper rates. From time to time, the Company uses interest rate swaps and forward-starting interest rate swaps to hedge its exposure to the impact of interest rate changes on existing debt and future debt issuances respectively, to reduce the volatility of financing costs and, based on current and projected market conditions, achieve a desired proportion of fixed-rate versus floating-rate debt. Generally, under these swaps, the Company agrees with a counterparty to exchange the difference between fixed-rate and floating-rate interest amounts based on an agreed upon notional principal amount.

Information regarding the Company's transactions and financial instruments are set forth in Note 9. Financial instruments, to the Consolidated Financial Statements included in Part II, Item 8. These financial instruments are sensitive to changes in interest rates. As of August 31, 2023, the Company had \$1.3 billion of debt obligations at floating interest rates. A 100 basis point increase in prevailing short-term interest rates would increase annual interest expense on floating rate debt, by approximately \$13 million.

Foreign currency exchange rate risk

The Company is exposed to fluctuations in foreign currency exchange rates, primarily with respect to the British pound sterling and certain other foreign currencies, which may affect its net investment in foreign subsidiaries and may cause fluctuations in cash flows related to foreign denominated transactions. The Company is also exposed to the translation of foreign currency earnings to the U.S. dollar. The Company enters into foreign currency forward contracts to hedge against the effect of exchange rate fluctuations on non-functional currency cash flows. These transactions are almost exclusively less than 12 months in maturity. In addition, the Company enters into foreign currency forward contracts that are not designated in hedging relationships to offset, in part, the impacts of certain intercompany activities (primarily associated with intercompany financing transactions).

The Company's foreign currency derivative instruments are sensitive to changes in exchange rates. A hypothetical 1% change in foreign currency exchange rates versus the U.S. dollar would change the fair value of the foreign currency derivatives held as of August 31, 2023, by approximately \$42 million. The foreign currency derivatives are intended to partially hedge anticipated transactions, foreign currency trade payables and receivables and net investments in foreign subsidiaries.

Equity price risk

Changes in Cencora common stock price may have a significant impact on the fair value of the equity investment in Cencora and the related variable prepaid forward derivative contracts described in Note 6. Equity method investments and Note 9. Financial instruments, to the Consolidated Financial Statements included in Part II, Item 8.

Item 8. Financial statements and supplementary data

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
At August 31, 2023 and 2022
(in millions, except shares and per share amounts)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 728	\$ 1,358
Marketable securities	11	1,114
Accounts receivable, net	5,381	5,017
Inventories	8,257	8,353
Other current assets	1,127	1,059
Total current assets	15,503	16,902
Non-current assets:		
Property, plant and equipment, net	11,587	11,729
Operating lease right-of-use assets	21,667	21,259
Goodwill	28,187	22,280
Intangible assets, net	13,635	10,730
Equity method investments (see Note 6)	3,497	5,495
Other non-current assets	2,550	1,730
Total non-current assets	81,125	73,222
Total assets	\$ 96,628	\$ 90,124
Liabilities, redeemable non-controlling interests and equity		
Current liabilities:		
Short-term debt	\$ 917	\$ 1,059
Trade accounts payable (see Note 19)	12,635	11,255
Operating lease obligations	2,347	2,286
Accrued expenses and other liabilities	8,426	7,899
Income taxes	209	84
Total current liabilities	24,535	22,583
Non-current liabilities:		
Long-term debt	8,145	10,615
Operating lease obligations	22,124	21,517
Deferred income taxes	1,318	1,442
Accrued litigation obligations	6,261	551
Other non-current liabilities	5,757	3,009
Total non-current liabilities	43,605	37,134
Commitments and contingencies (see Note 11)		
Total liabilities	68,140	59,717
Redeemable non-controlling interests	167	1,042
Equity:		
Preferred stock \$.01 par value; authorized 32 million shares, none issued	—	—
Common stock \$.01 par value; authorized 3.2 billion shares; issued 1,172,513,618 at August 31, 2023 and August 31, 2022	12	12
Paid-in capital	10,661	10,950
Retained earnings	33,058	37,801
Accumulated other comprehensive loss	(2,993)	(2,805)
Treasury stock, at cost; 308,839,832 shares at August 31, 2023 and 307,874,161 shares at August 31, 2022	(20,717)	(20,683)
Total Walgreens Boots Alliance, Inc. shareholders' equity	20,020	25,275
Non-controlling interests	8,302	4,091
Total equity	28,322	29,366
Total liabilities, redeemable non-controlling interests and equity	\$ 96,628	\$ 90,124

The accompanying notes to Consolidated Financial Statements are an integral part of these Statements.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
For the years ended August 31, 2023, 2022 and 2021
(in millions, except shares)

	Equity attributable to Walgreens Boots Alliance, Inc.														
	Common stock shares	Common stock amount	Treasury stock amount	Paid-in capital	Accumulated other comprehensive loss	Retained earnings	Non-controlling interests	Total equity							
August 31, 2020	865,603,519	\$	12	\$	(20,575)	\$	10,761	\$	(3,771)	\$	34,210	\$	498	\$	21,136
Net earnings (loss)	—		—		—		—		—		2,542		(31)		2,512
Other comprehensive income, net of tax	—		—		—		1,663		—		—		6		1,669
Dividends declared and distributions	—		—		—		—		(1,629)		—		—		(1,629)
Treasury stock purchases	(3,000,000)		—		(110)		—		—		—		—		(110)
Employee stock purchase and option plans	2,770,117		—		92		(33)		—		—		—		59
Stock-based compensation	—		—		—		155		—		—		—		155
Adoption of new accounting standards	—		—		—		—		(3)		—		(3)		(6)
Business combination	—		—		—		120		—		—		—		120
Non-controlling interests contribution and other	—		—		—		(15)		—		—		(69)		(84)
August 31, 2021	865,373,636	\$	12	\$	(20,593)	\$	10,988	\$	(2,109)	\$	35,121	\$	402	\$	23,822
Net earnings (loss)	—		—		—		—		—		4,337		(199)		4,138
Other comprehensive loss, net of tax	—		—		—		—		(696)		—		(32)		(728)
Dividends declared and distributions	—		—		—		—		(1,657)		—		(7)		(1,664)
Treasury stock purchases	(3,910,000)		—		(187)		—		—		—		—		(187)
Employee stock purchase and option plans	3,175,821		—		97		(70)		—		—		—		27
Stock-based compensation	—		—		—		133		—		—		95		228
Acquisition of non-controlling interests	—		—		—		74		—		—		(118)		(44)
Business combination	—		—		—		—		—		—		3,944		3,944
Redeemable non-controlling interests redemption price adjustments and other	—		—		—		(175)		—		—		5		(170)
August 31, 2022	864,639,457	\$	12	\$	(20,683)	\$	10,950	\$	(2,805)	\$	37,801	\$	4,091	\$	29,366
Net loss	—		—		—		—		—		(3,080)		(427)		(3,507)
Other comprehensive (loss) income, net of tax	—		—		—		—		(189)		—		13		(176)
Dividends declared and distributions	—		—		—		—		(1,663)		—		(51)		(1,714)
Treasury stock purchases	(4,438,228)		—		(150)		—		—		—		—		(150)
Employee stock purchase and option plans	3,472,557		—		116		(71)		—		—		—		45
Stock-based compensation	—		—		—		58		—		—		133		191
Acquisition of non-controlling interests	—		—		—		171		—		—		13		184
Business combination	—		—		—		(16)		—		—		4,534		4,518
Redeemable non-controlling interests redemption price adjustments and other	—		—		—		(431)		—		—		(4)		(435)
August 31, 2023	863,673,786	\$	12	\$	(20,717)	\$	10,661	\$	(2,993)	\$	33,058	\$	8,302	\$	28,322

The accompanying notes to Consolidated Financial Statements are an integral part of these Statements.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
For the years ended August 31, 2023, 2022 and 2021
(in millions, except per share amounts)

	2023	2022	2021
Sales	\$ 139,081	\$ 132,703	\$ 132,509
Cost of sales	112,009	104,437	104,442
Gross profit	27,072	28,265	28,067
Selling, general and administrative expenses	34,205	27,295	24,586
Equity earnings (loss) in Cencora	252	418	(1,139)
Operating (loss) income	(6,882)	1,387	2,342
Other income, net	2,043	2,998	558
(Loss) earnings before interest and income tax (benefit) provision	(4,839)	4,385	2,900
Interest expense, net	580	400	905
(Loss) earnings before income tax (benefit) provision	(5,419)	3,985	1,995
Income tax (benefit) provision	(1,858)	(30)	667
Post-tax earnings from other equity method investments	33	50	627
Net (loss) earnings from continuing operations	(3,528)	4,065	1,955
Net earnings from discontinued operations	—	—	557
Net (loss) earnings	(3,528)	4,065	2,512
Net loss attributable to non-controlling interests - continuing operations	(448)	(271)	(39)
Net earnings attributable to non-controlling interests - discontinued operations	—	—	9
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc.	\$ (3,080)	\$ 4,337	\$ 2,542
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc.:			
Continuing operations	\$ (3,080)	\$ 4,337	\$ 1,994
Discontinued operations	—	—	548
Total	\$ (3,080)	\$ 4,337	\$ 2,542
Basic net (loss) earnings per common share:			
Continuing operations	\$ (3.57)	\$ 5.02	\$ 2.31
Discontinued operations	—	—	0.63
Total	\$ (3.57)	\$ 5.02	\$ 2.94
Diluted net (loss) earnings per common share:			
Continuing operations	\$ (3.57)	\$ 5.01	\$ 2.30
Discontinued operations	—	—	0.63
Total	\$ (3.57)	\$ 5.01	\$ 2.93
Weighted average common shares outstanding:			
Basic	863.2	864.4	864.8
Diluted	863.2	865.9	866.4

The accompanying notes to Consolidated Financial Statements are an integral part of these Statements.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended August 31, 2023, 2022 and 2021
(in millions)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net (loss) earnings	\$ (3,528)	\$ 4,065	\$ 2,512
Other comprehensive (loss) income, net of tax:			
Pension/post-retirement obligations	(541)	203	389
Unrealized (loss) gain on cash flow hedges	(2)	7	21
Net investment hedges (loss) gain	(130)	248	(1)
Movement on available for sale debt securities	(2)	(95)	96
Share of other comprehensive income (loss) of equity method investments	122	(226)	(18)
Currency translation adjustments	377	(865)	1,182
Total other comprehensive (loss) income	(176)	(728)	1,669
Total comprehensive (loss) income	(3,704)	3,337	4,181
Comprehensive loss attributable to non-controlling interests	(435)	(303)	(25)
Comprehensive (loss) income attributable to Walgreens Boots Alliance, Inc.	<u><u>\$ (3,269)</u></u>	<u><u>\$ 3,640</u></u>	<u><u>\$ 4,205</u></u>

The accompanying notes to Consolidated Financial Statements are an integral part of these Statements.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended August 31, 2023, 2022 and 2021
(in millions)

	2023	2022	2021
Cash flows from operating activities:			
Net (loss) earnings	\$ (3,528)	\$ 4,065	\$ 2,512
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:			
Depreciation and amortization	2,257	1,990	1,973
Deferred income taxes	(2,371)	(366)	233
Stock compensation expense	385	391	155
(Earnings) loss from equity method investments	(286)	(468)	498
Impairment of intangibles and long-lived assets	1,293	1,214	248
Loss on early extinguishment of debt	—	6	414
Gain on previously held investment interests	—	(2,576)	—
Gain on sale of equity method investments	(1,855)	(559)	(321)
Gain on sale-leaseback transactions	(925)	(619)	(367)
Other	(157)	326	(218)
Changes in operating assets and liabilities:			
Accounts receivable, net	72	808	(1,451)
Inventories	287	(433)	165
Other current assets	(188)	(72)	(46)
Trade accounts payable	1,243	244	842
Accrued expenses and other liabilities	(561)	(138)	1,046
Income taxes	441	(51)	160
Accrued litigation obligations	6,378	—	—
Other non-current assets and liabilities	(228)	137	(288)
Net cash provided by operating activities	2,258	3,899	5,555
Cash flows from investing activities:			
Additions to property, plant and equipment	(2,117)	(1,734)	(1,379)
Proceeds from sale-leaseback transactions	1,767	1,308	856
Proceeds from sale of business, net of cash disposed	—	—	5,527
Proceeds from sale of other assets	4,495	1,334	453
Business, investment and asset acquisitions, net of cash acquired	(7,313)	(2,189)	(1,431)
Other	75	216	46
Net cash (used for) provided by investing activities	(3,094)	(1,064)	4,072
Cash flows from financing activities:			
Net change in short-term debt with maturities of 3 months or less	(1)	(11)	(909)
Proceeds from debt	6,276	11,958	12,726
Payments of debt	(8,978)	(8,360)	(15,257)
Acquisition of non-controlling interests	(1,316)	(2,108)	—
Proceeds from issuance of non-controlling interests	2,725	—	—
Proceeds from variable prepaid forward	2,568	—	—
Treasury stock purchases	(150)	(187)	(110)
Proceeds related to employee stock plans, net	45	27	59
Cash dividends paid	(1,659)	(1,659)	(1,617)
Early debt extinguishment	—	(1,591)	(3,687)
Other	(396)	432	(241)
Net cash used for financing activities	(887)	(1,499)	(9,036)
Effect of exchange rate changes on cash, cash equivalents, marketable securities and restricted cash	20	(47)	(66)
Changes in cash, cash equivalents, marketable securities and restricted cash			
Net (decrease) increase in cash, cash equivalents, marketable securities and restricted cash	(1,702)	1,288	525
Cash, cash equivalents, marketable securities and restricted cash at beginning of period	2,558	1,270	746
Cash, cash equivalents, marketable securities and restricted cash at end of period	\$ 856	\$ 2,558	\$ 1,270

The accompanying notes to Consolidated Financial Statements are an integral part of these Statements.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of major accounting policies

Organization

Walgreens Boots Alliance Inc. and its subsidiaries (the “Company”), is an integrated healthcare, pharmacy and retail leader with a 170-year heritage of caring for customers and patients. Its operations are conducted through three reportable segments: U.S. Retail Pharmacy, International and U.S. Healthcare. See Note 17. Segment reporting and Note 18. Sales, for further information.

Basis of presentation

The Consolidated Financial Statements include all subsidiaries in which the Company holds a controlling interest and certain Variable Interest Entities (VIEs) for which the Company is the primary beneficiary. The Company uses the equity-method of accounting for equity investments in less than majority-owned companies if the investment provides the ability to exercise significant influence. All intercompany transactions have been eliminated.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires management to use judgment in the application of accounting policies, including making estimates and assumptions. The Company bases its estimates on the information available at the time, its experiences and various other assumptions believed to be reasonable under the circumstances. Adjustments may be made in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain. Actual results may differ.

Adverse global macroeconomic conditions, the influence of certain holidays, seasonality, foreign currency rates, changes in vendor, payor and customer relationships and terms, strategic transactions including acquisitions, dispositions and changes in laws and regulations in the markets in which the Company operates and other factors on the Company’s operations and net earnings for any period may not be comparable to the same period in previous years.

On June 1, 2021, the Company completed the sale of the majority of the Company’s Alliance Healthcare business as well as a portion of the Company’s retail pharmacy international businesses in Europe (“Disposal Group”) to Cencora, Inc. (“Cencora”), formerly known as AmerisourceBergen Corporation (“AmerisourceBergen”). The Disposal Group met the criteria to be reported as discontinued operations. Therefore, the operating results of the Disposal Group are reported as discontinued operations for fiscal 2021. Unless otherwise specified, disclosures in these Consolidated Financial Statements reflect continuing operations only. See Note 2. Discontinued operations, for further information.

Effective as of the first quarter of fiscal 2022, the Company is aligned into three reportable segments: U.S. Retail Pharmacy, International and U.S. Healthcare. In fiscal 2022, the Company changed the name of two reportable segments to better align with the Company’s business activities, structure and strategy. The “United States” segment was renamed to “U.S. Retail Pharmacy” and the “Walgreens Health” segment was renamed to “U.S. Healthcare”. The segment name changes did not result in any change to the composition of the segments and therefore no change to the historical results of segment operations. The information for these segments for all periods included in these consolidated financial statements has been presented using the new names. See Note 17. Segment reporting for further information.

Certain amounts in the Consolidated Financial Statements and associated notes may not add due to rounding. Percentages have been calculated using unrounded amounts for all periods presented. Certain prior period data, has been reclassified in the Consolidated Financial Statements and accompanying notes to conform to the current period presentation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, qualifying money market funds, and other highly liquid investments with an original maturity of three months or less. Credit and debit card receivables, which generally settle within one to seven business days, of \$122 million and \$127 million were included in cash and cash equivalents at August 31, 2023 and 2022, respectively.

Restricted cash and other cash flows from operating activities

Restricted cash

The Company is required to maintain cash deposits with certain banks which consist of deposits restricted under contractual agreements and cash restricted by law and other obligations.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following represents a reconciliation of cash and cash equivalents in the Consolidated Balance Sheets to total cash, cash equivalents, marketable securities and restricted cash in the Consolidated Statements of Cash Flows for fiscal 2023, 2022 and 2021 (in millions):

	August 31, 2023	August 31, 2022	August 31, 2021
Cash and cash equivalents	\$ 728	\$ 1,358	\$ 559
Marketable securities	11	1,114	634
Cash and cash equivalents - assets held for sale (included in other current assets)	24	—	—
Restricted cash (included in other current and non-current assets)	93	86	77
Cash, cash equivalents, marketable securities and restricted cash	\$ 856	\$ 2,558	\$ 1,270

Other cash flows from operating activities

Other cash outflows from operating activities primarily include non-cash adjustments. For fiscal 2023, the adjustments of \$157 million primarily include a gain of \$83 million from the reclassification of Option Care Health from an equity method investment to an investment in equity securities at fair value. For fiscal 2022, the adjustments of \$326 million primarily include impairment of equity method investments and investments in debt and equity securities of \$233 million. For fiscal 2021, the adjustments of \$218 million primarily include a gain on the sale of the Alliance Healthcare business of \$322 million.

Accounts receivable

Accounts receivable are stated net of allowances for doubtful accounts. Accounts receivable balances primarily consist of trade receivables due from customers and amounts due from third-party payors (e.g., pharmacy benefit managers, insurance companies and governmental agencies). Trade receivables were \$4.3 billion and \$4.0 billion at August 31, 2023 and 2022, respectively. Other accounts receivable balances, which consist primarily of receivables from vendors and manufacturers, including receivables from Cencora (see Note 19. Related parties), were \$1.1 billion at August 31, 2023 and 2022.

Charges for the Company's expected credit losses are recognized based upon all available information regarding the collectability of receivables, including historical information, current conditions and reasonable and supportable forecasts of future economic conditions over the short contractual life of the receivable. The allowance for expected credit losses for trade receivables at August 31, 2023 and 2022 were \$110 million and \$66 million, respectively.

Inventories

The Company values inventories on a lower of cost and net realizable value or market basis. Inventories include product costs, inbound freight, direct labor, warehousing costs for retail pharmacy operations, and distribution costs of products, and are reduced by vendor allowances not classified as a reduction of advertising expense.

The Company's U.S. Retail Pharmacy segment inventory is accounted for using the last-in-first-out ("LIFO") method. The total carrying value of the segment inventory accounted for under the LIFO method was \$6.2 billion and \$6.5 billion at August 31, 2023 and 2022, respectively. At August 31, 2023 and 2022, U.S. Retail Pharmacy segment inventory would have been greater by \$3.6 billion and \$3.4 billion, respectively, if it had been valued on a lower of first-in-first-out ("FIFO") cost and net realizable value.

The Company's International segment inventory is accounted for using average cost and the FIFO method. The total carrying value of the inventory for International segment was \$2.0 billion and \$1.8 billion at August 31, 2023 and 2022, respectively.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Major repairs, which extend the useful life of an asset, are capitalized; routine maintenance and repairs are charged against earnings. Depreciation is provided on a straight-line basis over the estimated useful lives of owned assets. Leasehold improvements, equipment under finance lease and finance lease properties are amortized over their respective estimated useful life or over the term of the lease, whichever is shorter. The majority of the Company's fixtures and equipment is depreciated under the composite method of depreciation.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the Company's property, plant and equipment (in millions) and estimated useful lives (in years):

	<u>Estimated useful life</u>	<u>2023</u>	<u>2022</u>
Land and land improvements	20	\$ 1,778	\$ 2,333
Buildings and building improvements	3 to 50	6,683	6,996
Fixtures and equipment	3 to 20	9,782	9,375
Capitalized system development costs and software	3 to 10	3,821	3,087
Assets under construction		1,400	1,785
Finance lease properties		1,075	996
		<u>\$ 24,540</u>	<u>\$ 24,572</u>
Less: accumulated depreciation and amortization		12,953	12,843
Balance at end of year		<u>\$ 11,587</u>	<u>\$ 11,729</u>

The Company capitalizes application development stage costs for internally developed software. Amortization expense for capitalized system development costs and software was \$371 million, \$307 million and \$284 million in fiscal 2023, 2022 and 2021, respectively. Unamortized costs were \$1.5 billion and \$1.1 billion at August 31, 2023 and 2022, respectively.

Depreciation and amortization expense for property, plant and equipment, including capitalized system development costs and software was \$1.4 billion for fiscal 2023, 2022 and 2021.

Leases

The Company leases certain retail stores, clinics, warehouses, distribution centers, office space, land and equipment. Initial terms for leased premises in the United States are typically 10 to 25 years, followed by additional terms containing renewal options at five-year intervals, and may include rent escalation clauses. Non-U.S. leases are typically for shorter terms and may include cancellation clauses or renewal options.

The lease term of real estate leases includes renewal options that are reasonably certain of being exercised. Options to extend are considered reasonably certain of being exercised based on evaluation if there are significant investments within the leased property which have useful lives greater than the non-cancelable lease term, performance of the underlying store and the Company's economic and strategic initiatives. Short-term leases with an initial term of 12 months or less are not recorded on the balance sheets.

The Company determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. Lease commencement is the date the Company has the right to control the property. The Company utilizes its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the Company's estimated rate of interest for a collateralized borrowing over a similar term as the lease term. The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expensed on a straight line basis over the lease term.

The Company accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred. The Company has real estate leases which require additional payments based on sales volume, as well as reimbursement for real estate taxes, common area maintenance and insurance, which are expensed as incurred as variable lease costs and hence are not included in the lease payments used to calculate lease liability. Other real estate leases contain one fixed lease payment that includes real estate taxes, common area maintenance and insurance. These fixed payments are considered part of the lease payment and included in the right-of-use assets and lease liabilities. The Company does not separately account for the land portion of the leases involving land and building.

Finance leases are recognized within property, plant and equipment and as a finance lease liability within accrued expenses and other liabilities and other non-current liabilities.

See Note 5. Leases, for further information.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Business combinations

The Company allocates the fair value of purchase consideration to the tangible and intangible assets purchased and the liabilities assumed on the basis of their fair values at the date of acquisition. The determination of fair values of assets acquired and liabilities assumed requires estimates and the use of valuation techniques when a market value is not readily available. Any excess of purchase price over the fair value of net tangible and intangible assets acquired is allocated to goodwill. If the Company obtains new information about facts and circumstances that existed as of the acquisition date during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to fair value of the purchase consideration and the allocation of purchase consideration to all tangible and intangible assets acquired and identified and liabilities assumed.

Variable interest entities

The Company consolidates certain subsidiaries of Village Practice Management Company Holdings, LLC through its principal subsidiary Village Practice Management Company, LLC (“VillageMD”) which are clinical entities and managed services organizations (collectively, the “Entities”) where VillageMD has a controlling financial interest. The Entities were established to employ healthcare providers, contract with payors, or to deliver healthcare services to patients and are designed to comply with certain regulatory and legal requirements.

The Company generally has no equity interests in the Entities. The Entities are variable interest entities because there is insufficient equity at-risk in the Entities to finance their operations without additional financial support and the equity holders of the Entities generally lack the characteristics of a controlling financial interest. The Company’s service agreements (“SAs”) are variable interests in the Entities because they transfer substantially all the residual risks and rewards of ownership in the Entities to the Company.

The Company has the power to direct the activities of the Entities that most significantly impact their economic performance through the SAs. The activities that most significantly impact the economic performance of the Entities pertain to establishing the scope of services provided, fees charged for clinical services, negotiation and execution of contracts and managing policies and procedures related to management of the Company’s patient population.

The SAs generally provide the Company with rights to substantially all the earnings of the Entities and obligate the Company to fund losses of the Entities. As a result, the Company is the primary beneficiary of the Entities and consolidates the Entities. The assets and liabilities of the Entities and the Entities’ results of operations are presented in the Company’s consolidated financial statements.

The Entities’ revenues consist of amounts recognized for services provided to patients. Cost of sales and Selling, general and administrative expenses consist primarily of provider compensation expenses as well as clinical operating and support costs. The Company is also exposed to the risk of loss from certain Entities’ involvement with risk-based arrangements.

There are generally no restrictions on the Entities’ assets or on the settlement of its liabilities. The assets of the Entities can be used to settle obligations of the Company and creditors of Entities have recourse to the general credit of the Company.

The following table summarizes the Entities’ assets and liabilities (in millions) as of August 31, 2023 and 2022, respectively.

	August 31, 2023	August 31, 2022
Total assets	\$ 881	\$ 313
Total liabilities	486	142

Goodwill and indefinite-lived intangible assets

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed in business combinations. Goodwill is assigned to reporting units. Reporting units are aggregated and deemed a single reporting unit if the components have similar economic characteristics. Acquired intangible assets are recorded at fair value.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Goodwill and indefinite-lived intangible assets are evaluated for impairment annually during the fourth quarter, or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit or intangible asset below its carrying value. As part of the Company's impairment analysis, fair value of a reporting unit is generally determined using the income and market approaches. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows and discount rates. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping, as well as recent guideline transactions. The determination of the fair value of the reporting units requires the Company to make significant estimates and assumptions with respect to the business and financial performance of the Company's reporting units. These estimates and assumptions primarily include, but are not limited to the selection of appropriate peer group companies, control premiums appropriate for acquisitions in the industries in which we compete, discount rates, terminal growth rates, forecasts of revenue, operating income, depreciation, amortization, working capital requirements and capital expenditures.

The Company also compares the sum of estimated fair values of reporting units to the Company's fair value as implied by the market value of its equity securities. This comparison provides an indication that, in total, assumptions and estimates are reasonable. Future declines in the overall market value of the Company's equity securities may provide an indication that the fair value of one or more reporting units has declined below its carrying value.

Indefinite-lived intangible assets are tested for impairment by comparing the estimated fair value of the asset to its carrying value. If the carrying value of the asset exceeds its estimated fair value, an impairment loss is recognized and the asset is written down to its estimated fair value. Indefinite-lived intangible assets fair values are estimated using the relief from royalty method and multi-period excess earnings method of the income approach. The determination of the fair value of the indefinite-lived intangibles requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to forecasts of revenues and expenses, the selection of appropriate royalty rate and discount rates.

See Note 7. Goodwill and other intangible assets, for additional disclosure regarding the Company's intangible assets.

Equity method investments

The Company uses the equity method of accounting for equity investments if the investment provides the ability to exercise significant influence, but not control, over operating and financial policies of the investee. The Company's proportionate share of the net income or loss of these investees is included in consolidated net earnings. Judgment regarding the level of influence over each equity method investment includes considering key factors such as the Company's ownership interest, legal form of the investee (e.g. limited liability partnership), representation on the board of directors, participation in policy-making decisions and material intra-entity transactions.

The Company evaluates equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable. Factors considered by the Company when reviewing an equity method investment for impairment include the length of time (duration) and the extent (severity) to which the fair value of the equity method investment has been less than cost, the investee's financial condition and near-term prospects, and the intent and ability to hold the investment for a period of time sufficient to allow for anticipated recovery. An impairment that is other-than-temporary is recognized in the period identified.

See Note 6. Equity method investments, for further information.

Financial instruments

The Company uses derivative instruments to hedge its exposure to market risks, including interest rate and currency risks, arising from operating and financing risks. In accordance with its risk management policies, the Company does not hold or issue derivative instruments for trading or speculative purposes.

Derivatives are recognized on the Consolidated Balance Sheets at their fair values. When the Company becomes a party to a derivative instrument and intends to apply hedge accounting, it formally documents the hedge relationship and the risk management objective for undertaking the hedge which includes designating the instrument for financial reporting purposes as a fair value hedge, a cash flow hedge, or a net investment hedge. The accounting for changes in fair value of a derivative instrument depends on whether the Company had designated it in a qualifying hedging relationship and on the type of hedging relationship. The Company applies the following accounting policies:

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Changes in the fair value of a derivative designated as a fair value hedge, along with the gain or loss on the hedged asset or liability attributable to the hedged risk, are recorded in the Consolidated Statements of Earnings in the same line item, generally interest expense, net.
- Changes in the fair value of a derivative designated as a cash flow hedge are recorded in accumulated other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income and reclassified into earnings in the period or periods during which the hedged item affects earnings and is presented in the same line item as the earnings effect of the hedged item.
- Changes in the fair value of a derivative designated as a hedge of a net investment in a foreign operation are recorded in cumulative translation adjustments within accumulated other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income. Recognition in earnings of amounts previously recorded in cumulative translation adjustments is limited to circumstances such as complete or substantially complete liquidation of the net investment in the hedged investments in foreign operations.
- Changes in the fair value of a derivative not designated in a hedging relationship are recognized in the Consolidated Statements of Earnings.

Cash receipts or payments on a settlement of a derivative contract are reported in the Consolidated Statements of Cash Flows consistent with the nature of the underlying hedged item.

For derivative instruments designated as hedges, the Company assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Highly effective means that cumulative changes in the fair value of the derivative are between 80% and 125% of the cumulative changes in the fair value of the hedged item. In addition, when the Company determines that a derivative is not highly effective as a hedge, hedge accounting is discontinued. When it is probable that a hedged forecasted transaction will not occur, the Company discontinues hedge accounting for the affected portion of the forecasted transaction and reclassifies any gains or losses in accumulated other comprehensive income (loss) to earnings in the Consolidated Statement of Earnings. When a derivative in a hedge relationship is terminated or the hedged item is sold, extinguished or terminated, hedge accounting is discontinued prospectively.

Pension and post-retirement benefits

The Company has various defined benefit pension plans that cover some of its non-U.S. employees. The Company also has a post-retirement healthcare plan that covers qualifying U.S. employees. Eligibility and the level of benefits for these plans vary depending on participants' status, date of hire and or length of service. Pension and post-retirement healthcare plan expenses and valuations are dependent on assumptions used by third-party actuaries in calculating those amounts. These assumptions include discount rates, healthcare cost trends, long-term return on plan assets, retirement rates, mortality rates and other factors.

The Company funds its pension plans in accordance with applicable regulations. The Company records the service cost component of net pension cost and net post-retirement healthcare benefit cost in Selling, general and administrative expenses in the Consolidated Statement of Earnings. The Company records all other net cost components of net pension cost and net post-retirement benefit cost in Other income, net in the Consolidated Statement of Earnings. The post-retirement healthcare plan is not funded.

See Note 14. Retirement benefits, for further information.

Redeemable non-controlling interests

The Company presents non-controlling interests in temporary equity within its Consolidated Balance Sheets if it is redeemable at a fixed or determinable price on a fixed or determinable date on the option of the holder, or upon the occurrence of an event that is not solely within the control of the Company.

The carrying amount of the redeemable non-controlling interests is equal to the greater of the carrying value of non-controlling interests adjusted each reporting period for income or loss attributable to the non-controlling interests as well as any applicable distributions made or the redemption value. Re-measurements to the redemption value of the redeemable non-controlling interests are recognized in Paid-in capital within the Consolidated Balance Sheets. The Company reports the portion of its earnings or loss for redeemable non-controlling interest as Net loss attributable to non-controlling interests - continuing operations, in the Consolidated Statements of Earnings.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following is a roll forward of the redeemable non-controlling interests in the Consolidated Balance Sheets (in millions):

	2023	2022	2021
Opening balance	\$ 1,042	\$ 319	\$ —
Recognition upon acquisition of subsidiary ¹	—	2,684	309
Acquisition of non-controlling interests ²	—	(2,047)	—
Net loss attributable to Redeemable non-controlling interests	(21)	(73)	(3)
Redemption price adjustments ³	442	179	19
Reclassifications to Accrued expenses and other liabilities ⁴	(1,314)	—	—
Other	18	(20)	(6)
Ending balance	\$ 167	\$ 1,042	\$ 319

- ^{1.} Fiscal 2022 includes \$1.9 billion of redeemable non-controlling interests, representing the maximum purchase price to redeem non-controlling units in VillageMD for cash, and redeemable non-controlling interests in Shields Health Solutions Parent, LLC (“Shields”) and CCX Next, LLC (“CareCentrix”). On November 24, 2021, VillageMD commenced a tender offer to purchase up to \$1.9 billion of units in VillageMD for cash. The tender offer was fully subscribed and settled on December 28, 2021. The tender offer was funded by cash proceeds provided to VillageMD pursuant to the Unit Purchase Agreement.
- ^{2.} Fiscal 2022 includes \$1.9 billion paid to existing shareholders of VillageMD as part of the fully subscribed tender offer and the acquisition of the remaining 30% non-controlling equity interests in the pharmaceutical wholesale business in Germany.
- ^{3.} Remeasurement of non-controlling interests, probable of redemption but not currently redeemable, to their redemption value, is recorded to Paid-in capital in the Consolidated Balance Sheets. In fiscal 2023, Shields and CareCentrix redeemable non-controlling interests were recorded to redemption value.
- ^{4.} Represents the reclassification of the Shields and CareCentrix redeemable non-controlling interests to Accrued expenses and other liabilities in the Consolidated Balance Sheets resulting from the Company's full acquisition of Shields and CareCentrix.

See Note 3. Acquisitions and other investments, for further information.

Non-controlling interests

The Company presents non-controlling interests as a component of equity on its Consolidated Balance Sheets and reports the portion of earnings or losses for non-controlling interests as net earnings attributable to non-controlling interests in the Consolidated Statements of Earnings.

Non-controlling interests primarily relates to VillageMD. As of August 31, 2023 and 2022, VillageMD non-controlling interests comprise 16.0 million and 3.9 million preferred units and 6.5 million and 6.1 million common units, including incentive units, respectively.

Preferred units non-controlling interests have an aggregate liquidation preference of \$4.9 billion. All preferred units are convertible into VillageMD common units and certain preferred units are also subject to redemption features controlled by the Company. All preferred units participate in dividends declared by the VillageMD board in the ordinary course of business and in distributions upon a winding-up or change in control of VillageMD. Certain preferred units also participate in cumulative compounding dividends that accumulate at a rate of 5.5% per annum based on the adjusted issue price of the preferred unit and may be settled in cash or shares at the option of the preferred unit holder.

The Company attributes VillageMD earnings and losses to non-controlling interests using the hypothetical-liquidation book value (“HLBV”) method, which is a balance sheet-oriented approach. Under the HLBV method, VillageMD income and losses are attributed to each unit based on changes to the amounts that each unit would hypothetically receive at each period end under the liquidation provisions of the VillageMD Amended and Restated Limited Liability Company Agreement, assuming the net assets of VillageMD were liquidated at their carrying values determined in accordance with GAAP. The proportion of earnings and losses attributed to non-controlling interests under HLBV is subject to change as VillageMD net assets change.

Currency

Assets and liabilities of non-U.S. dollar functional currency operations are translated into U.S. dollars at end-of-period exchange rates while revenues, expenses and cash flows are translated at average monthly exchange rates over the period. Equity is translated primarily at historical exchange rates and the resulting cumulative translation adjustments are included as a component of Accumulated other comprehensive income (loss) in the Consolidated Balance Sheets.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Assets and liabilities not denominated in the functional currency are remeasured into the functional currency at end-of-period exchange rates, except for non-monetary balance sheet amounts, which are remeasured at historical exchange rates. Revenues and expenses are recorded at average monthly exchange rates over the period, except for those expenses related to non-monetary balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency remeasurement are generally included in Other income, net within the Consolidated Statements of Earnings.

Commitments and contingencies

The Company assesses its liabilities and contingencies for outstanding legal proceedings and reserves are established on a case-by-case basis for those legal claims for which management concludes that it is probable that a loss will be incurred and that the amount of such loss can be reasonably estimated. Substantially all of these contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss can be complex. With respect to litigation and other legal proceedings where the Company has determined that a loss is reasonably possible, the Company may be unable to estimate the amount or range of reasonably possible loss due to the inherent difficulty of predicting the outcome of and uncertainties regarding such litigation and legal proceedings. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause the Company to change those estimates and assumptions. Therefore, it is possible that an unfavorable resolution of one or more pending litigation or other contingencies could have a material adverse effect on the Company's Consolidated Financial Statements in a future fiscal period. Management's assessment of current litigation and other legal proceedings, including the corresponding accruals, could change because of the discovery of facts with respect to legal actions or other proceedings pending against the Company which are not presently known. Adverse rulings or determinations by judges, juries, governmental authorities or other parties could also result in changes to management's assessment of current liabilities and contingencies. Accordingly, the ultimate costs of resolving these claims may be substantially higher or lower than the amounts reserved. See Note 11. Commitments and contingencies, for further information.

Revenue recognition

Sales are recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring control of goods or services to the customer. Sales are reported on the gross amount billed to a customer less discounts if it has earned revenue as a principal from the sale of goods and services. Sales are reported on the net amount retained (i.e., the amount billed to the customer less the amount paid to a vendor) if the Company has earned a commission or a fee as an agent.

Retail and Pharmacy

The Company recognizes revenue, net of taxes and expected returns, at the time it sells merchandise, provides services or dispenses prescription drugs to the customer. The Company estimates revenue based on expected reimbursements from third-party payors (e.g., pharmacy benefit managers, insurance companies and governmental agencies) for dispensing prescription drugs. The estimates are based on all available information including historical experience and are updated to actual reimbursement amounts.

The Company's loyalty rewards programs represent separate performance obligations and are accounted for using the deferred revenue approach. When goods are sold, the transaction price is allocated between goods sold and loyalty points or Walgreens cash awarded based upon the relative standalone selling price. The revenue allocated to the loyalty points is recognized upon redemption. Loyalty programs breakage is recognized as revenue based on the redemption pattern. Customer purchases of the Company's own gift cards are not recognized as revenue until the card is redeemed. Gift card breakage (i.e., unused gift card) is recognized as revenue based on the redemption pattern.

The Company recognizes contract liabilities to record the Company's obligation to transfer additional goods or services to a customer for which the Company has received consideration, for example the Company's myWalgreens and Boots Advantage Card loyalty programs. Under such programs, customers earn Walgreens Cash or reward points on purchases for redemption at a later date.

Wholesale

Wholesale revenue is recognized, net of taxes and expected returns, upon shipment of goods, which is generally also the day of delivery.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Healthcare services

The Company provides healthcare services under fee-for-service and value-based arrangements. Fee-for-service revenues are recognized at the point-in-time medical care is provided. Revenues are reported based on expected net collection rates, which are calculated based on historical collection rates in relation to amounts billed at the time of service. Most of the Company's value-based arrangements are Medicare Advantage ("MA") contracts or direct contracting arrangements under the Centers for Medicare and Medicaid Services ("CMS") Accountable Care Organization Realizing Equity, Access, and Community Health ("ACO REACH") Model. Revenues from value-based arrangements ("risk-based revenues") are primarily earned from contracts in which the Company has full or shared risk for the healthcare payor's eligible members ("value-based patients"). Risk-based revenues are recognized ratably over the term of the contract (generally, one year or less) as the Company's stand-ready obligation to provide healthcare services is satisfied. The Company receive fees from payors which are generally based on a fixed monthly percentage of the premium received by the payor from the payor's members, or a portion of the payor's savings relative to an agreed-upon financial benchmark. The Company estimates transaction price based on historical data and data from the payors. Estimates are adjusted to the final settlement amount received from the payor. The Company evaluates whether it is a principal or agent in an arrangement based on the Company's exposure to financial risk under the arrangement and the Company's control over the provision of services. The Company has determined that it acts as a principal in the vast majority of its arrangements.

Cost of sales*Retail, Pharmacy and Wholesale*

Cost of sales includes the purchase price of goods and cost of services rendered, store and warehouse inventory loss, inventory obsolescence, warehousing costs for retail operations, purchasing costs, freight costs, cash discounts, vendor allowances and supplier rebates. Cost of sales is derived based upon point-of-sale scanning information with an estimate for shrinkage and is adjusted based on periodic inventory counts.

Vendor allowances are principally received as a result of purchases, sales or promotion of vendors' products. Allowances are generally recorded as a reduction of inventory and are recognized as a reduction of cost of sales when the related merchandise is sold. Allowances received for promoting vendors' products, if received for a specific, incremental, identifiable cost, are offset against advertising expense and result in a reduction of Selling, general and administrative expenses to the extent of advertising costs incurred, with the excess treated as a reduction of inventory costs. Rebates or refunds received by the Company from its suppliers, mostly in cash, are considered as an adjustment of the prices of the supplier's products purchased by the Company.

Healthcare services

For operations and activities related to the provision of healthcare, cost of services includes activities that are directly related to the provision of care, including medical claims expense, cost of care, clinic operating and support costs, and allocated depreciation and amortization.

Medical claims expense represents medical claims expenses related to fee-for-service and value-based arrangements and primarily includes costs for third-party healthcare service providers, including contracted providers, that provide medical care to patients. Medical claims expense and the liability for unpaid claims include estimates of the Company's obligations for medical care services that have been rendered by third parties for which the Company is contractually obligated to pay, but for which claims have either not yet been received, processed or paid. The Company develops estimates for medical care services incurred but not reported ("IBNR") utilizing actuarial models when a sufficient amount of medical claims history is available from the third-party healthcare service providers. In developing its unpaid claims liability estimates, the Company applies different estimation methods depending on which incurred claims are being estimated.

Cost of care represents the cost of employed providers and certain affiliated providers, including base compensation, quality incentive bonuses, provider benefits and share-based compensation. Clinic operating and support costs include costs incurred to operate clinics, including clinical care support staff, patient support staff, population health management employees, rent, utilities and supplies.

Selling, general and administrative expenses

Selling, general and administrative expenses mainly consist of salaries and employee costs, occupancy costs, depreciation and amortization, credit and debit card fees and expenses directly related to stores. In addition, other costs included are headquarters' expenses, advertising costs (net of vendor advertising allowances), wholesale warehousing costs and insurance.

Advertising costs

Advertising costs are reduced by the portion funded by vendors, if reimbursement represents a specific, incremental, identifiable cost, and expensed as incurred or when services have been received. Net advertising expenses, which are included in Selling, general and administrative expenses in the Consolidated Statement of Earnings, were \$775 million, \$862 million and \$772 million for fiscal 2023, 2022, and 2021, respectively.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such an asset may not be recoverable. The evaluation of long-lived assets is performed at the lowest level of identifiable cash flows, typically at the store level for retail pharmacy operations. Long-lived assets related to the Company's retail pharmacy operations include property, plant and equipment, definite-lived intangibles, and right of use assets. If the asset group fails the recoverability test, then an impairment charge is determined based on the difference between the fair value of the asset group compared to its carrying value. Fair value of the asset group is generally determined using the income approach based on cash flows expected from the use and eventual disposal of the asset group.

Impairment charges for long-lived assets included in Selling, general and administrative expenses in the Consolidated Statement of Earnings were \$863 million, \$380 million and \$182 million for fiscal 2023, 2022 and 2021 respectively.

The determination of the fair value of the asset group requires management to estimate a number of factors including anticipated future cash flows and discount rates. Although we believe these estimates are reasonable, actual results could differ from those estimates due to the inherent uncertainty involved in making such estimates.

Stock compensation plans

Stock based compensation is measured at fair value at the grant date. The Company grants, performance shares and restricted units, and has historically granted stock options, to the Company's non-employee directors, officers and employees. The Company recognizes compensation expense on a straight-line basis over the substantive service period. The fair value of each performance share granted assumes that performance goals will be achieved at 100 percent. Subsequently, the Company reassesses the probability of achieving the performance goals and vesting and adjusts compensation expense accordingly, including the reversal of previously recognized compensation expense if it is no longer probable that the awards will vest. See Note 13. Stock compensation plans, for more information on the Company's stock-based compensation plans.

Insurance

The Company obtains insurance coverage for catastrophic exposures as well as those risks required by law to be insured. In general, the Company's U.S. subsidiaries retain a significant portion of losses related to workers' compensation, property, comprehensive general, pharmacist, and vehicle liability and full-risk value-based arrangements, while non-U.S. subsidiaries manage their exposures through insurance coverage with third-party carriers. The U.S. Healthcare segment also maintains medical malpractice insurance including professional liability insurance. Management regularly reviews the probable outcome of claims and proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage and the established accruals for liabilities. Liabilities for losses are recorded based upon the Company's estimates for both claims incurred and claims incurred but not reported. The provisions are estimated in part by considering historical claims experience, demographic factors and other actuarial assumptions.

Income taxes

The Company accounts for income taxes according to the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based upon the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured pursuant to tax laws using rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

In determining the provision for income taxes, the Company uses income, permanent differences between book and tax income, the relative proportion of foreign and domestic income, enacted statutory income tax rates, projections of income subject to Subpart F rules and unrecognized tax benefits related to current year results. Discrete events such as the assessment of the ultimate outcome of tax audits, audit settlements, recognizing previously unrecognized tax benefits due to lapsing of the applicable statute of limitations, recognizing or de-recognizing benefits of deferred tax assets due to future year financial statement projections and changes in tax laws are recognized in the period in which they occur.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company is subject to routine income tax audits that occur periodically in the normal course of business. U.S. federal, state, local and foreign tax authorities raise questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the tax benefits associated with the various tax filing positions, the Company records a tax benefit for uncertain tax positions using the highest cumulative tax benefit that is more likely than not to be realized. Adjustments are made to the liability for unrecognized tax benefits in the period in which the Company determines the issue is effectively settled with the tax authorities, the statute of limitations expires for the return containing the tax position or when more information becomes available.

Earnings per share

The dilutive effect of outstanding stock options on earnings per share is calculated using the treasury stock method. Stock options are anti-dilutive and excluded from the earnings per share calculation if the exercise price exceeds the average market price of the common shares. There were 17.8 million, 17.1 million and 17.2 million weighted outstanding options to purchase common shares that were anti-dilutive and excluded from the earnings per share calculation for fiscal 2023, 2022 and 2021, respectively.

Due to the anti-dilutive effect resulting from the reported net loss, an incremental 3.0 million of potentially dilutive securities were omitted from the calculation of weighted-average common shares outstanding for fiscal 2023.

New accounting pronouncements**Adoption of new accounting pronouncements***Disclosures by business entities about government assistance*

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance. This ASU requires disclosures that are expected to increase the transparency of transactions with a government accounted for by applying a grant or contribution accounting model by analogy, including (1) the types of transactions, (2) the accounting for those transactions, and (3) the effect of those transactions on an entity's financial statements. The Company adopted the new standard effective September 1, 2022, and the adoption did not impact the Company's disclosures within these consolidated financial statements.

New accounting pronouncements not yet adopted*Acquired contract assets and contract liabilities in a business combination*

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805) - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. This ASU requires an entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606 (Revenue from Contracts with Customers). This ASU is expected to reduce diversity in practice and increase comparability for both the recognition and measurement of acquired revenue contracts with customers at the date of and after a business combination. This ASU is effective for business combinations completed in fiscal years beginning after December 15, 2022 (fiscal 2024). The Company expects to adopt ASU 2021-08 in the first quarter of fiscal 2024 on a prospective basis. While the impact of this ASU is dependent of the nature of any future transactions, the Company currently does not expect adoption to have a material impact on the Company's results of operations, cash flows, or financial position.

Liabilities — Supplier Finance Programs

In September 2022, the FASB issued ASU 2022-04, Liabilities—Supplier Finance Programs (Topic 405-50) - Disclosure of Supplier Finance Program Obligations. This ASU requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. This ASU is expected to improve financial reporting by requiring new disclosures about the programs, thereby allowing financial statement users to better consider the effect of the programs on an entity's working capital, liquidity, and cash flows. This ASU is effective for fiscal years beginning after December 15, 2022 (fiscal 2024), except for the amendment on roll forward information which is effective for fiscal years beginning after December 15, 2023 (fiscal 2025). The Company has evaluated the effect of adopting this new accounting guidance and does not expect adoption will have a material impact on the Company's results of operations, cash flows or financial position.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Leases — Common Control Arrangements

In March 2023, the FASB issued ASU 2023-01, Leases (Topic 842) – Common Control Arrangements. The ASU amends the accounting for leasehold improvements in common control arrangements by requiring a lessee in a common control lease arrangement to amortize leasehold improvements that it owns over the improvements' useful life to the common control group, regardless of the lease term, if the lessee continues to control the use of the underlying asset through a lease. Further, a lessee that no longer controls the use of the underlying asset will derecognize the remaining carrying amount of the improvements through an adjustment to equity, reflecting the transfer of the asset to the lessor under common control. This ASU is effective for fiscal years beginning after December 15, 2023 (fiscal 2025), including interim periods within those fiscal years. Early adoption is permitted in any annual or interim period as of the beginning of the related fiscal year. The Company is evaluating the effect of adopting this new accounting guidance.

Note 2. Discontinued operations

On June 1, 2021, the Company completed the sale of Alliance Healthcare, for total consideration of \$6.9 billion, which included cash consideration of \$6.7 billion, subject to net working capital and net cash adjustments, and 2 million shares of Cencora common stock (the "Alliance Healthcare Sale").

The Company recorded a gain before currency translation adjustments of \$1.1 billion and a net gain on disposal of \$322 million. The gain on sale was presented as part of results of the discontinued operations. The following table shows the fair value of proceeds from the Alliance Healthcare Sale and net carrying value of the assets disposed (in billions):

	2021
Fair value of proceeds from disposition ¹	\$ 6.9
Net assets disposed	5.8
Gain before currency translation adjustments	1.1
Currency translation loss released due to disposition	(0.8)
Net gain on disposal of discontinued operation ²	\$ 0.3

¹ Includes base consideration of \$6.275 billion adjusted for net working capital and net cash adjustments as set forth in the Share Purchase Agreement.

² The Company recorded insignificant amount of tax expense due to utilization of capital losses.

As of August 31, 2021, Other current assets included a \$98 million receivable for purchase price consideration due from Cencora that was subject to change upon the finalization of net working capital adjustments. In fiscal 2022, the Company finalized the net working capital adjustments and reduced the receivable by \$38 million with a corresponding charge in Other income, net within the Consolidated Statements of Earnings.

The operating results of the Disposal Group are reported as discontinued operations as the disposition reflected a strategic shift that had a major effect on the Company's operations and financial results.

Results of discontinued operations for prior period were as follows (in millions):

	2021
Sales	\$ 16,070
Cost of sales	14,486
Gross profit	1,584
Selling, general and administrative expense ¹	1,254
Operating income from discontinued operations	329
Other income, net ²	314
Interest expense, net	(23)
Earnings before income tax – discontinued operations	621
Income tax provision	78
Post-tax earnings from other equity method investments	15
Net earnings from discontinued operations	\$ 557

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- ¹. Includes \$44 million of divestiture related costs incurred post completion of the Alliance Healthcare Sale.
- ². Includes \$322 million of gain on sale of discontinued operations.

Sales in prior years from the Disposal Group to the Company's continuing operations aggregate to (in millions):

		2021 ¹
Sales	\$	1,385

- ¹. Sales in fiscal 2021 until date of disposal.

The following table presents cash flows for discontinued operations in prior periods (in millions):

		2021
Cash used for operating activities - discontinued operations	\$	(132)
Cash used for investing activities - discontinued operations		(58)

See Note 6. Equity method investments and Note 19. Related parties, for more information on the Company's equity method investment in Cencora and the Company's continuing involvement with Cencora.

Note 3. Acquisitions and other investments

Summit acquisition

On January 3, 2023, VillageMD, through its parent company, following an internal reorganization, completed the acquisition of WP CityMD TopCo ("Summit"), a provider of primary, specialty and urgent care in exchange, for \$7.0 billion aggregate consideration, consisting of \$4.85 billion of cash consideration paid, \$2.05 billion in preferred units of VillageMD issued to Summit equity holders and \$100 million of cash to be paid one year following closing. The cash consideration includes \$87 million of cash paid to fund acquisition-related bonuses to Summit Health-CityMD employees which is recognized as a compensation expense of the Company. In addition, VillageMD paid off approximately \$1.9 billion in net debt of Summit. In connection with the amended Agreement and Plan of Merger, and in order to finance the acquisition, the Company and Cigna Health & Life Insurance Company acquired preferred units of VillageMD in exchange for \$1.75 billion and \$2.5 billion in aggregate consideration, respectively. Following the Summit acquisition, the Company remains the largest and consolidating equity holder of VillageMD with ownership of approximately 53% of the outstanding equity interests on a fully diluted basis.

Further, the Company entered into a credit agreement with VillageMD pursuant to which the Company provided VillageMD senior secured credit facilities in the aggregate amount of \$2.25 billion, consisting of (i) a senior secured term loan facility in an aggregate original principal amount of \$1.75 billion to support the acquisition of Summit; and (ii) a senior secured revolving credit facility in an aggregate original committed amount of \$500 million available for general corporate purposes. In connection with the issuance of the senior secured credit facilities, the Company received a \$220 million credit for certain fees payable by VillageMD in the form of preferred units of VillageMD. The intercompany facilities eliminate in consolidation.

The Company accounted for this acquisition as a business combination resulting in consolidation of Summit within the U.S. Healthcare segment in its financial statements. As of August 31, 2023, the Company had not completed the analysis to assign fair values to all tangible and intangible assets acquired and liabilities assumed. As such, the preliminary purchase price allocation will be subject to further refinement and may change. These changes may relate to the allocation of purchase consideration to all tangible and intangible assets acquired and identified and liabilities assumed. In fiscal 2023, the Company recorded certain measurement period adjustments, primarily related to deferred income taxes, based on additional information, resulting in a decrease to goodwill of \$257 million.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the consideration for the acquisition and the amounts of identified assets acquired and liabilities assumed at the date of the transaction (in millions):

Purchase price allocation:

Cash consideration ¹	\$	4,778
Deferred consideration		100
Summit debt paid at closing		1,963
Fair value of equity consideration ²		1,971
Fair value of non-controlling interests		13
Total	\$	8,825

Identifiable assets acquired and liabilities assumed:

Cash and cash equivalents	\$	69
Accounts receivable, net		382
Property, plant and equipment		607
Intangible assets ³		3,359
Operating lease right-of-use assets		756
Other assets		173
Operating lease obligations		(773)
Deferred tax liability		(737)
Other liabilities		(446)
Total identifiable net assets	\$	3,390

Goodwill	\$	5,436
-----------------	-----------	--------------

^{1.} Cash consideration excludes \$87 million of cash paid to fund acquisition-related bonuses to Summit employees which is recognized as compensation expense of the Company.

^{2.} The fair value of the non-controlling interests was calculated based on the implied equity value of VillageMD, allocated to all units on an as-converted basis.

^{3.} Intangibles acquired include provider networks and trade names with fair values of \$1.9 billion and \$1.5 billion, respectively. Estimated useful lives are 15 years and 11 to 15 years, respectively.

The goodwill represents anticipated future growth and expansion opportunities into new healthcare offerings and new markets. \$433 million of the goodwill is expected to be tax deductible.

Supplemental pro forma information - Summit

The following table represents unaudited supplemental pro forma consolidated sales for the years ended August 31, 2023 and 2022, as if the acquisition of Summit had occurred at the beginning of fiscal 2022. The unaudited pro forma information has been prepared for comparative purposes only and is not intended to be indicative of what the Company's results would have been had the acquisition occurred at the beginning of each period presented or results which may occur in the future.

(Unaudited, in millions)	2023		2022	
Sales	\$	140,039	\$	135,379

Actual sales of Summit, from the acquisition date, for the year ended August 31, 2023, included in the Consolidated Statements of Earnings are as follows (in millions):

Sales	\$	1,896
-------	----	-------

Pro forma net earnings of the Company, assuming the acquisition had occurred at the beginning of each period presented, would not be materially different from the results reported.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

VillageMD acquisition

On November 24, 2021, the Company completed the acquisition of VillageMD, a national provider of value-based primary care services. Pursuant to the terms and subject to the conditions set forth in the Unit Purchase Agreement, the Company purchased additional outstanding equity interests of VillageMD, increasing the Company's total beneficial ownership in VillageMD's outstanding equity interests from approximately 30% to approximately 63%, on a fully diluted basis, for a purchase price of \$5.2 billion. The total purchase price was comprised of cash consideration of \$4.0 billion and a promissory note of \$1.2 billion. The cash consideration of \$4.0 billion consisted of \$2.9 billion paid to existing shareholders, including \$1.9 billion paid to existing shareholders as part of the fully subscribed tender offer concluded on December 28, 2021, and \$1.1 billion paid in exchange for new preferred units issued by VillageMD. Subject to notice being served, the Company had an option to prepay, and VillageMD had an option to require redemption of, the promissory note at any time. The promissory note was eliminated in consolidation within the Consolidated Balance Sheets as of August 31, 2022. The promissory note was paid in January 2023 prior to the Summit acquisition.

The Company accounted for this acquisition as a business combination resulting in consolidation of VillageMD within the U.S. Healthcare segment in its financial statements. A non-controlling interest was recognized at fair value.

As a result of this acquisition, in the three months ended November 30, 2021, the Company recognized a pre-tax gain in Other income, net in the Consolidated Statements of Earnings of \$1,597 million related to the fair valuation of the Company's previously held minority equity interest. The Company also recorded a pre-tax gain of \$577 million in Other income, net in the Consolidated Statements of Earnings related to the conversion to equity of the Company's previously held investment in convertible debt securities of VillageMD, reclassified from within Accumulated other comprehensive income in the Consolidated Balance Sheets. A majority of the gains did not generate a tax expense.

In fiscal 2023, the Company completed the purchase price allocation and recorded certain deferred income tax related measurement period adjustments based on additional information, resulting in an increase to goodwill of \$125 million.

The following table summarizes the consideration for the acquisition and the amounts of identified assets acquired and liabilities assumed at the date of the transaction (in millions):

Purchase price allocation:

Total purchase price	\$	5,200
Less: purchase price for issuance of new preferred units at fair value ¹		(2,300)
Net consideration		2,900
Fair value of share-based compensation awards attributable to pre-combination services ²		683
Fair value of previously held equity and debt		3,211
Fair value of non-controlling interest		3,257
Total	\$	10,051

Identifiable assets acquired and liabilities assumed:

Tangible assets ¹	\$	634
Intangible assets ³		1,621
Liabilities		(370)
Total identifiable net assets	\$	1,885
Goodwill	\$	8,166

¹ Comprised of cash consideration of \$1.1 billion and a promissory note of \$1.2 billion. This consideration was provided in exchange for the issuance of new preferred units by VillageMD. VillageMD's tangible assets acquired exclude this \$1.1 billion of cash and \$1.2 billion promissory note receivable.

² Primarily related to vested share-based compensation awards.

³ Intangibles acquired include primary care provider network, trade names and developed technology, with a fair value of \$1.2 billion, \$295 million and \$76 million, respectively. Estimated useful lives are 15, 13 and 5 years, respectively.

The goodwill represents anticipated future growth and expansion opportunities into new markets.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Shields acquisition

On October 29, 2021, the Company completed the acquisition of Shields Health Solutions Parent, LLC (“Shields”), a specialty pharmacy integrator and accelerator for hospitals. Pursuant to the terms and subject to the conditions set forth in the Securities Purchase Agreement, the Company purchased additional outstanding equity interests of Shields, increasing the Company’s total beneficial ownership in Shields’ outstanding equity interests from 25% to approximately 70%, for cash consideration of \$969 million. The Company accounted for this acquisition as a business combination resulting in consolidation of Shields within the U.S. Healthcare segment in its financial statements. A non-controlling interest was recognized at fair value. Under the terms of the transaction agreements, the Company had an option to acquire the remaining equity interests of Shields in the future. Shields’ other equity holders had an option to require the Company to purchase the remaining equity interests. Considering the contractual terms related to the non-controlling interests, it was classified as redeemable non-controlling interests in the Consolidated Balance Sheets upon acquisition.

In fiscal 2022, as a result of this acquisition the Company remeasured its previously held minority equity interest in Shields at fair value resulting in a pre-tax gain of \$402 million recognized in Other income, net in the Consolidated Statements of Earnings. A majority of the gain did not generate a tax expense.

In fiscal 2023, the Company completed the purchase price allocation and recorded certain deferred income tax related measurement period adjustments based on additional information, resulting in an increase to goodwill of \$72 million.

The following table summarizes the consideration for the acquisition and the amounts of identified assets acquired and liabilities assumed at the date of the transaction (in millions):

Purchase price allocation:

Cash consideration	\$	969
Fair value of share-based compensation awards attributable to pre-combination services		13
Fair value of previously held equity interests		502
Fair value of non-controlling interests		589
Total	\$	2,074
Identifiable assets acquired and liabilities assumed:		
Tangible assets	\$	84
Intangible assets ¹		1,060
Liabilities		(600)
Total identifiable net assets	\$	544
Goodwill	\$	1,529

- ¹. Intangibles acquired include customer relationships, trade names and developed technology, with a fair value of \$896 million, \$47 million and \$117 million. Estimated useful lives are 13, 13 and 5 years, respectively.

The goodwill represents anticipated future growth and expansion opportunities into new healthcare offerings.

On December 28, 2022 the Company acquired the remaining 30% equity interest for approximately \$1.4 billion of cash consideration.

CareCentrix acquisition

On August 31, 2022, the Company completed the acquisition of CareCentrix (“CareCentrix”). Pursuant to the terms and subject to the conditions set forth in the Membership Interest Purchase Agreement, the Company acquired approximately 55% controlling equity interest in CareCentrix, a participant in the post-acute and home care management sectors, for cash consideration of \$339 million. The cash consideration includes \$12 million paid to employees, which was recognized as compensation expense by the Company.

The Company accounted for this acquisition as a business combination resulting in consolidation of CareCentrix within the U.S. Healthcare segment in its financial statements. A non-controlling interest was recognized at fair value. Under the terms of the transaction agreements, the Company had an option to acquire the remaining equity interests of CareCentrix in the future. CareCentrix’s other equity holders also had an option to require the Company to purchase the remaining equity interests. Considering the contractual terms related to the non-controlling interests, it was classified as redeemable non-controlling interests in the Consolidated Balance Sheets.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In fiscal 2023, the Company completed the purchase price allocation and recorded certain measurement period adjustments based on additional information, primarily related to acquired intangible assets and certain liabilities assumed, resulting in an increase to goodwill of \$56 million.

As of August 31, 2023 the Company completed the purchase price allocation. The following table summarizes the consideration for the acquisition and the amounts of identified assets acquired and liabilities assumed at the date of the transaction (in millions):

Purchase price allocation:

Cash consideration ¹	327
Contingent consideration	4
Fair value of share-based compensation awards attributable to pre-combination services	66
Fair value of non-controlling interests	217
Total	\$ 614

Identifiable assets acquired and liabilities assumed:

Tangible assets	\$ 358
Intangible assets ²	426
Liabilities	(680)
Total identifiable net assets	\$ 104
Goodwill	\$ 509

^{1.} Excludes \$12 million of cash paid to employees, which was recognized as compensation expense by the Company.

^{2.} Intangibles acquired include customer relationships, trade names and developed technology, with a fair value of \$247 million, \$93 million and \$86 million, respectively. Estimated useful lives are 13, 13 and 5 years, respectively.

The goodwill represents anticipated future growth and expansion opportunities into new healthcare offerings.

On March 31, 2023, the Company acquired the remaining 45% equity interest in CareCentrix for approximately \$378 million of cash consideration.

Supplemental pro forma information

The following table represents unaudited supplemental pro forma consolidated sales for fiscal 2022 acquisitions, for the year ended August 31, 2022 and 2021, respectively, as if the acquisitions had occurred at the beginning of fiscal 2021. The unaudited pro forma information has been prepared for comparative purposes only and is not intended to be indicative of what the Company's results would have been had the acquisitions occurred at the beginning of the periods presented or results which may occur in the future.

(Unaudited, in millions)	2022		2021	
Sales	\$	134,314	\$	135,306

Actual sales of the acquisitions for the year ended August 31, 2022 included in the Consolidated Statement of Earnings are as follows (in millions):

Sales	\$	1,795
-------	----	-------

Pro forma net earnings of the Company, assuming the acquisitions had occurred at the beginning of each period presented, would not be materially different from the results reported.

See Note 17. Segment reporting for further information.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other acquisitions

On March 3, 2023, the Company completed the acquisition of Starling MSO Holdings, LLC (“Starling”), a primary care and multi-specialty group, for total consideration of \$284 million. Total consideration includes \$222 million of cash consideration and \$62 million of VillageMD equity issued to Starling equity holders, including employees. VillageMD equity issued to employees will be recognized as compensation expense in the future. As a result of the acquisition, the Company recognized goodwill and intangible assets of \$104 million and \$128 million, respectively. As of August 31, 2023, the Company had not completed the analysis to assign fair values to all tangible and intangible assets acquired and liabilities assumed. As such, the preliminary purchase price allocation will be subject to further refinement and may change.

The Company acquired certain prescription files and related pharmacy inventory primarily in the U.S. for the aggregate purchase price of \$324 million and \$196 million during fiscal 2023 and 2022, respectively.

Note 4. Exit and disposal activities*Transformational Cost Management Program*

On December 20, 2018, the Company announced a transformational cost management program that was expected to deliver in excess of \$2.0 billion of annual cost savings by fiscal 2022 (the “Transformational Cost Management Program”). The Company achieved this goal at the end of fiscal 2021.

On October 12, 2021, the Company expanded and extended the Transformational Cost Management Program through the end of fiscal 2024 and increased its annual cost savings target to \$3.3 billion by the end of fiscal 2024. In fiscal 2022, the Company increased its annual cost savings target from \$3.3 billion to \$3.5 billion, by the end of fiscal 2024. In fiscal 2023, the Company increased its annual cost savings target from \$3.5 billion to \$4.5 billion by the end of fiscal 2024. The Company is currently on track to achieve the savings target.

The Transformational Cost Management Program, which is multi-faceted and includes divisional optimization initiatives, global smart spending, global smart organization and the transformation of the Company’s information technology (IT) capabilities, is designed to help the Company achieve increased cost efficiencies. To date, the Company has taken actions across all aspects of the Transformational Cost Management Program which focus primarily on the U.S. Retail Pharmacy and International reportable segments along with the Company’s global functions. Divisional optimization within the Company’s segments includes activities such as optimization of stores. The Company now plans to reduce its presence by up to 300 Boots stores in the UK and up to 200 stores in the U.S. by the end of fiscal 2024, which are incremental to the fiscal 2022 previously planned reductions of approximately 350 Boots stores in the UK and approximately 450 to 500 stores in the U.S. As of August 31, 2023, the Company has closed 291 and 466 stores in the UK and U.S., respectively.

In fiscal 2023, the Company increased its estimate of cumulative pre-tax charges to its GAAP financial results for the Transformational Cost Management Program from \$3.6 billion to \$3.9 billion to \$4.1 billion to \$4.4 billion. As a result, pre-tax charges for exit and disposal activities increased from \$3.3 billion to \$3.6 billion to \$3.8 billion to \$4.1 billion. In addition to the impacts discussed above, as a result of the actions related to store closures taken under the Transformational Cost Management Program, the Company recorded \$508 million of transition adjustments to decrease retained earnings due to the adoption of the new lease accounting standard (Topic 842) that became effective on September 1, 2019.

From the inception of the Transformational Cost Management Program to August 31, 2023, the Company has recognized cumulative pre-tax charges to its financial results in accordance with GAAP of \$3.1 billion, which were primarily recorded within Selling, general and administrative expenses within the Consolidated Statements of Earnings. These charges included \$1.1 billion related to lease obligations and other real estate costs, \$883 million in asset impairments, \$873 million in employee severance and business transition costs and \$253 million of information technology transformation and other exit costs.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Costs related to exit and disposal activities under the Transformational Cost Management Program for fiscal 2023, 2022 and 2021, respectively, were as follows (in millions):

Fiscal 2023	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Lease obligations and other real estate costs	\$ 492	\$ 23	\$ —	\$ 1	\$ 516
Asset impairments	183	149	109	—	441
Employee severance and business transition costs	111	20	6	13	150
Information technology transformation and other exit costs	30	21	—	—	51
Total pre-tax exit and disposal charges	\$ 816	\$ 213	\$ 115	\$ 14	\$ 1,158

Fiscal 2022	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Lease obligations and other real estate costs	\$ 247	\$ 2	\$ —	\$ —	\$ 249
Asset impairments	132	58	—	—	190
Employee severance and business transition costs	156	29	—	25	210
Information technology transformation and other exit costs	12	29	—	—	40
Total pre-tax exit and disposal charges	\$ 546	\$ 118	\$ —	\$ 25	\$ 690

Fiscal 2021	U.S. Retail Pharmacy	International	U.S. Healthcare	Corporate and Other	Walgreens Boots Alliance, Inc.
Lease obligations and other real estate costs	\$ 103	\$ 6	\$ —	\$ —	\$ 108
Asset impairments	15	9	—	—	24
Employee severance and business transition costs	79	40	—	45	165
Information technology transformation and other exit costs	20	17	—	—	38
Total pre-tax exit and disposal charges	\$ 217	\$ 72	\$ —	\$ 46	\$ 335

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The changes in liabilities and assets related to the exit and disposal activities under Transformational Cost Management Program include the following (in millions):

	Lease obligations and other real estate costs	Asset impairments	Employee severance and business transition costs	Information technology transformation and other exit costs	Total
Balance at August 31, 2021	\$ 17	\$ —	\$ 77	\$ 20	\$ 114
Costs	249	190	210	40	690
Payments	(99)	—	(201)	(23)	(323)
Other	(157)	(190)	(9)	(11)	(367)
Balance at August 31, 2022	\$ 10	\$ —	\$ 76	\$ 27	\$ 113
Costs	516	441	150	51	1,158
Payments	(105)	—	(160)	(55)	(320)
Other	(411)	(441)	2	—	(849)
Balance at August 31, 2023	\$ 10	\$ —	\$ 70	\$ 22	\$ 102

Other exit and disposal activities

In September 2023, VillageMD approved the exit from approximately five markets, including the closure of approximately 60 clinics in fiscal 2024.

Note 5. Leases

Supplemental balance sheet information related to leases was as follows (in millions):

Balance sheet supplemental information:	August 31, 2023	August 31, 2022
Operating leases:		
Operating lease right-of-use assets	\$ 21,667	\$ 21,259
Operating lease obligations - current	\$ 2,347	\$ 2,286
Operating lease obligations - non-current	22,124	21,517
Total operating lease obligations	<u>\$ 24,472</u>	<u>\$ 23,803</u>
Finance leases:		
Right-of-use assets included in:		
Property, plant and equipment, net	\$ 678	\$ 645
Lease obligations included in:		
Accrued expenses and other liabilities	\$ 57	\$ 37
Other non-current liabilities	919	899
Total finance lease obligations	<u>\$ 976</u>	<u>\$ 936</u>

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Supplemental income statement information related to leases was as follows (in millions):

Statement of earnings supplemental information:	2023	2022	2021
Operating lease cost			
Fixed	\$ 3,404	\$ 3,240	\$ 3,219
Variable ¹	850	825	664
Finance lease cost			
Amortization	\$ 47	\$ 44	\$ 45
Interest	51	50	52
Sublease income ²	\$ 115	\$ 105	\$ 84
Impairment of right-of-use assets	495	218	86
Gains on sale-leaseback transactions ²			
U.S. Retail Pharmacy	\$ 747	\$ 558	\$ 367
International ³	178	61	—
Total gain on sale-leaseback ²	<u>\$ 925</u>	<u>\$ 619</u>	<u>\$ 367</u>

¹ Includes real estate property taxes, common area maintenance, insurance and rental payments based on sales volume.

² Recorded within Selling, general and administrative expenses within the Consolidated Statements of Earnings.

³ Includes gain on sale-leaseback related to Germany wholesale business of \$178 million for fiscal 2023, and \$61 million for Boots UK for fiscal 2022. The gain for fiscal 2023 includes \$47 million related to the optimization of the Germany warehouse locations as part of acquisition integration activities.

Other supplemental information was as follows (in millions):

Other supplemental information:	2023	2022	2021
Cash paid for amounts included in the measurement of lease obligations			
Operating cash flows from operating leases	\$ 3,579	\$ 3,351	\$ 3,414
Operating cash flows from finance leases	47	47	48
Financing cash flows from finance leases	52	43	42
Total	<u>\$ 3,679</u>	<u>\$ 3,441</u>	<u>\$ 3,503</u>
Right-of-use assets obtained in exchange for new lease obligations			
Operating leases	\$ 2,323	\$ 2,078	\$ 2,765
Finance leases	30	11	—
Total	<u>\$ 2,352</u>	<u>\$ 2,089</u>	<u>\$ 2,765</u>

Weighted average lease term and discount rate for real estate leases as of August 31, 2023 were as follows:

Weighted average lease terms and discount rates:	August 31, 2023	August 31, 2022
Weighted average remaining lease term in years		
Operating leases	9.6	10.0
Finance leases	17.4	19.0
Weighted average discount rate		
Operating leases	5.35 %	4.83 %
Finance leases	5.25 %	5.19 %

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The aggregate future lease payments for operating and finance leases as of August 31, 2023 are as follows (in millions):

Future lease payments (fiscal years):	Finance lease		Operating lease ^{1,2}	
2024	\$	109	\$	3,672
2025		104		3,589
2026		101		3,508
2027		99		3,417
2028		90		3,267
Later		967		14,508
Total undiscounted minimum lease payments	\$	1,470	\$	31,960
Less: Present value discount		495		7,488
Lease liability	\$	976	\$	24,472

^{1.} Total undiscounted minimum lease payments include approximately \$3.7 billion of payments related to optional renewal periods that have not been contractually exercised, but are reasonably certain of being exercised.

^{2.} Total undiscounted minimum lease payments exclude sublease rental income of approximately \$606 million due to the Company under non-cancelable sublease terms.

Note 6. Equity method investments

Equity method investments as of August 31, 2023 and 2022 were as follows (in millions, except percentages):

	2023		2022	
	Carrying value	Ownership percentage	Carrying value	Ownership percentage
Cencora	\$ 2,534	16%	\$ 3,916	25%
Others	963	8% - 50%	1,579	8% - 50%
Total	\$ 3,497		\$ 5,495	

Cencora investment

As of August 31, 2023 and 2022, the Company owned 31.8 million and 52.9 million shares of Cencora common stock, respectively, representing approximately 15.9% and 25.4% of its outstanding common stock based on the share count publicly reported by Cencora in its most recent filings with the SEC.

In fiscal 2023 and 2022, the Company sold shares of Cencora common stock for total consideration of approximately \$3.4 billion and \$900 million, respectively. These transactions resulted in the Company recording pre-tax gains of \$1.6 billion and \$417 million, respectively, in Other income, net in the Consolidated Statements of Earnings, including \$160 million and \$32 million of losses, respectively, reclassified from within Accumulated other comprehensive loss in the Consolidated Balance Sheets.

As of August 31, 2023, the Company has pledged 17.3 million shares of Cencora common stock as collateral upon entering into variable prepaid forward ("VPPF") transactions. See Note 9. Financial instruments for further information.

The Company accounts for its equity investment in Cencora using the equity method of accounting, with the net earnings (loss) attributable to the Company's investment being classified within the operating income of its U.S. Retail Pharmacy segment. Due to the timing and availability of financial information of Cencora, the Company accounts for this equity method investment on a financial reporting lag of two months. Equity earnings (loss) in Cencora are reported as a separate line in the Consolidated Statements of Earnings. In fiscal 2023, 2022 and 2021, the Company recognized equity earnings (losses) in Cencora of \$252 million, \$418 million and \$(1.1) billion, respectively. The equity losses for fiscal 2021 were primarily due to Cencora's recognition of a loss of \$5.6 billion, net of tax, related to its ongoing opioid litigation in its financial statements for the three months ended September 30, 2020.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Level 1 fair market value of the Company's equity investment in Cencora common stock at August 31, 2023 and 2022 was \$5.6 billion and \$7.7 billion, respectively. As of August 31, 2023, the carrying value of the Company's investment in Cencora exceeded its proportionate share of the net assets of Cencora by \$2.4 billion. This premium of \$2.4 billion was recognized as part of the carrying value in the Company's equity investment in Cencora. The difference is primarily related to goodwill and the fair value of Cencora intangible assets.

Option Care Health investment

In fiscal 2021, the Company recorded a gain of \$290 million in Other income, net in the Consolidated Statements of Earnings, due to the partial sale of ownership interest in Option Care Health by the Company's then equity method investee HC Group Holdings. As a result of these sales 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 in Post-tax earnings from other equity method investments.

During fiscal 2022, the Company sold additional shares of Option Care Health common stock for total consideration of approximately \$363 million. During fiscal 2023, the Company sold its remaining investment in Option Care Health for total consideration of approximately \$798 million. These transactions resulted in the Company recording pre-tax gains of \$186 million and \$145 million, respectively, in Other income, net in the Consolidated Statements of Earnings. As of May 31, 2023, the Company no longer exercised significant influence over the operating and financial policies of Option Care Health and reclassified its investment from an equity method investment to an investment in equity securities at fair value, recognizing a pre-tax gain of \$76 million included in Other income, net within the Consolidated Statement of Earnings.

Other investments

At August 31, 2023, the Company's other equity method investments primarily include its U.S. investment in BrightSpring Health Services, and the Company's investments in China in Sinopharm Medicine Holding Guoda Drugstores Co., Ltd and Nanjing Pharmaceutical Company Limited. On December 15, 2022, the Company sold its ownership interest in Guangzhou Pharmaceuticals Corporation for total consideration of approximately \$150 million.

In fiscal 2022, the Company acquired majority equity interests in VillageMD and Shields, both formerly accounted for as equity method investments. The Company accounted for these acquisitions as business combinations resulting in the remeasurement of its previously held minority equity interests and convertible debt securities at fair value resulting in pre-tax gains of \$2.2 billion and \$402 million for VillageMD and Shields, respectively, recognized in Other income, net in the Consolidated Statements of Earnings. As a result of these transactions, the Company consolidated VillageMD and Shields within the U.S. Healthcare segment in its financial statements. In fiscal 2022, the Company recognized an other-than-temporary impairment of \$124 million related to an equity method investment in China. The impairment was derived using Level 3 inputs, including financial projections and market multiples of comparable companies.

Summarized financial information

Summarized financial information for the Company's equity method investments in aggregate is as follows:

Balance sheet (in millions)

	August 31,	
	2023	2022
Current assets	\$ 48,185	\$ 50,985
Non-current assets	25,618	26,497
Current liabilities	52,093	52,083
Non-current liabilities	17,999	19,712
Shareholders' equity ¹	3,711	5,687

¹ Shareholders' equity at August 31, 2023 and 2022 includes \$520 million and \$564 million, respectively, related to non-controlling interests.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Statements of earnings (in millions)

	2023	2022	2021
Sales	\$ 279,118	\$ 268,189	\$ 232,719
Gross profit	12,457	13,248	10,889
Net earnings (loss)	1,799	1,988	(3,475)
Share of earnings (loss) from equity method investments	286	468	(512)

The summarized financial information for equity method investments has been included on an aggregated basis for all investments as reported at the end of each fiscal year end.

Note 7. Goodwill and other intangible assets

Goodwill and indefinite-lived intangible assets are evaluated for impairment annually during the fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or intangible asset below its carrying value.

Based on the analysis completed as of the June 1, 2023 valuation date, the fair values of the Company's reporting units exceeded their carrying amounts ranging from approximately 3% to approximately 227%, except for VillageMD and CareCentrix reporting units where the fair values approximated the carrying values. As of August 31, 2023 and August 31, 2022, the Boots reporting unit's fair value was in excess of its carrying value by approximately 3% and 7%, respectively. As of August 31, 2023 and August 31, 2022, the carrying value of goodwill within the Boots reporting unit was \$977 million and \$906 million, respectively.

In the third quarter of fiscal 2023, as a result of pharmacy performance and the decision to close additional stores, the Company completed a quantitative impairment analysis for certain indefinite-lived intangible assets related to the Boots reporting unit within the International segment. Based on this analysis, the Company recorded an impairment loss of \$431 million within Selling, general and administrative expenses within the Consolidated Statement of Earnings related to pharmacy license intangible assets. The fair values of indefinite-lived intangibles within the Boots reporting unit exceeded their carrying value amounts ranging from approximately 3% to approximately 32%. As of August 31, 2023 and 2022, the carrying value of the indefinite-lived intangibles within the Boots reporting unit was \$5.5 billion.

In fiscal 2022 and 2021, the Company recorded, within Selling, general and administrative expenses, an impairment loss of \$783 million and \$49 million, respectively, related to indefinite-lived pharmacy license and trade name intangible assets in the Boots reporting unit, part of the International segment.

Definite-lived intangible assets are evaluated for impairment whenever events or circumstances indicate that a certain asset or asset group may be impaired. No material impairment was recorded for definite-lived intangibles in fiscal 2023, 2022 or 2021.

Changes in the carrying amount of goodwill by reportable segment consist of the following activity (in millions):

Goodwill roll forward:	U.S. Retail Pharmacy	International	U.S. Healthcare	Walgreens Boots Alliance, Inc.
August 31, 2021	\$ 10,947	\$ 1,474	\$ —	\$ 12,421
Acquisitions ¹	—	—	10,040	10,040
Currency translation adjustments and other	—	(181)	—	(181)
August 31, 2022	\$ 10,947	\$ 1,293	\$ 10,040	\$ 22,280
Acquisitions ²	—	—	5,588	5,588
Adjustments ³	—	—	252	252
Currency translation adjustments and other	—	85	(18)	67
August 31, 2023	\$ 10,947	\$ 1,378	\$ 15,863	\$ 28,187

¹ In fiscal 2022, the Company acquired controlling equity interests in VillageMD, Shields and CareCentrix which resulted in an increase to goodwill of \$8.0 billion, \$1.5 billion and \$454 million, respectively.

² In fiscal 2023, additions to goodwill primarily relate to VillageMD's acquisition of Summit.

³ Includes measurement period adjustments related to the acquisitions of VillageMD, Shields and CareCentrix. See Note 3. Acquisitions and other investments.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The carrying amount and accumulated amortization of intangible assets consist of the following (in millions):

Intangible assets:	August 31, 2023		August 31, 2022	
Gross amortizable intangible assets				
Customer relationships and loyalty card holders ¹	\$	4,658	\$	4,619
Provider networks		3,202		1,247
Trade names and trademarks		2,300		760
Developed technology		469		436
Others ²		137		93
Total gross amortizable intangible assets	\$	10,767	\$	7,155
Accumulated amortization				
Customer relationships and loyalty card holders ¹	\$	1,784	\$	1,548
Provider networks		233		64
Trade names and trademarks		401		246
Developed technology		143		56
Others ²		48		39
Total accumulated amortization		2,609		1,953
Total amortizable intangible assets, net	\$	8,158	\$	5,202
Indefinite-lived intangible assets				
Trade names and trademarks	\$	4,650	\$	4,319
Pharmacy licenses		828		1,209
Total indefinite-lived intangible assets	\$	5,477	\$	5,528
Total intangible assets, net	\$	13,635	\$	10,730

¹ Includes purchased prescription files.

² Includes certain reclassifications to conform to current period presentation.

Amortization expense for intangible assets was \$815 million, \$639 million and \$523 million in fiscal 2023, 2022 and 2021, respectively.

Estimated future annual amortization expense for the next five fiscal years for intangible assets recorded at August 31, 2023 is as follows (in millions):

	2024	2025	2026	2027	2028
Estimated annual amortization expense	\$ 930	\$ 884	\$ 852	\$ 773	\$ 697

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Debt

Debt carrying values are presented net of unamortized discount and debt issuance costs, where applicable, and foreign currency denominated debt is translated to the U.S. dollar using the spot rates as of the balance sheet date. Debt consists of the following (all amounts are presented in millions of U.S. dollars and debt issuances are denominated in U.S. dollars, unless otherwise noted):

	August 31, 2023	August 31, 2022
Short-term debt		
<i>Credit facilities</i> ¹		
November 2021 DDTL due February 2023	\$ —	\$ 1,000
<i>\$850 million note issuance</i> ¹		
0.9500% unsecured notes due 2023	850	—
<i>Other</i> ²	68	59
Total short-term debt	\$ 917	\$ 1,059
Long-term debt		
<i>Credit facilities</i> ¹		
November 2021 DDTL due November 2023	\$ —	\$ 1,998
November 2021 DDTL due November 2024	289	999
December 2022 DDTL due January 2026	999	—
<i>\$850 million note issuance</i> ¹		
0.9500% unsecured notes due 2023	—	848
<i>\$1.5 billion note issuance</i> ¹		
3.200% unsecured notes due 2030	498	498
4.100% unsecured notes due 2050	793	792
<i>\$6 billion note issuance</i> ¹		
3.450% unsecured notes due 2026	1,444	1,443
4.650% unsecured notes due 2046	318	318
<i>\$8 billion note issuance</i> ¹		
3.800% unsecured notes due 2024	1,156	1,155
4.500% unsecured notes due 2034	301	301
4.800% unsecured notes due 2044	869	869
<i>£700 million note issuance</i> ¹		
3.600% unsecured Pound Sterling notes due 2025	381	354
<i>€750 million note issuance</i> ¹		
2.125% unsecured Euro notes due 2026	814	752
<i>\$4 billion note issuance</i> ³		
4.400% unsecured notes due 2042	263	263
<i>Other</i> ²	20	26
Total long-term debt, less current portion	\$ 8,145	\$ 10,615

- Notes and borrowings under credit facilities are unsecured and unsubordinated debt obligations of the Company and rank equally in right of payment with all other unsecured and unsubordinated indebtedness of the Company from time to time outstanding.
- Other debt represents a mix of fixed and variable rate debt with various maturities and working capital facilities denominated in various currencies.
- Notes are senior debt obligations of Walgreen Co. and rank equally with all other unsecured and unsubordinated indebtedness of Walgreen Co. On December 31, 2014, the Company fully and unconditionally guaranteed the outstanding notes on an unsecured and unsubordinated basis. The guarantee, for so long as it is in place, is an unsecured, unsubordinated debt obligation of the Company and will rank equally in right of payment with all other unsecured and unsubordinated indebtedness of the Company.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At August 31, 2023, the future maturities of short-term and long-term debt, excluding debt discounts, issuance costs and finance lease obligations (See Note 5. Leases, for the future lease payments), consisted of the following (in millions):

	Amount
2024	\$ 918
2025	1,451
2026	2,830
2027	815
2028	3
Later	3,074
Total estimated future maturities	\$ 9,092

\$850 million Note Issuance

On November 17, 2021, the Company issued, in an underwritten public offering, \$850 million of 0.95% notes due 2023. The notes contain a call option which allows for the notes to be repaid, in full or in part at 100% of the principal amount of the notes to be redeemed, in each case plus accrued and unpaid interest.

Credit facilities

August 2023 Revolving Credit Agreement

On August 9, 2023, the Company entered into a \$2.25 billion unsecured three-year revolving credit facility (the "August 2023 Revolving Credit Agreement"). Interest on borrowings under the revolving credit facility accrues at applicable margins based on the Company's Index Debt Rating and ranges from 75 basis points to 150 basis points over specified benchmark rates for Secured Overnight Financing Rate ("SOFR") loans, as applicable. Additionally, the Company pays commitment fees to maintain the availability under the revolving credit facility at applicable fee rates based upon certain criteria at an annual rate on the unutilized portion of the total credit commitment. The 2023 Revolving Credit Agreement's termination date is August 9, 2027, or earlier, subject to the Company's discretion to terminate the agreement. As of August 31, 2023, there were no borrowings outstanding under the 2023 Revolving Credit Agreement.

August 2023 Delayed Draw Term Loan

On August 9, 2023, the Company entered into a \$1 billion senior unsecured delayed draw term loan credit agreement (the "August 2023 DDTL"). Borrowings under the August 2023 DDTL bear interest at a fluctuating rate per annum equal to, at the Company's option, the alternate base rate, the term SOFR or the daily SOFR, in each case, plus a credit adjustment spread and an applicable margin of 112.5 basis points. The applicable margin is based on the rating of the Company's corporate debt obligations as determined by Moody's or S&P. The August 2023 DDTL was for general corporate purposes. The August 2023 DDTL matures three years from the date of borrowing. As of August 31, 2023, there were no borrowings outstanding under the August 2023 DDTL. Amounts borrowed under the August 2023 DDTL and repaid or prepaid may not be reborrowed.

March 2023 Revolving Credit Agreement

On March 2, 2023, the Company entered into a \$900 million unsecured 364-day revolving credit facility (the "March 2023 Revolving Credit Agreement"). Interest on borrowings under the revolving credit facility accrues at applicable margins based on the Company's Index Debt Rating and ranges from 80 basis points to 110 basis points over specified benchmark rates for SOFR loans, as applicable. Additionally, the Company pays commitment fees to maintain the availability under the revolving credit facility at applicable fee rates based upon certain criteria at an annual rate on the unutilized portion of the total credit commitment. The 2023 Revolving Credit Agreement's termination date was February 29, 2024, or earlier, subject to the Company's discretion to terminate the agreement. On August 9, 2023, the Company terminated the March 2023 Revolving Credit Agreement. All outstanding obligations under the March 2023 Revolving Credit Agreement have been paid and satisfied in full.

December 2022 Delayed Draw Term Loan

On December 19, 2022, the Company entered into a \$1.0 billion senior unsecured delayed draw term loan credit agreement (the "December 2022 DDTL"). Borrowings under the December 2022 DDTL bear interest at a fluctuating rate per annum equal to, at the Company's option, the alternate base rate, the term SOFR or the daily SOFR, in each case, plus a credit adjustment spread and an applicable margin of 112.5 basis points. The applicable margin is based on the rating of the Company's corporate debt obligations as determined by Moody's or S&P. The December 2022 DDTL was drawn for the purpose of funding the consideration due for the purchase of Summit and paying fees and expenses related to it. The December 2022 DDTL matures on January 3, 2026. As of August 31, 2023, there were \$1.0 billion in borrowings outstanding under the December 2022 DDTL. Amounts borrowed under the December 2022 DDTL and repaid or prepaid may not be reborrowed.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 2022 Revolving Credit Agreements

On June 17, 2022, the Company entered into a \$3.5 billion unsecured five-year revolving credit facility and a \$1.5 billion unsecured 18-month revolving credit facility, with designated borrowers from time to time party thereto and lenders from time to time party thereto (the “2022 Revolving Credit Agreements”). Interest on borrowings under the revolving credit facilities accrue at applicable margins based on the Company’s Index Debt Rating and ranges from 80 basis points to 150 basis points over specified benchmark rates for eurocurrency rate and SOFR loans, as applicable. Additionally, the Company pays commitment fees to maintain the availability under the revolving credit facility at applicable fee rates based upon certain criteria at an annual rate on the unutilized portion of the total credit commitment. The five-year facility’s termination date is June 17, 2027, or earlier, subject to the Company’s discretion to terminate the agreement. The 18-month facility’s termination date was December 15, 2023, or earlier, subject to the Company’s discretion to terminate the agreement. On August 9, 2023 the Company terminated the 18-month facility under the 2022 Revolving Credit Agreements. All outstanding obligations under the 18-month revolving credit facility have been paid and satisfied in full. As of August 31, 2023, there were no borrowings outstanding under the five-year revolving credit facility.

November 2021 Delayed Draw Term Loan

On November 15, 2021, the Company entered into a \$5.0 billion senior unsecured multi-tranche delayed draw term loan credit facility, (the “November 2021 DDTL”) consisting of (i) a 364-day senior unsecured delayed draw term loan facility in an aggregate principal amount of \$2.0 billion (the “364-day loan”), (ii) a two-year senior unsecured delayed draw term loan facility in an aggregate principal amount of \$2.0 billion (the “two-year loan”) and (iii) a three-year senior unsecured delayed draw term loan facility in an aggregate principal amount of \$1.0 billion (the “three-year loan”). An aggregate amount of \$3.0 billion or more of the November 2021 DDTL was drawn for the purpose of funding the purchase of the increased equity interest in VillageMD, paying fees and expenses related to the foregoing, with the remainder used for general corporate purposes. In fiscal 2023, the Company repaid the 364-day loan and the two-year loan in full. The maturity date on the three-year loan is November 24, 2024. As of August 31, 2023, there were \$289 million in borrowings outstanding under the November 2021 DDTL. Amounts borrowed under the November 2021 DDTL and repaid or prepaid may not be reborrowed.

Borrowings under the November 2021 DDTL bear interest at a fluctuating rate per annum equal to the daily SOFR, plus an applicable margin. The applicable margins for the 364-day and two-year loans were 0.75% and 0.88%, respectively. The applicable margin for the three-year loan is 1.03%

Debt covenants

Each of the Company’s credit facilities described above contain a covenant to maintain, as of the last day of each fiscal quarter, a ratio of consolidated debt to total capitalization not to exceed 0.60:1.00, subject to increase in certain circumstances set forth in the applicable credit agreement. The credit facilities contain various other customary financial covenants. As of August 31, 2023, the Company was in compliance with all such applicable financial covenants.

Commercial paper

The Company periodically borrows under its commercial paper program and may borrow under it in future periods. As of August 31, 2023 and 2022, there were no borrowings outstanding under the commercial paper program.

Interest

Interest paid by the Company was \$606 million, \$420 million and \$916 million in fiscal 2023, 2022 and 2021, respectively. Interest paid in fiscal 2022 and 2021 included charges on early extinguishment of debt of \$6 million and \$387 million, respectively.

Note 9. Financial instruments

The Company uses derivative instruments to hedge its exposure to market risks, including interest rate and currency risks, arising from operating and financing risks. The Company has non-U.S. dollar denominated net investments and uses foreign currency denominated financial instruments, specifically foreign currency derivatives and foreign currency denominated debt, to hedge its foreign currency risk.

The Company economically hedges a portion of its exposure to equity price risk related to its investment in Cencora through variable prepaid forward derivative contracts.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The notional amounts and fair value of derivative instruments outstanding were as follows (in millions):

August 31, 2023	Notional	Fair value	Location in Consolidated Balance Sheets
Derivatives designated as hedges:			
Foreign currency forwards	\$ 31	\$ 1	Other current assets
Cross currency interest rate swaps	650	28	Other non-current assets
Foreign currency forwards	805	2	Other current liabilities
Cross currency interest rate swaps	102	2	Other current liabilities
Foreign currency forwards	4	—	Other non-current liabilities
Derivatives not designated as hedges:			
Foreign currency forwards	\$ 3,139	\$ 6	Other current assets
Total return swap	168	1	Other current assets
Foreign currency forwards	817	2	Other current liabilities
Total return swap	26	1	Other current liabilities
Variable prepaid forward contracts	3,195	2,548	Other non-current liabilities

August 31, 2022	Notional	Fair value	Location in Consolidated Balance Sheets
Derivatives designated as hedges:			
Foreign currency forwards	\$ 448	\$ 19	Other current assets
Cross currency interest rate swaps	150	12	Other current assets
Cross currency interest rate swaps	750	83	Other non-current assets
Foreign currency forwards	3	—	Other non-current assets
Foreign currency forwards	221	1	Other current liabilities
Derivatives not designated as hedges:			
Foreign currency forwards	\$ 2,874	\$ 49	Other current assets
Foreign currency forwards	1,098	6	Other current liabilities
Total return swap	183	6	Other current liabilities

Net investment hedges

The Company uses cross currency interest rate swaps and foreign currency forward contracts to hedge net investments in subsidiaries with non-U.S. dollar functional currencies. For qualifying net investment hedges, changes in the fair value of the derivatives are recorded in Currency translation adjustments within Accumulated other comprehensive loss in the Consolidated Balance Sheets.

Cash flow hedges

The Company may use foreign currency forwards and interest rate swaps to hedge the variability in forecasted transactions and cash flows of certain floating-rate debt. For qualifying cash flow hedges, changes in the fair value of the derivatives are recorded in Unrealized gain (loss) on cash flow hedges within Accumulated other comprehensive income (loss) in the Consolidated Balance Sheets, and released to the Consolidated Statements of Earnings when the hedged cash flows affect earnings.

Derivatives not designated as hedges

The Company enters into derivative transactions that are not designated as accounting hedges. These derivative instruments are economic hedges of foreign currency risks and equity price risk. The Company also utilizes total return swaps to economically hedge variability in compensation charges related to certain deferred compensation obligations.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In fiscal 2023, the Company entered into VPF transactions with third-party financial institutions and received upfront prepayments related to the forward sale of shares of Cencora common stock. The upfront prepayments are recorded within Other non-current liabilities in the Consolidated Balance Sheet as derivatives. The Company has pledged shares of Cencora common stock as collateral upon entering into the VPF transactions. The VPF transactions provide the Company with current liquidity while allowing it to maintain voting and dividend rights in the Cencora common stock, as well as the ability to participate in future stock price appreciation during the term of the contracts up to a cap price specified in the contracts. The VPF transactions are expected to be settled per their respective forward settlement dates, at which time the Company will be obligated, unless it elects to settle otherwise as described below, to deliver the full number of shares of Cencora common stock to settle the agreements. The Company may receive additional cash payments to be determined based on the price of the Cencora common stock at the forward settlement dates relative to the forward floor and cap price specified in the contracts. Subject to certain conditions, the Company may elect to net settle the contract by delivery of shares (or payment of the cash value thereof) in lieu of receiving any additional cash. The aggregate number of Cencora shares to be delivered in connection with the VPF transactions will not exceed the shares subject to forward sale.

The terms of the VPF transactions were as follows (in millions):

Transaction date	Shares pledged and maximum shares subject to forward sale	Prepayment amount	Forward settlement date
May 11, 2023	4.6	\$ 644	Fourth quarter, fiscal 2025
June 15, 2023	2.2	325	Third quarter, fiscal 2025
August 3, 2023	5.3	801	First quarter, fiscal 2026
August 4, 2023	5.3	797	Third quarter, fiscal 2026
	17.3	\$ 2,568	

The income (expense) due to changes in fair value of derivative instruments were recognized in the Consolidated Statements of Earnings as follows (in millions):

	Location in Consolidated Statements of Earnings	2023	2022	2021
Foreign currency forwards	Selling, general and administrative expense ¹	\$ —	\$ —	\$ (75)
Total return swap	Selling, general and administrative expense	12	(33)	58
Foreign currency forwards	Other income, net ^{1,2}	(273)	523	(8)
Variable prepaid forward	Other income, net	19	—	—

¹ In fiscal 2022, certain expenses related to derivative instruments used as economic hedges, were presented as Other income, net within the Consolidated Statements of Earnings, whereas these expenses were recorded within Selling, general, and administrative expenses within the Consolidated Statements of Earnings in fiscal 2021.

² Excludes remeasurement gains and losses on economically hedged assets and liabilities.

Derivatives credit risk

Counterparties to derivative financial instruments expose the Company to credit-related losses in the event of counterparty nonperformance, and the Company regularly monitors the credit worthiness of each counterparty.

Derivatives offsetting

The Company does not offset the fair value amounts of derivative instruments subject to master netting agreements in the Consolidated Balance Sheets.

Note 10. Fair value measurements

The Company measures certain assets and liabilities in accordance with Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures, which defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In addition, it establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad Levels:

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Level 1 - Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable inputs other than quoted prices in active markets.

Level 3 - Unobservable inputs for which there is little or no market data available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Assets and liabilities measured at fair value on a recurring basis were as follows (in millions):

	August 31, 2023		Level 1		Level 2		Level 3	
Assets:								
Money market funds ¹	\$	11	\$	11	\$	—	\$	—
Cross currency interest rate swaps ²		28		—		28		—
Foreign currency forwards ³		6		—		6		—
Investments in equity securities ⁴		17		17		—		—
Investment in debt securities ⁵		15		—		15		—
Total return swaps		1		—		1		—
Liabilities:								
Variable prepaid forward ⁶	\$	2,548	\$	—	\$	—	\$	2,548
Foreign currency forwards ³		5		—		5		—
Total return swaps		1		—		1		—
Cross currency interest rate swaps ²		2		—		2		—

	August 31, 2022		Level 1		Level 2		Level 3	
Assets:								
Money market funds ¹	\$	1,114	\$	1,114	\$	—	\$	—
Investments in debt securities ⁵		130		—		130		—
Foreign currency forwards ³		69		—		69		—
Investments in equity securities ⁴		1		1		—		—
Cross currency interest rate swaps ²		96		—		96		—
Liabilities:								
Total return swaps	\$	6	\$	—	\$	6	\$	—
Foreign currency forwards ³		7		—		7		—

- ¹ Money market funds are valued at the closing price reported by the fund sponsor and classified as marketable securities on the Consolidated Balance Sheets.
- ² The fair value of cross currency interest rate swaps is calculated by discounting the estimated future cash flows based on the applicable observable yield curves. See Note 9. Financial instruments, for further information.
- ³ The fair value of forward currency contracts is estimated by discounting the difference between the contractual forward price and the current available forward price for the residual maturity of the contract using observable market rates. See Note 9. Financial instruments, for further information.
- ⁴ Fair values of quoted investments are based on current bid prices as of August 31, 2023 and August 31, 2022.
- ⁵ Includes investments in Treasury debt securities.
- ⁶ The fair value of the derivative was derived from a Black-Scholes valuation. The inputs used in valuing the derivative included observable inputs such as the floor and cap prices of the VPF, dividend yield of Cencora shares, risk free interest rate, and contractual term of the instrument, as well as unobservable inputs such as implied volatility of Cencora shares (ranging from 23.2% - 24.7% for the lower strike and 18.1% - 19.1% for the upper strike). See Note 9. Financial instruments, for further information.

There were no transfers between Levels in fiscal 2023 or 2022.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The roll forward of the fair value of the VPF derivatives associated with the forward sale of shares of Cencora common stock, classified as Level 3, for fiscal 2023 is as follows (in millions):

	<u>2023</u>
Opening balance	\$ —
VPF derivative additions	(2,568)
Unrealized gains recorded in Other income, net	19
Ending balance	\$ (2,548)

The carrying value of the Company's credit facilities approximated their respective fair values due to their short-term nature.

The Company reports its debt instruments under the guidance of ASC Topic 825, Financial Instruments, which requires disclosure of the fair value of the Company's debt in the footnotes to the Consolidated Financial Statements. As of August 31, 2023, the carrying amounts and estimated fair values of long term notes outstanding including the current portion were \$7.7 billion and \$6.8 billion, respectively.

The fair values of the notes outstanding are Level 1 fair value measures and determined based on quoted market price and translated at the August 31, 2023 rate, as applicable. The fair values and carrying values of these issuances do not include notes that have been redeemed or repaid as of August 31, 2023. See Note. 8 Debt, for further information. The carrying values of accounts receivable and trade accounts payable approximate their respective fair values due to their short-term nature.

Note 11. Commitments and contingencies

The Company is involved in legal proceedings arising in the normal course of its business, including litigation, arbitration and other claims, and investigations, inspections, subpoenas, audits, claims, inquiries and similar actions by governmental authorities in pharmacy, healthcare, tax and other areas. Some of these proceedings may be class actions, and some involve claims for large or indeterminate amounts, including punitive or exemplary damages, and they may remain unresolved for several years. Legal proceedings in general, and securities, class action and multi-district litigation, in particular, can be expensive and disruptive.

From time to time, the Company is also involved in legal proceedings as a plaintiff involving antitrust, tax, contract, intellectual property and other matters. Gain contingencies, if any, are recognized when they are realized.

The Company is subject to extensive regulation by national, state and local government agencies in the U.S. and other countries in which it operates. The Company's business, compliance and reporting practices are subject to intensive scrutiny under applicable regulation, including review or audit by regulatory authorities. As a result, the Company regularly is the subject of government actions of the types described herein. The Company also may be named from time to time in qui tam actions initiated by private parties. In such an action, a private party purports to act on behalf of federal or state governments, alleges that false claims have been submitted for payment by the government and may receive an award if its claims are successful. After a private party has filed a qui tam action, the government must investigate the private party's claim and determine whether to intervene in and take control over the litigation. These actions may remain under seal while the government makes this determination. If the government declines to intervene, the private party may nonetheless continue to pursue the litigation on its own purporting to act on behalf of the government.

The results of legal proceedings, including government investigations, are often uncertain and difficult to predict, and the costs incurred in these matters can be substantial, regardless of the outcome. In addition, as a result of governmental investigations or proceedings, the Company may be subject to damages, civil or criminal fines or penalties, or other sanctions, including the possible suspension or loss of licensure and suspension or exclusion from participation in government programs.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company describes below certain proceedings against the Company in which the amount of loss could be material. The Company accrues for legal claims when, and to the extent that, the amount or range of probable loss can be reasonably estimated. The Company believes there are meritorious defenses in each of these proceedings, and it intends to defend each case vigorously, but there can be no assurance as to the ultimate outcome. With respect to litigation and other legal proceedings where the Company has determined a material loss is reasonably possible, except as otherwise disclosed, the Company is not able to make a reasonable estimate of the amount or range of loss that is reasonably possible above any accrued amounts in these proceedings, due to various reasons, including: existence of factual and legal arguments that, if successful, will eliminate or sharply reduce the possibility of loss; lack of sufficient information about the arguments and the evidence plaintiffs will advance with respect to their damages; some of the cases have been stayed; certain proceedings present novel and complex questions of public policy; legal and factual determinations and judicial and governmental procedure; the large number of parties involved; and the inherent uncertainties related to such litigation.

Litigation Relating to 2016 Goals

On December 29, 2014, a putative shareholder filed a derivative action in federal court in the Northern District of Illinois against certain current and former directors and officers of Walgreen Co. and Walgreen Co., as a nominal defendant, arising out of certain public statements the Company made regarding its former fiscal 2016 goals. (*Cutler v. Wasson et al.*, No. 1:14-cv-10408 (N.D. Ill.)) The action asserts claims for breach of fiduciary duty, waste and unjust enrichment. On May 18, 2015, the case was stayed in light of a securities class action that was filed on April 10, 2015 (discussed below). On November 3, 2016, the Court entered a stipulation and order extending the stay until the resolution of the securities class action. The securities class action was resolved and a final judgement order entered on October 13, 2022. On March 24, 2023, the plaintiff filed a motion for preliminary approval of a settlement resolving the litigation. On May 8, 2023 the Court entered an order preliminarily approving the settlement. On July 25, 2023 the Court entered final approval of the settlement. As of August 31, 2023, the settlement was final and paid in full.

On April 10, 2015, a putative shareholder filed a securities class action in federal court in the Northern District of Illinois against Walgreen Co. and certain former officers of Walgreen Co. (*Washtenaw County Employees' Retirement System v. Walgreen Co. et al.*, No. 1:15-cv-3187 (N.D. Ill.)) The action asserts claims for violation of the federal securities laws arising out of certain public statements the Company made regarding its former fiscal 2016 goals. On June 29, 2022 the Court granted preliminary approval of a settlement in the amount of \$105 million which was paid in fiscal 2022. The Court issued a final judgment order approving the settlement on October 13, 2022.

Securities Claims Relating to Rite-Aid Merger

On December 11, 2017, purported Rite Aid shareholders filed an amended complaint in a putative class action lawsuit in the U.S. District Court for the Middle District of Pennsylvania (the "M.D. Pa. class action") arising out of transactions contemplated by the merger agreement between the Company and Rite Aid. The amended complaint alleges that the Company and certain of its officers made false or misleading statements regarding the transactions. Fact and expert discovery have concluded. The Court denied both plaintiffs' partial motion for summary judgement and the Company's motion for summary judgment on March 31, 2023. Trial is scheduled for January 29, 2024. On August 23, 2023, the Company, the other defendants in the M.D. Pa. class action, and the lead plaintiffs entered into a binding agreement to settle all claims in the M.D. Pa. class action. The settlement of approximately \$193 million provides for the dismissal of the M.D. Pa. class action with prejudice. Defendants admitted no liability and denied all allegations of wrongdoing. As of August 31, 2023, the Company recorded a \$193 million liability associated with this settlement. The settlement is subject to approval at a hearing on a date to be set by the Court.

In October and December 2020, two separate purported Rite Aid Shareholders filed actions in the same court opting out of the class in the M.D. Pa. class action and making nearly identical allegations as those in the M.D. Pa. class action (the "Opt-out Actions"). The stay in the Opt-out Actions has been lifted following the Court's rulings on summary judgment motions in the M.D. Pa. class action. The Company filed answers and affirmative defenses and discovery is ongoing. No trial date has been set.

Putative shareholder filed a derivative suit in the District Court of Delaware on March 19, 2021 (*Clem v. Skinner, et. al*, 21-CV-406 Del Dist. Ct.) against certain current and former Walgreens directors and officers alleging breach of fiduciary duty and seeking contribution under Section 21D of the Exchange Act in connection with the M.D. Pa. class action. Plaintiffs' allegations in this derivative suit concern the same public statements at issue in the M.D. Pa. class action. The case has been stayed since its inception given the pending M.D. Pa. class action.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Claims Relating to Opioid Abuse

On May 5, 2022, the Company announced that it had entered into 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. This settlement agreement was not an admission of liability or wrong-doing and resolved all pending and future opioid litigation by state and government subdivisions in the State of Florida. The settlement amount of \$683 million includes \$620 million in remediation payments, which will be paid to the State of Florida in equal installments over 18 years, and will be applied as opioid remediation, as well as a one-time payment of \$63 million for attorneys' fees. In fiscal 2022, the Company recorded a \$683 million liability associated with this settlement.

On November 2, 2022, the Company announced that it had agreed to financial amounts and payment terms as part of settlement frameworks (the "Settlement Frameworks") that had the potential to resolve a substantial majority of opioid-related lawsuits filed against the Company by the attorneys general of participating states and political subdivisions (the "Settling States") and litigation brought by counsel for tribes. Under the Settlement Frameworks with the Settling States and counsel for tribes, the Company announced that it expected to settle all opioid claims against it by such Settling States, their participating political subdivisions, and participating tribes for up to approximately \$4.8 billion and \$155 million, respectively in remediation payments to be paid out over 15 years. The Settlement Frameworks provided for the payment of up to approximately \$754 million in attorneys' fees and costs over 6 years beginning in year two of the Settlement Frameworks. The Settlement Frameworks included no admission of wrongdoing or liability by the Company.

As of November 30, 2022, the Company concluded that Settlement Framework discussions had advanced to a stage where a broad settlement of opioid claims by Settling States was probable, and for which the related loss was reasonably estimable. As a result of those conclusions and the Company's ongoing assessment of other opioid-related claims, the Company recorded a \$6.5 billion liability associated with the Settlement Frameworks and other opioid-related claims and litigation settlements during the three months ended November 30, 2022. The settlement accrual was reflected in the Consolidated Statement of Earnings within Selling, general and administrative expenses as part of the U.S. Retail Pharmacy segment.

On December 9, 2022, the Company committed the Settlement Frameworks to a proposed settlement agreement (the "Proposed Settlement Agreement") that was contingent on (1) a sufficient number of Settling States, including those that had not sued, agreeing to the Proposed Settlement Agreement following a sign-on period, and (2) following a notice period, a sufficient number of political subdivisions within Settling States, including those that had not sued, agreeing to the Proposed Settlement Agreement (or otherwise having their claims foreclosed). On June 8, 2023 the Company informed the Settling States that there was sufficient State participation, sufficient Subdivision participation, and sufficient resolution of the claims of Litigating Subdivisions in the Settling States to proceed with the multistate settlement. The Company has now resolved its litigation with all states, territories, tribes and 99.5% of litigating subdivisions within Settling States included in the Proposed Settlement or in separate agreements. Estimated liabilities for these settlements are fully accrued. Incentive payments to Settling States with non-participating political subdivisions are subject to reduction and those subdivisions are still entitled to pursue their claims against the Company.

The Proposed Settlement Agreement became effective on August 7, 2023 (the "Multistate Settlement Agreement"). The Company will continue to vigorously defend against any litigation not covered by the Multistate Settlement Agreement, including private plaintiff litigation. The Company continues to believe it has strong legal defenses and appellate arguments in all of these cases.

As of August 31, 2023, the Company has accrued a total \$7.0 billion liability associated with the Multistate Settlement Agreement and other opioid-related claims and litigation settlements, including \$703 million and \$6.3 billion of the estimated settlement liability in Accrued expenses and other current liabilities, and Accrued litigation obligations, respectively, in the Consolidated Balance Sheet.

The Company remains a defendant in multiple actions in federal courts alleging claims generally concerning the impacts of widespread opioid abuse, which have been commenced by various plaintiffs. In December 2017, the U.S. Judicial Panel on Multidistrict Litigation consolidated many of these cases in a consolidated multidistrict litigation, captioned *In re National Prescription Opiate Litigation* (MDL No. 2804, Case No. 17-md-2804), which is pending in the U.S. District Court for the Northern District of Ohio ("N.D. Ohio"). The Company is a defendant in the following multidistrict litigation (MDL) bellwether cases:

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Two consolidated cases in N.D. Ohio (*Cnty. of Lake, Ohio v. Purdue Pharma L.P., et al.*, Case No. 18-op-45032; *Cnty. of Trumbull, Ohio v. Purdue Pharma L.P., et al.*, Case No. 18-op-45079). In November 2021, the jury returned a verdict in favor of the plaintiffs as to liability, and a second trial regarding remedies took place in May 2022. In August 2022, the court entered orders providing for injunctive relief and requiring the defendants to pay \$651 million over a 15-year period to fund abatement programs. The court found that the damages are subject to joint and several liability and as such made no determination as to apportionment. These decisions are currently on appeal.

The Company also has been named as a defendant in multiple actions brought in state courts relating to opioid matters. Trial dates have been set in cases pending in state courts in the following states:

- Maryland (*Mayor and City Council of Baltimore v. Purdue Pharma L.P., et al.*, Case No. 24-C-18-000515, Circuit Court for Baltimore City, Baltimore, Maryland - September 2024).
- Florida (*Florida Health Sciences Center, Inc., et al. v. Richard Sackler, et al.*, Case No. CACE 19-018882, Seventeenth Judicial Circuit Court, Broward County, Florida - July 2025).

The relief sought by various plaintiffs in these matters includes compensatory, abatement, restitution and punitive damages, as well as injunctive relief. Additionally, the Company has received from the U.S. Department of Justice (“DOJ”) and the Attorneys General of numerous states subpoenas, civil investigative demands, and other requests concerning opioid-related matters. The Company continues to communicate with the DOJ regarding purported violations of the federal Controlled Substances Act and the federal False Claims Act in dispensing prescriptions for opioids and other controlled substances at its pharmacies nationwide.

Usual and Customary Pricing Litigation

The Company is defending a number of claims, lawsuits and investigations that allege that the Company’s retail pharmacies overcharged for prescription drugs by not submitting the correct usual and customary price during the claims adjudication process. These actions have been brought by different types of plaintiffs, including insurance companies, plan members, government and private payors, based on different legal theories. The Company has appropriately accrued for these matters, based on each matter’s unique facts and circumstances. As of August 31, 2023, the Company has accrued an estimated liability of approximately \$304 million for these matters. Loss contingencies are highly subjective and unpredictable and unfavorable developments can occur. The amount of the actual loss may differ materially from the accrual estimate. In one such case, Humana initiated an arbitration before the American Arbitration Association. At the conclusion of that matter, the arbitrator issued an award in Humana’s favor in the amount of \$642 million. The Company has asked a federal court to vacate that award.

Note 12. Income taxes

The components of (Loss) earnings before income tax (benefit) provision were (in millions):

	2023	2022	2021
U.S.	\$ (7,553)	\$ 2,998	\$ 61
Non-U.S.	2,134	987	1,934
Total	\$ (5,419)	\$ 3,985	\$ 1,995

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Income tax (benefit) provision consists of the following (in millions):

	2023	2022	2021
Current provision			
Federal	\$ 242	\$ 39	\$ 79
State	(13)	37	115
Non-U.S.	283	260	234
	<u>\$ 512</u>	<u>\$ 336</u>	<u>\$ 428</u>
Deferred provision			
Federal	\$ (1,886)	\$ (78)	\$ (10)
State	(364)	(20)	(46)
Non-U.S. – tax law change	—	—	344
Non-U.S. – excluding tax law change	(120)	(268)	(49)
	<u>(2,370)</u>	<u>(366)</u>	<u>239</u>
Income tax (benefit) provision	<u>\$ (1,858)</u>	<u>\$ (30)</u>	<u>\$ 667</u>

The Company's effective tax rate for fiscal 2023 and 2022 was a benefit of 34.3% and 0.8%, respectively. The increase in the effective tax rate benefit was primarily attributable to a reduction in the valuation allowance, changes to deferred taxes as a result of internal legal entity restructuring, and tax benefits related to a measurement change in prior year tax positions. These benefits were partially offset by the impact of certain nondeductible charges for opioid-related claims and litigation settlements recorded during fiscal 2023. The Company recognized a tax benefit due to the reduction of a valuation allowance previously recorded against deferred tax assets related to capital loss carryforwards. The reduction is primarily due to capital loss carryforwards utilized in the current year against capital gains recognized on the sale of shares in Cencora and other forecasted capital gains. See Note 6. Equity method investments for further information.

The difference between the statutory federal income tax rate and the effective tax rate is as follows:

	2023	2022	2021
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	5.8	0.4	3.5
Foreign income taxed at non-U.S. rates	(3.0)	(3.0)	(4.4)
Non-taxable income	2.5	(2.7)	(5.0)
Non-deductible expenses	(4.9)	3.0	0.3
Tax law changes	—	—	17.3
Change in valuation allowance ¹	6.0	(9.0)	(4.7)
Tax benefits from restructuring	1.1	—	(4.2)
Tax expense on non-operating equity earnings	—	—	6.1
Uncertain tax positions	(0.5)	1.3	6.2
Non-controlling interest	(2.9)	1.2	—
Tax credits	2.8	(1.0)	(1.8)
Conversion of equity investment	—	(11.8)	—
Change in outside basis difference	1.9	—	—
Change in measurement of prior year tax positions	3.5	—	—
Other	1.0	(0.2)	(0.9)
Effective income tax rate ²	<u>34.3 %</u>	<u>(0.8) %</u>	<u>33.4 %</u>

¹ Net of changes in related tax attributes and tax benefits from capital losses generated and utilized.

² Effective tax rate for fiscal 2023 represents a tax benefit on a pre-tax loss.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The deferred tax assets and liabilities included in the Consolidated Balance Sheets consist of the following (in millions):

	August 31, 2023	August 31, 2022
Deferred tax assets:		
Compensation and benefits	\$ 98	\$ 171
Insurance	131	108
Accrued rent & lease obligations	5,265	5,296
Legal liability ¹	1,551	174
Allowance for doubtful accounts	23	53
Tax attributes	7,784	7,825
Stock compensation	74	56
Deferred income	8	120
Equity method investment	76	—
Other ¹	143	56
Total deferred tax assets	\$ 15,153	\$ 13,859
Less: valuation allowance	7,360	7,521
Total deferred tax assets, net	\$ 7,793	\$ 6,338
Deferred tax liabilities:		
Accelerated depreciation	\$ 254	\$ 634
Inventory	403	441
Intangible assets	1,024	1,134
Equity method investment	—	314
Lease right-of-use asset	4,690	4,763
Outside basis difference ¹	1,045	52
Other ¹	180	303
Total deferred tax liabilities	7,596	7,641
Net deferred tax assets (liabilities)	\$ 197	\$ (1,303)

¹ Includes certain reclassifications to conform to current period presentation.

As of August 31, 2023, the Company has recorded deferred tax assets for tax attributes of \$7.8 billion, primarily reflecting the benefit of \$1.8 billion in U.S. federal, \$465 million in state and \$28.7 billion in non-U.S. ordinary and capital losses. In addition, these deferred tax assets include \$158 million of income tax credits. Of these deferred tax assets, \$6.9 billion will expire at various dates from 2024 through 2040. The residual deferred tax assets of \$832 million have no expiration date.

The Company believes it is more likely than not that the benefit from certain deferred tax assets will not be realized. The assessment of realization of deferred tax assets is performed based on the weight of the positive and negative evidence available to indicate whether the asset is recoverable, including tax planning strategies that are prudent and feasible. In recognition of this risk, the Company has recorded a valuation allowance of \$7.4 billion against those deferred tax assets as of August 31, 2023.

Income taxes paid, net of refunds were \$64 million, \$387 million and \$336 million for fiscal 2023, 2022 and 2021, respectively.

ASC Topic 740, Income Taxes, provides guidance regarding the recognition, measurement, presentation and disclosure in the financial statement of tax positions taken or expected to be taken on a tax return, including the decision whether to file in a particular jurisdiction. As of August 31, 2023 and 2022, unrecognized tax benefits of \$703 million and \$618 million were reported within Other non-current liabilities, respectively; \$413 million and \$473 million were reported against deferred taxes, respectively; and \$116 million and \$116 million were reported against related tax receivables in Other non-current assets, respectively, on the Consolidated Balance Sheets. These amounts include interest and penalties, when applicable.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table provides a reconciliation of the total amounts of unrecognized tax benefits (in millions):

	2023	2022	2021
Balance at beginning of year	\$ 1,110	\$ 1,098	\$ 494
Gross increases related to tax positions in a prior period	12	63	229
Gross decreases related to tax positions in a prior period	(19)	(51)	(52)
Gross increases related to tax positions in the current period	12	21	446
Settlements with taxing authorities	(7)	(19)	(13)
Lapse of statute of limitations	(2)	(2)	(6)
Balance at end of year	\$ 1,106	\$ 1,110	\$ 1,098

At August 31, 2023, 2022 and 2021, \$588 million, \$529 million and \$524 million, respectively, of unrecognized tax benefits would favorably impact the effective tax rate if recognized. During the next twelve months, based on current knowledge, it is reasonably possible the amount of unrecognized tax benefits could decrease by up to \$257 million due to anticipated federal and state tax audit settlements and the expirations of statutes of limitations associated with tax positions related to multiple state tax jurisdictions.

The Company recognizes interest and penalties in the income tax provision in its Consolidated Statements of Earnings. At August 31, 2023 and 2022, the Company had accrued interest and penalties of \$125 million and \$97 million, respectively. For the years ended August 31, 2023, 2022 and 2021, the amounts reported in income tax expense related to interest and penalties were \$29 million, \$13 million and \$26 million, respectively.

The Company files a consolidated U.S. federal income tax return as well as income tax returns in various states and multiple foreign jurisdictions. It is generally no longer under audit examinations for U.S. federal income tax purposes for any years prior to fiscal 2014. With few exceptions, it is no longer subject to state and local income tax examinations by tax authorities for years before fiscal 2008. In foreign tax jurisdictions, the Company is generally no longer subject to examination by the tax authorities in the UK prior to 2015, Luxembourg prior to 2018 and in Germany prior to 2014.

The Company has received tax holidays from Swiss cantonal income taxes relative to certain of its Swiss operations. The income tax holidays expired in September 2022. A reduced tax rate will extend through December 2029. The holidays had a beneficial impact of \$9 million, \$104 million and \$118 million (inclusive of capital GILTI tax cost) during fiscal 2023, 2022 and 2021, respectively. This benefit is primarily included as part of the foreign income taxed at non-U.S. rates line in the effective tax rate reconciliation table above.

At August 31, 2023, it is not practicable for the Company to determine the amount of the unrecognized deferred tax liability it has with respect to temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration.

U.S. tax law changes

On August 16, 2022, the United States government enacted the IRA. The IRA establishes a new corporate alternative minimum tax based on financial statement income adjusted for certain items. The new minimum tax is effective for tax years beginning after December 31, 2022 (fiscal 2024). The enactment of the IRA did not have a material impact to the Company's financial statements.

During 2019, the U.S. Treasury Department issued regulations to apply retroactively covering certain components of the Tax Cuts and Jobs Act of 2017. Certain guidance included in these regulations is inconsistent with the Company's interpretation that led to the recognition of \$247 million of tax benefits in prior periods. The tax benefits relate to the Company's one-time transition tax on certain un-repatriated earnings of foreign subsidiaries, which was enacted as part of the 2017 U.S. tax law changes. Despite this guidance, the Company remains confident in its interpretation of the U.S. tax law changes and intends to defend this position through litigation, if necessary. However, if the Company is ultimately unsuccessful in defending its position, it may be required to reverse all or a portion of the benefits previously recorded.

UK tax law changes

On June 10, 2021, the UK Finance Act 2021 was enacted increasing the UK tax rate from 19% to 25% effective April 1, 2023. The Company recorded tax expense of \$344 million from re-measuring the net UK deferred tax liability in fiscal 2021.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Stock compensation plans

In fiscal 2021, the Company's Board of Directors approved the Walgreens Boots Alliance, Inc. 2021 Omnibus Incentive Plan (the "2021 Omnibus Plan"). The 2021 Omnibus Plan replicates the Walgreens Boots Alliance, Inc. 2013 Omnibus Incentive Plan and provides incentive compensation to the Company's non-employee directors, officers and other eligible employees.

The Company grants stock options, performance shares and restricted units under the 2021 Omnibus Plan. Performance shares issued under the 2021 Omnibus Plan offer performance-based incentive equity awards to certain employees. Restricted stock units are also equity-based awards with vesting requirements that are granted to key employees. The performance shares and restricted stock unit awards are both subject to restrictions as to continuous employment except in the case of death, normal retirement or total and permanent disability. Stock-based compensation expense associated with such plans for fiscal 2023, 2022 and 2021 was \$58 million, \$133 million and \$155 million, respectively.

Certain majority-owned subsidiaries within the U.S. Healthcare segment maintain standalone stock-based compensation plans. Stock-based compensation expense associated with such plans for fiscal 2023 and 2022 was \$327 million and \$269 million, respectively, including the impact of fair value adjustments resulting from acquisitions. Awards granted under standalone stock-based compensation plans include subsidiary units, profits interests, and options. Awards generally vest over time or subject to achievement of certain subsidiary performance targets. Certain awards accelerate vesting upon a change in control or upon the Company's acquisition of additional subsidiary equity above a certain threshold.

Unrecognized compensation cost related to non-vested awards, inclusive of awards issued under the 2021 Omnibus Plan and the standalone subsidiary stock compensation plans, was \$388 million at August 31, 2023, which will be fully recognized over the next three years.

Note 14. Retirement benefits

The Company sponsors several retirement plans, including defined benefit plans, defined contribution plans and a post-retirement health plan.

Defined benefit pension plans (non-U.S. plans)

The Company has various defined benefit pension plans outside the U.S. The principal defined benefit pension plan is the Boots Pension Plan (the "Boots Plan"), which covers certain employees in the UK. The Boots Plan is a funded final salary defined benefit plan providing pensions and death benefits to members. The Boots Plan was closed to future accrual effective July 1, 2010, with pensions calculated based on salaries up until that date. The Boots Plan is governed by a trustee board, which is independent of the Company. The plan is subject to a full funding actuarial valuation on a triennial basis. The investment strategy of the principal defined benefit pension plan is to hold the majority of its assets in a diverse portfolio ("Matching Portfolio") which aims to broadly match the characteristics of the plan's liabilities by investing in bonds, derivatives and other fixed income assets, with the remainder invested in predominantly return-seeking assets. Interest rate and inflation rate swaps are also employed to complement the role of fixed and index-linked bond holdings in liability risk management.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables present classes of defined benefit pension plan assets by fair value hierarchy (in millions):

	August 31, 2023	Level 1	Level 2	Level 3
Equity securities:				
Equity securities ¹	\$ 264	\$ —	\$ 264	\$ —
Debt securities:				
Fixed interest government bonds ²	1,044	848	196	—
Index linked government bonds ²	1,364	1,364	—	—
Corporate bonds ³	1,214	—	1,214	—
Real estate:				
Real estate ⁴	466	—	—	466
Other:				
Other investments, net ⁵	1,242	142	338	761
Total	\$ 5,594	\$ 2,354	\$ 2,012	\$ 1,228
	August 31, 2022	Level 1	Level 2	Level 3
Equity securities:				
Equity securities ¹	\$ 967	\$ —	\$ 967	\$ —
Debt securities:				
Fixed interest government bonds ²	688	402	285	—
Index linked government bonds ²	1,785	1,785	—	—
Corporate bonds ³	1,980	—	1,980	—
Real estate:				
Real estate ⁴	548	—	—	548
Other:				
Other investments, net ⁵	636	10	(87)	713
Total	\$ 6,603	\$ 2,197	\$ 3,145	\$ 1,261

¹ Includes investments in commingled funds, are valued based on quoted prices and are primarily exchange-traded. Securities for which official close or last trade pricing on an active exchange is available are classified as Level 1 investments. If closing prices are not available, or the investments are in a commingled fund, securities are valued at the last quoted bid price and typically are categorized as Level 2 investments.

² Includes government bonds comprising fixed interest and index linked bonds issued by central governments and are valued based on quotes received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type, as well as dealer-supplied prices.

³ Includes bonds issued by corporations in both segregated and commingled funds and are valued using recently executed transactions, or quoted market prices for similar assets and liabilities in active markets, or for identical assets and liabilities in markets that are not active. If there have been no market transactions in a particular fixed income security, its fair value is calculated by pricing models that benchmark the security against other securities with actual market prices.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- ⁴ Includes investments in certain property funds which are valued based on the underlying properties. These properties are valued using a number of standard industry techniques such as cost, discounted cash flows, independent appraisals and market based comparable data. Real estate investments are categorized as Level 3 investments. Changes in Level 3 investments during fiscal 2023 were driven by actual return on plan assets still held at August 31, 2023 and purchases during the year.
- ⁵ Includes net receivable (payable) amounts for unsettled transactions, cash and cash equivalents, derivatives, insurance linked securities and direct private placements. Cash is categorized as a Level 1 investment and cash in commingled funds is categorized as a Level 2 investment. Amounts receivable (payable) are categorized as level 2 investments. Cash equivalents are valued using observable yield curves, discounting and interest rates and are categorized as Level 2 investments. Derivatives which are exchange-traded and for which market quotations are readily available are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market, or exchange on which they are traded, and are categorized as Level 1 investments. Over-the-counter derivatives typically are valued by independent pricing services and are categorized as Level 2 investments. Insurance linked securities are categorized as Level 2. Direct private placements are typically bonds valued by reference to comparable bonds and are categorized as Level 3 investments. Changes in Level 3 investments during fiscal 2023 were primarily driven by purchases during the year.

Components of net periodic pension costs for the defined benefit pension plans and cumulative pre-tax amounts recognized in accumulated other comprehensive loss are as follows (in millions):

	Boots and other pension plans		
	2023	2022	2021
Service costs (Selling, general and administrative expenses)	\$ 4	\$ 5	\$ 6
Interest costs (Other income, net)	264	149	139
Expected returns on plan assets/other (Other income, net)	(340)	(280)	(332)
Total net periodic pension income	\$ (72)	\$ (126)	\$ (188)
Net actuarial loss (gain)	\$ 730	\$ (251)	\$ (506)
Prior service cost	(1)	(1)	(1)
Total pre-tax comprehensive loss (income)	\$ 729	\$ (252)	\$ (507)

Change in benefit obligations for the defined benefit pension plans (in millions):

	2023	2022
Benefit obligation at beginning of year	\$ 5,967	\$ 10,206
Service costs	4	5
Interest costs	264	149
Net actuarial gain	(897)	(3,042)
Benefits paid	(286)	(304)
Currency translation adjustments	463	(1,047)
Benefit obligation at end of year	\$ 5,515	\$ 5,967

Change in plan assets for the defined benefit pension plans (in millions):

	2023	2022
Plan assets at fair value at beginning of year	\$ 6,603	\$ 10,475
Employer contributions	40	45
Benefits paid	(286)	(304)
Return on assets	(1,275)	(2,477)
Currency translation adjustments	511	(1,136)
Plan assets at fair value at end of year	\$ 5,594	\$ 6,603

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts recognized in the Consolidated Balance Sheets (in millions):

	August 31, 2023	August 31, 2022
Other non-current assets	\$ 306	\$ 863
Accrued expenses and other liabilities	(10)	(9)
Other non-current liabilities	(216)	(217)
Net asset recognized at end of year	\$ 80	\$ 637

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for all pension plans, including accumulated benefit obligations in excess of plan assets, were as follows (in millions):

	August 31, 2023	August 31, 2022
Projected benefit obligation	\$ 5,515	\$ 5,967
Accumulated benefit obligation	5,503	5,961
Fair value of plan assets ¹	5,594	6,603

¹ Represents plan assets of The Boots plan, the Company's only funded defined benefit pension plan.

Estimated future benefit payments for the next 10 years from defined benefit pension plans to participants are as follows (in millions):

	Estimated future benefit payments
2024	\$ 324
2025	305
2026	317
2027	326
2028	337
2029-2033	1,798

The assumptions used in accounting for the defined benefit pension plans were as follows:

	2023	2022
Weighted-average assumptions used to determine benefit obligations		
Discount rate	5.22 %	4.20 %
Rate of compensation increase	3.73 %	3.04 %
Weighted-average assumptions used to determine net periodic benefit cost		
Discount rate	4.20 %	1.57 %
Expected long-term return on plan assets	4.90 %	2.90 %
Rate of compensation increase	3.04 %	2.80 %

In determining long-term rate of return on plan assets assumption, the Company considers both the historical performance of the investment portfolio as well as the long-term market return expectations based on the investment mix of the portfolio. A change in any of these assumptions would have an effect on its pension expense. A 25 basis point increase in the discount rate would result in a decline of \$159 million to the Company's pension benefit obligation. A 25 basis point decrease on the expected return on plan assets assumption would decrease the Company's pension income by \$14 million.

Based on current actuarial estimates, the Company plans to make contributions of \$18 million to its defined benefit pension plans in fiscal 2024 and expects to make contributions beyond 2024, which will vary based upon many factors, including the performance of the defined benefit pension plan assets.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Defined contribution plans

The principal retirement plan for U.S. employees is the Walgreen Profit-Sharing Retirement Trust, to which both the Company and participating employees contribute. The Company's contribution is in the form of a guaranteed match which is made pursuant to the applicable plan document approved by the Walgreen Co. Board of Directors. Plan activity is reviewed periodically by certain Committees of the Walgreens Boots Alliance Board of Directors. The profit-sharing provision is an expense of \$239 million, \$234 million and \$221 million in fiscal 2023, 2022 and 2021, respectively. The Company's contributions were \$241 million, \$236 million and \$222 million in fiscal 2023, 2022 and 2021, respectively.

The Company also has certain contract based defined contribution arrangements. The principal one is UK based to which both the Company and participating employees contribute. The cost recognized in the Consolidated Statement of Earnings was \$83 million, \$90 million and \$101 million in fiscal 2023, 2022 and 2021, respectively.

Post-retirement healthcare plan

The Company provides certain health insurance benefits to retired U.S. employees who meet eligibility requirements, including age, years of service and date of hire. The costs of these benefits are accrued over the service life of the employee.

The Company's post-retirement health benefit plan obligation was \$113 million and \$122 million in fiscal 2023 and 2022, respectively and is not funded. The Company expects to make contributions of \$8 million in fiscal 2024.

Note 15. Capital stock

In June 2018, Walgreens Boots Alliance authorized a stock repurchase program (the "June 2018 stock repurchase program"), which authorized the repurchase of up to \$10.0 billion of the Company's common stock, which program has no specified expiration date. In July 2020, the Company announced that it had suspended activities under this program and no shares were repurchased in fiscal 2022 or 2023. As of August 31, 2023, the Company had approximately \$2.0 billion remaining under the June 2018 stock repurchase program.

The Company determines the timing and amount of repurchases based on its assessment of various factors including prevailing market conditions, alternate uses of capital, liquidity, the economic environment and other factors. The timing and amount of these purchases may change at any time and from time to time. The Company has repurchased, and may from time to time in the future repurchase, shares on the open market through Rule 10b5-1 plans, which enable a company to repurchase shares at times when it otherwise might be precluded from doing so under insider trading laws.

In addition, the Company continued to repurchase shares to support the needs of the employee stock plans. Shares totaling \$150 million, \$187 million and \$110 million were purchased to support the needs of the employee stock plans during fiscal 2023, 2022 and 2021, respectively. As of August 31, 2023, 63 million shares of common stock were reserved for future issuances under the Company's various employee benefit plans.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Accumulated other comprehensive income (loss)

The following is a summary of net changes in accumulated other comprehensive income (loss) (“AOCI”) by component and net of tax for fiscal 2023, 2022 and 2021 (in millions):

	Pension/post-retirement obligations	Unrealized gain (loss) on cash flow hedges	Net investment hedges	Unrealized gain (loss) on available for sale debt securities	Share of OCI of equity method investments	Cumulative translation adjustments	Total
Balance at August 31, 2020	\$ (748)	\$ (31)	\$ (34)	\$ —	\$ (10)	\$ (2,948)	\$ (3,771)
Other comprehensive income (loss) before reclassification adjustments	532	10	(6)	127	(24)	384	1,022
Amounts reclassified from AOCI	(8)	17	—	—	—	(3)	6
Business disposal	(4)	—	—	—	—	795	792
Tax (provision) benefit	(132)	(6)	6	(31)	6	—	(157)
Net change in other comprehensive income (loss)	389	21	(1)	96	(18)	1,176	1,663
Balance at August 31, 2021	\$ (359)	\$ (10)	\$ (35)	\$ 96	\$ (29)	\$ (1,772)	\$ (2,109)
Other comprehensive income (loss) before reclassification adjustments	278	6	327	451	(326)	(833)	(97)
Amounts reclassified from AOCI	(22)	3	—	(577)	31	—	(565)
Other	(6)	—	—	—	—	—	(6)
Tax (provision) benefit	(48)	(2)	(79)	32	70	—	(27)
Net change in other comprehensive income (loss)	203	7	248	(95)	(226)	(833)	(696)
Balance at August 31, 2022	\$ (157)	\$ (3)	\$ 213	\$ 1	\$ (254)	\$ (2,605)	\$ (2,805)
Other comprehensive (loss) income before reclassification adjustments	(705)	(7)	(172)	(2)	6	379	(500)
Amounts reclassified from AOCI	(26)	4	—	—	158	(14)	121
Tax benefit (provision)	190	—	42	1	(42)	—	190
Net change in other comprehensive (loss) income	(541)	(2)	(130)	(2)	122	364	(189)
Balance at August 31, 2023	\$ (698)	\$ (5)	\$ 83	\$ —	\$ (132)	\$ (2,240)	\$ (2,993)

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Segment reporting

The Company aligned into three reportable segments: U.S. Retail Pharmacy, International and U.S. Healthcare.

The operating segments have been identified based on the financial data utilized by the Company's Chief Executive Officer (the chief operating decision maker) to assess segment performance and allocate resources among the Company's operating segments. The chief operating decision maker uses adjusted operating income to assess segment profitability. The chief operating decision maker does not use total assets by segment to make decisions regarding resources; therefore, the total asset disclosure by segment has not been included.

U.S. Retail Pharmacy

The Company's U.S. Retail Pharmacy segment includes the Walgreens business which is comprised of the operations of retail drugstores, health and wellness services, specialty and home delivery pharmacy services, and its equity method investment in Cencora. 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

The Company's International segment consists of pharmacy-led health and beauty retail businesses outside the U.S. and a 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.

U.S. Healthcare

The Company's U.S. Healthcare segment is a consumer-centric, technology-enabled healthcare business that engages consumers through a personalized, omni-channel experience across the care journey. The U.S. Healthcare segment delivers improved health outcomes and lower costs for payors and providers by delivering care through owned and partnered assets.

The U.S. Healthcare segment currently consists of a majority position in VillageMD, a national provider of value-based care with primary, multi-specialty, and urgent care providers serving patients in traditional clinic settings, in patients' homes and online appointments; Shields, a specialty pharmacy integrator and accelerator for hospitals; CareCentrix, a participant in the post-acute and home care management sectors, and the Walgreens Health organic business that contracts with payors and providers to deliver clinical healthcare services to their members and members' caregivers through both digital and physical channels.

The results of operations for reportable segments include procurement benefits. Corporate-related overhead costs are not allocated to reportable segments and are reported in "Corporate and Other".

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table reflects results of operations of the Company's reportable segments (in millions):

	2023	2022	2021
Sales:			
U.S. Retail Pharmacy	\$ 110,314	\$ 109,078	\$ 112,005
International	22,198	21,830	20,505
U.S. Healthcare	6,570	1,795	—
Walgreens Boots Alliance, Inc.	\$ 139,081	\$ 132,703	\$ 132,509
Adjusted operating income:			
U.S. Retail Pharmacy	\$ 3,689	\$ 5,029	\$ 5,019
International	935	726	466
U.S. Healthcare	(566)	(370)	(57)
Corporate and Other	(187)	(251)	(311)
Walgreens Boots Alliance, Inc.	\$ 3,871	\$ 5,133	\$ 5,117
Depreciation and amortization:			
U.S. Retail Pharmacy	\$ 1,362	\$ 1,415	\$ 1,513
International	328	355	399
U.S. Healthcare	560	211	1
Corporate and Other	8	9	10
Walgreens Boots Alliance, Inc.	\$ 2,257	\$ 1,990	\$ 1,923
Capital expenditures:			
U.S. Retail Pharmacy	\$ 1,421	\$ 1,207	\$ 1,030
International	308	295	243
U.S. Healthcare	375	218	34
Corporate and Other	13	15	5
Walgreens Boots Alliance, Inc.	\$ 2,117	\$ 1,734	\$ 1,312

The following table reconciles adjusted operating income to operating (loss) income (in millions):

	2023	2022	2021
Adjusted operating income (Non-GAAP measure):	\$ 3,871	\$ 5,133	\$ 5,117
Certain legal and regulatory accruals and settlements	(7,466)	(768)	(75)
Transformational cost management	(1,181)	(763)	(417)
Acquisition-related amortization	(1,126)	(855)	(523)
Acquisition-related costs	(323)	(223)	(54)
Impairment of intangible assets	(299)	(783)	(49)
Adjustments to equity earnings (loss) in Cencora	(211)	(218)	(1,645)
LIFO provision	(187)	(135)	(13)
Store damage and inventory loss insurance recovery	40	—	—
Operating (loss) income (GAAP measure)	\$ (6,882)	\$ 1,387	\$ 2,342

No single customer accounted for more than 10% of the Company's consolidated sales for any of the periods presented. Substantially all of our pharmacy sales are to customers covered by third-party payors (e.g., pharmacy benefit managers, insurance companies and governmental agencies) that agree to pay for all or a portion of a customer's eligible prescription purchases. In the U.S. Retail Pharmacy segment, three third-party payors accounted for approximately 33%, 31%, and 33% of the Company's consolidated sales in fiscal 2023, 2022 and 2021, respectively.

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geographic data for sales is as follows (in millions):

	2023	2022	2021
United States	\$ 116,883	\$ 110,873	\$ 112,005
United Kingdom	8,984	8,894	8,298
Germany	11,211	11,178	10,472
Other	2,003	1,757	1,734
Sales	\$ 139,081	\$ 132,703	\$ 132,509

Geographic data for long-lived assets, defined as operating lease right-of-use assets and property, plant and equipment, is as follows (in millions):

	2023	2022 ¹
United States	\$ 28,951	\$ 28,710
United Kingdom	3,622	3,663
Other	681	614
Total long-lived assets	\$ 33,254	\$ 32,988

¹. Fiscal 2022 data has been updated to conform to current period presentation

Note 18. Sales

The following table summarizes the Company's sales by segment and by major source (in millions):

	2023	2022	2021
U.S. Retail Pharmacy			
Pharmacy	\$ 82,118	\$ 80,434	\$ 84,892
Retail	28,195	28,643	27,113
Total	\$ 110,314	\$ 109,078	\$ 112,005
International			
Pharmacy	\$ 3,664	\$ 3,727	\$ 3,808
Retail	7,324	6,924	6,225
Wholesale	11,211	11,178	10,472
Total	\$ 22,198	\$ 21,830	\$ 20,505
U.S. Healthcare	\$ 6,570	\$ 1,795	\$ —
Walgreens Boots Alliance, Inc.	\$ 139,081	\$ 132,703	\$ 132,509

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Related parties

The Company has a long-term pharmaceutical distribution agreement with Cencora pursuant to which the Company sources branded and generic pharmaceutical products from Cencora. Additionally, Cencora receives sourcing services for generic pharmaceutical products.

Related party transactions with Cencora (in millions):

	2023	2022	2021
Purchases, net	\$ 65,173	\$ 62,174	\$ 62,513
Trade accounts payable, net of receivables	\$ 7,814	\$ 6,915	\$ 6,589

See Note 2. Discontinued operations for further information.

Note 20. Supplementary financial information

Summary of Quarterly Results (Unaudited)
(in millions, except per share amounts)

	Quarter ended				Fiscal year
	November	February	May	August	
Fiscal 2023					
Sales	\$ 33,382	\$ 34,862	\$ 35,415	\$ 35,422	\$ 139,081
Gross profit	\$ 6,953	\$ 7,055	\$ 6,588	\$ 6,475	\$ 27,072
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc.	\$ (3,721)	\$ 703	\$ 118	\$ (180)	\$ (3,080)
Net (loss) earnings per common share					
Basic	\$ (4.31)	\$ 0.81	\$ 0.14	\$ (0.21)	\$ (3.57)
Diluted	\$ (4.31)	\$ 0.81	\$ 0.14	\$ (0.21)	\$ (3.57)
Cash dividends declared per common share	\$ 0.4800	\$ 0.4800	\$ 0.4800	\$ 0.4800	\$ 1.9200
Fiscal 2022					
Sales	\$ 33,901	\$ 33,756	\$ 32,597	\$ 32,449	\$ 132,703
Gross profit	\$ 7,574	\$ 7,708	\$ 6,572	\$ 6,410	\$ 28,265
Net earnings (loss) attributable to Walgreens Boots Alliance, Inc.	\$ 3,580	\$ 883	\$ 289	\$ (415)	\$ 4,337
Net earnings (loss) per common share					
Basic	\$ 4.13	\$ 1.02	\$ 0.33	\$ (0.48)	\$ 5.02
Diluted	\$ 4.13	\$ 1.02	\$ 0.33	\$ (0.48)	\$ 5.01
Cash dividends declared per common share	\$ 0.4775	\$ 0.4775	\$ 0.4775	\$ 0.4800	\$ 1.9125

Management's Report on Internal Control

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As permitted by the SEC, our assessment of internal controls over financial reporting excludes internal control over financial reporting of equity method investees. However, our assessment of internal control over financial reporting with respect to equity method investees did include controls over the recording of amounts related to our investments that are recorded in the Consolidated Financial Statements, including controls over the selection of accounting methods for our investments, the recognition of equity method earnings and losses and the determination, valuation and recording of our investment account balances.

Additionally, the scope of management's evaluation of the effectiveness of internal control over financial reporting did not include the internal control over financial reporting at Summit within the U.S. Healthcare segment, as described in Note 3. Acquisitions and other investments, to the Consolidated Financial Statements included in Part II, Item 8. This exclusion is in accordance with the SEC Staff's general guidance that an assessment of a business may be omitted from management's report on internal control over financial reporting for one year following the acquisition. The recognition of goodwill and intangible assets, however, is covered by our internal controls over mergers and acquisitions, which were included in management's assessment of the effectiveness of the Company's internal control over financial reporting as of August 31, 2023. The acquisition of this business represented approximately 2.0% of the Company's total assets as of August 31, 2023 after excluding goodwill and intangibles assets recorded, and 1.4% of the Company's sales for the fiscal year ended August 31, 2023.

Based on our evaluation, management concluded that our internal control over financial reporting was effective as of August 31, 2023. Deloitte & Touche LLP, the Company's independent registered public accounting firm, has audited our internal control over financial reporting, as stated in its report which is included herein.

/s/ Ginger L. Graham
Ginger L. Graham
Interim Chief Executive Officer

/s/ Manmohan Mahajan
Manmohan Mahajan
Senior Vice President and Interim Global Chief Financial Officer

October 12, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Walgreens Boots Alliance, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Walgreens Boots Alliance, Inc. and subsidiaries (the "Company") as of August 31, 2023 and 2022, the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the three years in the period ended August 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 12, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill and Indefinite-Lived Intangible Assets Impairment –Boots Reporting Unit, VillageMD Reporting Unit and certain Boots' Indefinite-lived Intangible Assets – Refer to Notes 1 and 7 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill and indefinite-lived intangible assets for impairment involves the comparison of the fair value of each reporting unit or asset to its carrying value. The Company uses the income and/or the market approaches to estimate the fair value of its reporting units in its goodwill impairment analysis. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows and discount rates. The market approach requires management to estimate fair value using comparable marketplace fair value data from within a comparable industry grouping or a comparable marketplace transactional multiple. The Company uses the multi-period excess earnings model and the relief from royalty model to estimate the fair value of the indefinite-lived intangible assets. Changes in assumptions or the selection of companies in the comparable industry group could have a significant impact on the valuation of the reporting units and the amount of a goodwill or indefinite-lived intangible asset impairment charge, if any.

We identified the valuation of the Boots reporting unit, VillageMD reporting unit and certain Boots indefinite-lived intangible assets as a critical audit matter due to the materiality of the assets' carrying values, the difference between the fair values and the carrying values, and because the current economic environment has affected the businesses. Auditing management's judgments used in the quantitative assessment regarding significant assumptions such as future revenue growth, EBITDA margins, the selection of discount rates, the selection of the valuation approaches, and the market multiples selected requires a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the fair value of goodwill for the Boots reporting unit, VillageMD reporting unit and certain Boots indefinite-lived intangible assets included the following, among others:

- We tested the effectiveness of controls over the goodwill and indefinite-lived intangible asset impairment analyses, including those over the development of forecasts of business assumptions (e.g., revenues, EBITDA margins), valuation methodologies, and the selection of market multiples and discount rates.
- We evaluated management's ability to accurately forecast business assumptions (e.g., revenues, EBITDA margins) by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's forecasts of business assumptions (e.g., revenues, EBITDA margins) by performing certain procedures, including:
 - Comparing the forecasts to internal communications to management.
 - Comparing the forecasts and planned initiatives to third-party economic and industry data.
- We performed sensitivity analyses to evaluate the risk of impairment if key assumptions are changed.
- We evaluated, with the assistance of our fair value specialists, the (1) valuation methodologies; (2) selection of market multiples for the VillageMD and Boots reporting units; and (3) discount rates utilized for the Boots reporting unit and certain Boots indefinite-lived intangible assets, by performing certain procedures, including:
 - Comparing the valuation methodologies used to generally accepted valuation practices for each asset type.
 - Evaluating the appropriateness of the Company's selection of companies in its industry comparable group, similar marketplace transactions, and market multiples for comparability to the reporting unit.
 - Testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation.
 - Developing an independent discount rate range and comparing the discount rate selected by management to this range.

Income Taxes – Uncertain Tax Positions - Refer to Notes 1 and 12 to the financial statements

Critical Audit Matter Description

The Company has a complex legal structure involving numerous domestic and foreign locations with constantly changing tax laws and regulations. The Company's management is required to interpret and apply these tax laws and regulations in determining the amount of its income tax liability and provision. When an uncertain tax position is identified by management, the Company must evaluate whether it is more likely to be sustained than not on the basis of its technical merits. In evaluating the tax benefits associated with the various tax filing positions, the Company records a tax benefit for uncertain tax positions using the highest cumulative tax benefit that is more likely than not to be realized. The evaluation of each uncertain tax position requires management to apply specialized skill, knowledge, and significant judgment related to the identified position. This significant judgment includes determining the correct value of the uncertain tax position based on the selected method of measurement, data, and assumptions determined by management.

Because of the numerous taxing jurisdictions in which the Company files its tax returns and the complexity of tax laws and regulations, auditing select uncertain tax positions and the determination of whether the more likely than not threshold was met requires a high degree of auditor judgment and increased extent of effort, including the involvement of our income tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to select uncertain tax positions included the following, among others:

- We tested the effectiveness of controls over income taxes, including those over identifying uncertain tax positions and measuring liabilities.
- We evaluated, with the assistance of our tax specialists, a selection of underlying tax positions to evaluate the more likely than not principle as it applied to the specific underlying tax position.
- We evaluated, with the assistance of our tax specialists, a selection of the Company's uncertain tax positions by performing the following:
 - Obtaining management and third-party opinions or memoranda regarding the analysis of uncertain tax positions and identifying the key judgments and evaluating whether the analysis was consistent with our interpretation of the relevant laws and regulations.
 - Evaluating management's method of measuring its liability for unrecognized tax benefits, including underlying data and assumptions.
 - Evaluating the basis for certain intercompany transactions, such as transfer pricing, as well as internal restructuring, by comparison to economic studies performed by management and third-party data.
 - Evaluating the matters raised by tax authorities in former and ongoing tax audits and considering the implications of these matters on open tax years.
 - Assessing changes and interpretation of applicable tax law.

Commitments and Contingencies – U.S. Department of Justice (“DOJ”) investigation Refer to Note 11 to the financial statements
Critical Audit Matter Description

The Company has received from the U.S. Department of Justice (“DOJ”) and the Attorneys General of numerous states, subpoenas, civil investigative demands, and other requests concerning opioid-related matters. The Company continues to communicate with the DOJ regarding purported violations of the federal Controlled Substances Act and the federal False Claims Act in dispensing prescriptions for opioids and other controlled substances at its pharmacies nationwide. The Company reviews all loss contingencies at least quarterly to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. When a loss is considered probable and reasonably estimable, the Company records a liability in the amount of its estimate for the ultimate loss. The Company also performs an assessment of loss contingencies where a loss is reasonably possible. If it is reasonably possible that a loss may have been incurred and the effect on the financial statements could be material, the Company discloses the nature of the loss contingency and an estimate of the possible loss or range of loss or a statement that such an estimate cannot be made within the notes to the financial statements.

We identified the evaluation of potential loss contingencies, and related disclosures, related to the DOJ investigation as a critical audit matter because auditing management’s judgment in determining a reasonable estimate of loss or a range of loss required significant auditor judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the loss contingency involving the DOJ investigation included the following, among others:

- We tested the effectiveness of internal controls related to management’s review of loss contingencies, and approval of the accounting treatment and related disclosures based on the most recent facts and circumstances.
- We inquired of the Company’s internal and external legal counsel to understand the legal merits and the basis for the Company’s conclusion specific to the likelihood of loss and as relevant the estimate of potential loss or range of loss
- We requested and received written responses from internal and external legal counsel.
- We obtained and evaluated management’s evaluation of the loss contingency. As part of our procedures, we made inquiries of management and the audit committee to evaluate and corroborate our understanding obtained through inquiries of internal and external legal counsel. We also performed public domain searches for evidence contrary to management’s analysis. We evaluated management’s recorded loss contingency and conclusion of the reasonably estimable amount.
- We inspected Board of Directors meeting minutes, including relevant sub-committee meeting minutes and performed inquiries with executive management and the audit committee regarding the information discussed and presented to the Board of Directors during the relevant committee meetings.
- We obtained and reviewed the court rulings and briefs identified by management as part of their evaluation of the loss contingency and informed the judgments made by management.
- We consulted with professionals in our firm with expertise related to auditing loss contingencies.
- We evaluated any events subsequent to August 31, 2023 that might impact our evaluation of loss contingencies, including any related accrual or disclosure.
- We obtained written representations from executives of the Company.
- We read the Company’s related disclosures and evaluated them for consistency with our testing.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
October 12, 2023

We have served as the Company’s auditor since 2002.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Walgreens Boots Alliance, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Walgreens Boots Alliance, Inc. and subsidiaries (the "Company") as of August 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended August 31, 2023, of the Company and our report dated October 12, 2023, expressed an unqualified opinion on those financial statements.

As described in Management's Report on Internal Control, management excluded from its assessment the internal control over financial reporting at WP CityMD TopCo ("Summit") which was acquired during the year ended August 31, 2023. The acquisition of Summit represented approximately 2% of the Company's total assets as of August 31, 2023 after excluding goodwill and intangible assets recorded and 1.4% of the Company's sales for the fiscal year ended August 31, 2023. Accordingly, our audit did not include the internal control over financial reporting at Summit.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
October 12, 2023

Item 9. Changes in and disagreements with accountants on accounting and financial disclosure

None.

Item 9A. Controls and procedures

Evaluation of disclosure controls and procedures

Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Form 10-K. The controls evaluation was conducted under the supervision and with the participation of the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). In fiscal 2023, the Company completed the acquisition of Summit. The Company accounted for this acquisitions as a business combination resulting in consolidation within the U.S. Healthcare segment. The scope of management's assessment of the effectiveness of the Company's disclosure controls and procedures did not include the internal controls over financial reporting of the acquired businesses. This exclusion is in accordance with the SEC staff's general guidance that an assessment of a recently acquired business may be omitted from the scope of management's assessment for one year following the acquisition. The recognition of goodwill and intangible assets, however, is covered by our internal controls over mergers and acquisitions, which were included in management's assessment of the effectiveness of the Company's internal control over financial reporting as of August 31, 2023.

Based upon the controls evaluation, our CEO and CFO have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Report on internal control over financial reporting

Management's report on internal control over financial reporting and the report of Deloitte & Touche LLP, the Company's independent registered public accounting firm, related to their assessment of the effectiveness of internal control over financial reporting are included in Part II, Item 8 of this Form 10-K and are incorporated in this Item 9A by reference.

Changes in internal control over financial reporting

In the ordinary course of business, the Company reviews its internal control over financial reporting and makes changes to its systems and processes that are intended to enhance such controls and increase efficiency while maintaining an effective internal control environment. Changes may include such activities as updating existing systems, automating manual processes, standardizing controls and modifying monitoring controls.

As we transform our business processes, we continue to make strategic changes in how we perform certain key business functions. These changes include the continued leveraging of extended workforces via third-party outsource arrangements as well as our continued implementation of new information systems. These initiatives are not being implemented in response to any identified internal control deficiency or weakness. As these changes occur, we will evaluate quarterly whether such changes materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In connection with the evaluation pursuant to Exchange Act Rule 13a-15(d) of the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) by the Company's management, including its CEO and CFO, no changes during the quarter ended August 31, 2023 were identified that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent limitations on effectiveness of controls

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 9B. Other information

During the three months ended August 31, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Regulation S-K, Item 408).

PART III

The Company intends to file with the SEC a definitive proxy statement for its next Annual Meeting of Stockholders (the “Proxy Statement”) pursuant to Regulation 14A not later than 120 days after August 31, 2023. The information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated by reference to the disclosure in that Proxy Statement. The Company’s next Annual Meeting of Stockholders is scheduled to be held on January 25, 2024.

Item 10. Directors, executive officers and corporate governance

The information required by Item 10, with the exception of the information relating to the executive officers of the Company, which is presented in Part I under the heading “Information about our executive officers,” is incorporated herein by reference to the Company’s Proxy Statement, including the following sections: Proposal–1 Election of Directors; and Governance.

The Company has adopted a Code of Conduct and Business Ethics applicable to all employees, officers and directors that incorporates policies and guidelines designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. The Company has also adopted a Code of Ethics for CEO and Financial Executives. This Code applies to and has been signed by the Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer. The Company intends to promptly disclose on its website in accordance with applicable rules required disclosure of changes to or waivers, if any, of the Code of Ethics for CEO and Financial Executives or the Code of Conduct and Business Ethics for directors and executive officers.

Charters of all committees of the Company’s Board of Directors, as well as the Company’s Corporate Governance Guidelines and Code of Ethics for CEO and Financial Executives and Code of Conduct and Business Ethics, are available on the Company’s website at investor.walgreensbootsalliance.com or, upon written request and free of charge, in printed hard copy form. Written requests should be sent to Walgreens Boots Alliance, Inc., Attention: Investor Relations, Mail Stop #1833, 108 Wilmot Road, Deerfield, Illinois 60015.

Item 11. Executive compensation

The information required by Item 11 is incorporated herein by reference to the following sections of the Company’s Proxy Statement: Director Compensation; Executive Compensation; and Governance.

The material incorporated herein by reference to the material under the caption “Compensation Committee Report” in the Proxy Statement shall be deemed furnished, and not filed, in this Form 10-K and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act as a result of this furnishing, except to the extent that the Company specifically incorporates it by reference.

Item 12. Security ownership of certain beneficial owners and management and related stockholder matters

The information required by Item 12 is incorporated herein by reference to the following sections of the Company’s Proxy Statement: Security Ownership of Certain Beneficial Owners and Management; and Equity Compensation Plan Information.

Item 13. Certain relationships and related transactions and director independence

The information required by Item 13 is incorporated herein by reference to the following sections of the Company’s Proxy Statement: Related Party Transactions; Director Independence; and Governance.

Item 14. Principal accounting fees and services

The information required by Item 14 is incorporated herein by reference to the following section of the Company’s Proxy Statement: Independent Registered Public Accounting Firm Fees and Services.

PART IV

Item 15. Exhibits and financial statement schedules

(a) Documents filed as part of this report:

- (1) **Financial statements.** The following financial statements, supplementary data and reports of independent public accountants appear in Part II, Item 8 of this Form 10-K and are incorporated herein by reference.

Consolidated Balance Sheets at August 31, 2023 and 2022

Consolidated Statements of Equity, Earnings, Comprehensive Income and Cash Flows for the years ended August 31, 2023, 2022 and 2021

Notes to Consolidated Financial Statements

Management’s Report on Internal Control

Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)

- (2) **Financial statement schedules and supplementary information**

Schedules I, II, III, IV and V are not submitted because they are not applicable or not required or because the required information is included in the Financial Statements referenced in (1) above or the notes thereto.

- (3) **Exhibits.** Exhibits 10.1 through 10.44 constitute management contracts or compensatory plans or arrangements required to be filed as exhibits pursuant to Item 15(b) of this Form 10-K.

(b) Exhibits

Exhibit No.

Description

SEC Document Reference

Exhibit No.	Description	SEC Document Reference
2.1*	Purchase and Option Agreement by and among Walgreen Co., Alliance Boots GmbH and AB Acquisitions Holdings Limited dated June 18, 2012 and related annexes.	Incorporated by reference to Annex B-1 to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 (File No. 333-198768) filed with the SEC pursuant to Rule 424(b)(3) on November 24, 2014.
2.2*	Amendment No. 1 to Purchase and Option Agreement and Walgreen Co. Shareholders Agreement, dated August 5, 2014, by and among Walgreen Co., Alliance Boots GmbH, AB Acquisitions Holdings Limited, Walgreen Scotland Investments LP, KKR Sprint (European II) Limited, KKR Sprint (2006) Limited and KKR Sprint (KPE) Limited, Alliance Santé Participations S.A., Stefano Pessina and Kohlberg Kravis Roberts & Co. L.P.	Incorporated by reference to Annex B-2 to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 (File No. 333-198768) filed with the SEC pursuant to Rule 424(b)(3) on November 24, 2014.
2.3	Agreement and Plan of Merger, dated October 17, 2014, by and among Walgreen Co., Walgreens Boots Alliance, Inc. and Ontario Merger Sub, Inc.	Incorporated by reference to Annex A to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 (File No. 333-198768) filed with the SEC pursuant to Rule 424(b)(3) on November 24, 2014.
2.4	Amendment No. 1 to Agreement and Plan of Merger, dated December 23, 2014, by and among Walgreen Co., Walgreens Boots Alliance, Inc. and Ontario Merger Sub, Inc.	Incorporated by reference to Exhibit 2.1 to Walgreens Boots Alliance, Inc.’s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on December 24, 2014.
2.5	Amendment No. 2 to Agreement and Plan of Merger, dated December 29, 2014, by and among Walgreen Co., Walgreens Boots Alliance, Inc. and Ontario Merger Sub, Inc.	Incorporated by reference to Exhibit 2.3 to Walgreens Boots Alliance, Inc.’s Quarterly Report on Form 10-Q for the quarter ended November 30, 2014 (File No. 1-36759) filed with the SEC on December 30, 2014.
2.6*	Amended and Restated Asset Purchase Agreement, dated as of September 18, 2017, by and among Walgreens Boots Alliance, Inc., Walgreen Co. and Rite Aid Corporation.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.’s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on September 19, 2017.
2.7*	Share Purchase Agreement, dated as of January 6, 2021, by and between Walgreens Boots Alliance, Inc., and Cencora, Inc (formerly known as AmerisourceBergen Corporation).	Incorporated by reference to Exhibit 2.1 to Walgreens Boots Alliance, Inc.’s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on January 8, 2021.

2.8*	Securities Purchase Agreement, by and among Walgreen Co., the several equity holders of Shields Health Solutions Parent, LLC listed on Schedules A and B thereto, the stockholders of WCAS Shields Holdings, Inc. listed on Schedule C thereto, Shields Health Solutions Parent, LLC, WCAS Shields Holdings, Inc. and WCAS XIII Associates, LLC, solely in its capacity as Sellers' Representative thereunder.	Incorporated by reference to Exhibit 2.1 to Walgreen's Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on September 21, 2021.
2.9*	Class D Preferred Unit Purchase Agreement, dated as of October 14, 2021, by and among WBA Acquisition 4, LLC, WBA Financial, LLC, Walgreens Boots Alliance, Inc., Village Practice Management Company, LLC and certain members of Village Practice Management Company, LLC	Incorporated by reference to Exhibit 2.1 to Walgreen's Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 14, 2021.
2.10*	Securities Purchase Agreement and Agreement and Plan of Merger, dated September 19, 2022, by and among WBA Acquisition 4, LLC, Walgreen Co., WBA Shields Merger Sub, LLC, certain equityholders of WCAS Shields Holdings, LLC listed on Schedule A thereto, WCAS Shields Holdings, LLC, Shields Health Solutions Parent, LLC and WCAS XIII Associates, LLC, solely in its capacity as Sellers' Representative thereunder	Incorporated by reference to Exhibit 2.1 to Walgreen's Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on September 20, 2022.
2.11*	Agreement and Plan of Merger, dated as of November 7, 2022, by and among WP CityMD Topco LLC, Village Practice Management Company, LLC, Project Teton Merger Sub LLC and Shareholder Representative Services LLC.	Incorporated by reference to Exhibit 2.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on November 8, 2022.
2.12*	Class E Preferred Unit and Class F Preferred Unit Purchase Agreement, dated as of November 7, 2022, by and among WBA Acquisition 5, LLC, Walgreens Boots Alliance, Inc., Cigna Health & Life Insurance Company, Village Practice Management Company, LLC and certain members of Village Practice Management Company, LLC.	Incorporated by reference to Exhibit 2.2 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on November 8, 2022.
2.13	First Amendment to Agreement and Plan of Merger, dated as of November 14, 2022, by and among WP CityMD Topco LLC, Village Practice Management Company, LLC and Project Teton Merger Sub LLC.	Incorporated by reference to Exhibit 2.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on January 5, 2023.
2.14*	Second Amendment to Agreement and Plan of Merger, dated as of January 3, 2023, by and among WP CityMD Topco LLC, Village Practice Management Company Holdings, LLC, Village Practice Management Company, LLC and Project Teton Merger Sub LLC.	Incorporated by reference to Exhibit 2.2 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on January 5, 2023.
2.15*	Amended and Restated Class E Preferred Unit and Class F Preferred Unit Purchase Agreement, dated as of January 3, 2023, by and among WBA Acquisition 5, LLC, Walgreens Boots Alliance, Inc., Cigna Health & Life Insurance Company, Evernorth Health, Inc., Village Practice Management Company, LLC and certain members of Village Practice Management Company, LLC	Incorporated by reference to Exhibit 2.3 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on January 5, 2023.
3.1	Amended and Restated Certificate of Incorporation of Walgreens Boots Alliance, Inc.	Incorporated by reference to Exhibit 3.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K12B (File No. 1-36759) filed with the SEC on December 31, 2014.
3.2	Amended and Restated Bylaws of Walgreens Boots Alliance, Inc.	Incorporated by reference to Exhibit 3.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on January 31, 2023.

4.1**	Indenture, dated as of July 17, 2008, between Walgreen Co. and Wells Fargo Bank, National Association, as trustee.	Incorporated by reference to Exhibit 4.3 to Walgreen Co.'s registration statement on Form S-3ASR (File No. 333-152315) filed with the SEC on July 14, 2008.
4.2	Form of Walgreen Co. 4.400% Note due 2042.	Incorporated by reference to Exhibit 4.5 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on September 13, 2012.
4.3	Form of Guarantee of Walgreens Boots Alliance, Inc.	Incorporated by reference to Exhibit 4.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K12B (File No. 1-36759) filed with the SEC on December 31, 2014.
4.4	Indenture dated November 18, 2014 among Walgreens Boots Alliance, Inc. and Wells Fargo Bank, National Association, as trustee.	Incorporated by reference to Exhibit 4.1 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on November 18, 2014.
4.5	Form of 3.800% Notes due 2024.	Incorporated by reference to Exhibit 4.6 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on November 18, 2014.
4.6	Form of 4.500% Notes due 2034.	Incorporated by reference to Exhibit 4.7 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on November 18, 2014.
4.7	Form of 4.800% Notes due 2044.	Incorporated by reference to Exhibit 4.8 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on November 18, 2014.
4.8	Form of 3.600% Notes due 2025 (£).	Incorporated by reference to Exhibit 4.3 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on November 20, 2014.
4.9	Form of 2.125% Notes due 2026 (€).	Incorporated by reference to Exhibit 4.4 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on November 20, 2014.
4.10	Indenture, dated as of December 17, 2015, between Walgreens Boots Alliance, Inc. and Wells Fargo Bank, National Association, as trustee.	Incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 (File No. 333-208587) filed with the SEC on December 17, 2015.
4.11	First Supplemental Indenture, dated as of October 13, 2021, by and between Walgreens Boots Alliance, Inc. and Wells Fargo Bank, National Association, as trustee.	Incorporated by reference to Exhibit 4.13 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2021 (File No. 1-36759) filed with the SEC on October 14, 2021.
4.12	Form of 3.450% Notes due 2026.	Incorporated by reference to Exhibit 4.5 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on June 1, 2016.
4.13	Form of 4.650% Notes due 2046.	Incorporated by reference to Exhibit 4.6 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on June 1, 2016.
4.14	Form of 3.200% Notes due 2030.	Incorporated by reference to Exhibit 4.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on April 15, 2020.
4.15	Form of 4.100% Notes due 2050.	Incorporated by reference to Exhibit 4.2 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on April 15, 2020.
4.16	Form of 0.950% Notes due 2023.	Incorporated by reference to Exhibit 4.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on November 17, 2021.
4.17	Walgreen Co. Shareholders Agreement, dated as of August 2, 2012, among Walgreen Co., Stefano Pessina, KKR Sprint (European II) Limited, KKR Sprint (2006) Limited and KKR Sprint (KPE) Limited, Alliance Santé Participations S.A., Kohlberg Kravis Roberts & Co. L.P. and certain other investors party thereto.	Incorporated by reference to Exhibit 4.1 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on August 6, 2012.

4.18	Letter Agreement between Stefano Pessina and Walgreens Boots Alliance, Inc., dated July 23, 2020.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on July 27, 2020.
4.19	Amendment No. 1 to Purchase and Option Agreement and Walgreen Co. Shareholders Agreement, dated August 5, 2014, by and among Walgreen Co., Alliance Boots GmbH, AB Acquisitions Holdings Limited, Walgreen Scotland Investments LP, KKR Sprint (European II) Limited, KKR Sprint (2006) Limited and KKR Sprint (KPE) Limited, Alliance Santé Participations S.A., Stefano Pessina and Kohlberg Kravis Roberts & Co. L.P.	Incorporated by reference to Annex B-2 to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 (File No. 333-198768) filed with the SEC pursuant to Rule 424(b)(3) on November 24, 2014.
4.20	Amendment No. 2 to Purchase and Option Agreement and Walgreen Co. Shareholders Agreement, dated December 31, 2014, as Amended by Amendment No.1, dated as of August 5, 2014, by and among Walgreen Co., Alliance Boots GmbH, AB Acquisitions Holdings Limited, Ontario Holdings WBS Limited, KKR Sprint (European II)Limited, KKR Sprint (2006) Limited and KKR Sprint (KPE) Limited, Alliance Santé Participations S.A., Stefano Pessina and Kohlberg Kravis Roberts & Co. L.P.	Incorporated by reference to Exhibit E to the Schedule 13D filed by Alliance Santé Participations S.A. (File No. 005-88481) filed with the SEC on December 31, 2014).
4.21	Description of Registered Securities.	Filed herewith.
10.1	Walgreens Boots Alliance, Inc. Management Incentive Plan (as amended and restated effective July 1, 2016).	Incorporated by reference to Exhibit 10.2 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2016 (File No. 1-36759) filed with the SEC on October 20, 2016.
10.2	Walgreens Boots Alliance, Inc. 2021 Omnibus Incentive Plan.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on February 2, 2021.
10.3	Form of Performance Share Award agreement (effective October 2022).	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 28, 2022.
10.4	Form of Performance Share Award agreement (effective October 2021).	Incorporated by reference to Exhibit 10.4 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 30, 2021 (File No. 1-36759) filed with the SEC on January 6, 2022.
10.5	Form of Performance Share Award agreement (effective January 2021).	Incorporated by reference to Exhibit 10.2 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on February 2, 2021.
10.6	Form of Stock Option Award agreement (effective October 2021).	Incorporated by reference to Exhibit 10.5 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 30, 2021 (File No. 1-36759) filed with the SEC on January 6, 2022.
10.7	Form of Stock Option Award agreement (effective January 2021).	Incorporated by reference to Exhibit 10.3 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on February 2, 2021.
10.8	Form of Restricted Stock Unit Award agreement (effective March 2023).	Filed herewith.
10.9	Form of Restricted Stock Unit Award agreement (effective October 2022).	Incorporated by reference to Exhibit 10.2 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 28, 2022.

10.10	Form of Restricted Stock Unit Award agreement (effective October 2022).	Filed herewith.
10.11	Form of Restricted Stock Unit Award agreement (effective October 2021).	Incorporated by reference to Exhibit 10.6 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 30, 2021 (File No. 1-36759) filed with the SEC on January 6, 2022.
10.12	Form of Restricted Stock Unit Award agreement (effective January 2021).	Incorporated by reference to Exhibit 10.4 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on February 2, 2021.
10.13	Form of Restricted Stock Unit Award agreement for Executive Chairman (effective October 2022).	Incorporated by reference to Exhibit 10.3 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 28, 2022.
10.14	Form of Restricted Stock Unit Award agreement for Executive Chairman (November 2021).	Incorporated by reference to Exhibit 10.7 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 30, 2021 (File No. 1-36759) filed with the SEC on January 6, 2022.
10.15	Amendment to the amended and restated Walgreens Boots Alliance, Inc. 2013 Omnibus Incentive Plan.	Incorporated by reference to Exhibit 10.5 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on February 2, 2021.
10.16	Walgreens Boots Alliance, Inc. 2013 Omnibus Incentive Plan (as amended and restated).	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on January 19, 2018.
10.17	Form of Performance Share Award agreement (effective October 2020).	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 30, 2020.
10.18	Form of Stock Option Award agreement (effective October 2020).	Incorporated by reference to Exhibit 10.2 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 30, 2020.
10.19	Form of Stock Option Award agreement (effective October 2019).	Incorporated by reference to Exhibit 10.6 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2019 (File No. 1-36759) filed with the SEC on October 28, 2019.
10.20	Form of Restricted Stock Unit Award agreement (effective October 2020).	Incorporated by reference to Exhibit 10.4 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 30, 2020.
10.21	Form of Stock Option Award agreement for CEO (November 2019).	Incorporated by reference to Exhibit 10.14 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2019 (File No. 1-36759) filed with the SEC on October 28, 2019.
10.22	UK Sub-Plan under the Walgreens Boots Alliance, Inc. 2013 Omnibus Incentive Plan.	Incorporated by reference to Exhibit 10.16 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K (File No. 1-36759) filed with the SEC on October 28, 2015.
10.23	Form of Stock Option Award agreement under UK Sub-plan (effective October 2020).	Incorporated by reference to Exhibit 10.3 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 30, 2020.
10.24	Form of Stock Option Award agreement under UK Sub-plan (effective October 2019).	Incorporated by reference to Exhibit 10.29 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2019 (File No. 1-36759) filed with the SEC on October 28, 2019.

10.25	Form of Stock Option Award agreement under UK Sub-plan (effective October 2018).	Incorporated by reference to Exhibit 10.4 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 30, 2018 (File No. 1-36759) filed with the SEC on December 20, 2018.
10.26	Walgreen Co. 2002 Executive Deferred Compensation/Capital Accumulation Plan.	Incorporated by reference to Exhibit 10(g) to Walgreen Co.'s Annual Report on Form 10-K for the fiscal year ended August 31, 2002 (File No. 1-00604).
10.27	Amendment to the Walgreen Co. 2002 et. al. Executive Deferred Compensation/Capital Accumulation Plans.	Incorporated by reference to Exhibit 10.3 to Walgreen Co.'s Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2009 (File No. 1-00604).
10.28	Walgreen Co. 2006 Executive Deferred Compensation/Capital Accumulation Plan (effective January 1, 2006).	Incorporated by reference to Exhibit 10(b) to Walgreen Co.'s Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2005 (File No. 1-00604).
10.29	Walgreens Boots Alliance, Inc. Executive Retirement Savings Plan (as amended and restated effective January 1, 2020).	Incorporated by reference to Exhibit 10.43 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2019 (File No. 1-36759) filed with the SEC on October 28, 2019.
10.30	First Amendment to the Walgreens Boots Alliance, Inc. Executive Retirement Savings Plan (as amended and restated effective January 1, 2020).	Incorporated by reference to Exhibit 10.38 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2021 (File No. 1-36759) filed with the SEC on October 14, 2021.
10.31	Second Amendment to the Walgreens Boots Alliance, Inc. Executive Retirement Savings Plan (as amended and restated effective January 1, 2020).	Filed herewith.
10.32	Walgreens Boots Alliance, Inc. Executive Severance and Change in Control Plan (as amended and restated effective August 6, 2019).	Incorporated by reference to Exhibit 10.47 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2019 (File No. 1-36759) filed with the SEC on October 28, 2019.
10.33	Offer Letter agreement between Stefano Pessina and Walgreens Boots Alliance, Inc.	Incorporated by reference to Exhibit 10.29 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended February 28, 2015 (File No. 1-36759) filed with the SEC on April 9, 2015.
10.34	Offer Letter agreement between Walgreens Boots Alliance, Inc. and Ginger L. Graham, dated September 20, 2023.	Filed herewith.
10.35	Employment Agreement between Alliance UniChem Plc and Ornella Barra, dated December 10, 2002.	Incorporated by reference to Exhibit 10.20 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended February 28, 2015 (File No. 1-36759) filed with the SEC on April 9, 2015.
10.36	Agreement among Alliance Boots plc, Alliance UniChem Plc and Ornella Barra, dated July 31, 2006.	Incorporated by reference to Exhibit 10.21 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended February 28, 2015 (File No. 1-36759) filed with the SEC on April 9, 2015.
10.37	Novation of Service Agreement among Alliance Boots Holdings Limited, Alliance Boots Management Services MC S.A.M and Ornella Barra, dated June 1, 2013.	Incorporated by reference to Exhibit 10.22 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended February 28, 2015 (File No. 1-36759) filed with the SEC on April 9, 2015.
10.38	Offer Letter agreement between Walgreens Boots Alliance, Inc. and John Driscoll, dated October 6, 2022.	Filed herewith.
10.39	Offer Letter agreement between Walgreen Co. and Manmohan Mahajan, dated December 16, 2015.	Filed herewith.
10.40	Offer Letter agreement between Walgreens Boots Alliance, Inc. and Rosalind G. Brewer, dated January 26, 2021.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on February 1, 2021.

10.41	Separation and Transition Agreement between Walgreens Boots Alliance, Inc. and Rosalind Brewer, dated August 31, 2023.	Filed herewith.
10.42	Offer Letter agreement dated as of March 6, 2018 between James Kehoe and Walgreens Boots Alliance, Inc.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on March 8, 2018.
10.43	Offer Letter agreement dated as of August 27, 2020 between John Standley and Walgreens Boots Alliance, Inc.	Incorporated by reference to Exhibit 10.46 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2021 (File No. 1-36759) filed with the SEC on October 14, 2021.
10.44	Separation Agreement, General Release and Waiver, between Walgreens Boots Alliance, Inc. and John Standley, dated November 20, 2022.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K/A for (File No. 1-36759) filed with the SEC on November 23, 2022.
10.45	Walgreens Boots Alliance, Inc. Long-Term Global Assignment Relocation Policy.	Filed herewith.
10.46	Secondment Agreement dated September 27, 2013 between Alliance Boots Management Services Limited and Walgreen Co.	Incorporated by reference to Exhibit 10.52 to Walgreen Co.'s Annual Report on Form 10-K for the fiscal year ended August 31, 2013 (File No. 1-00604).
10.47	Shareholders' Agreement, dated as of August 2, 2012, by and among Alliance Boots GmbH, AB Acquisition Holdings Limited and Walgreen Co.	Incorporated by reference to Exhibit 10.1 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on August 6, 2012.
10.48	Framework Agreement, dated as of March 18, 2013, by and among Walgreen Co., Alliance Boots GmbH and Cencora, Inc. (formerly known as AmerisourceBergen Corporation).	Incorporated by reference to Exhibit 10.1 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on March 20, 2013.
10.49	Shareholders Agreement, dated as of March 18, 2013, by and among Walgreen Co., Alliance Boots GmbH and Cencora, Inc. (formerly known as AmerisourceBergen Corporation).	Incorporated by reference to Exhibit 10.2 to Walgreen Co.'s Current Report on Form 8-K (File No. 1-00604) filed with the SEC on March 20, 2013.
10.50	Amended and Restated Cencora (formerly AmerisourceBergen) Shareholders Agreement, dated as of June 1, 2021, between Cencora, Inc. (formerly known as AmerisourceBergen Corporation) and Walgreens Boots Alliance, Inc.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on June 4, 2021.
10.51*	Second Amended and Restated Limited Liability Company Agreement of Shields Health Solutions Parent, LLC.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on October 29, 2021.
10.52*	Seventh Amended and Restated Limited Liability Company Agreement of Village Practice Management Company, LLC.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on November 26, 2021.
10.53	Appointment and Waiver Agreement, dated as of November 24, 2021, by and among Walgreens Boots Alliance, Inc., WBA Acquisition 5, LLC and Village Practice Management Company, LLC.	Incorporated by reference to Exhibit 10.2 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on November 26, 2021.

10.54	Nomination Rights Agreement, dated as of December 7, 2022, by and among Walgreens Boots Alliance, Inc., Village Practice Management Company, LLC and Village Practice Management Company Holdings, LLC.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on December 7, 2022.
10.55	Form of Eighth Amended and Restated Limited Liability Company Agreement of Village Practice Management Company, LLC.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on November 8, 2022.
10.56	Amended and Restated Limited Liability Company Agreement of Village Practice Management Company Holdings, LLC, dated as of January 3, 2023, by and among Village Practice Management Company Holdings, LLC and its members.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on January 5, 2023.
10.57	Delayed Draw Term Loan Credit Agreement, dated as of November 15, 2021, by and among Walgreens Boots Alliance, Inc., the Designated Borrowers from time to time party thereto, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance Inc.'s Current Report on Form 8-K (File No. 1-36759) filed on November 16, 2021.
10.58	5-Year Revolving Credit Facility, dated as of June 17, 2022, by and among Walgreens Boots Alliance, Inc., the Designated Borrowers from time to time party thereto, the Lenders and L/C Issuers from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on June 21, 2022.
10.59	Delayed Draw Term Loan Credit Agreement, dated as of December 19, 2022, by and among Walgreens Boots Alliance, Inc., the Designated Borrowers from time to time party thereto, the Lenders from time to time party thereto and Toronto Dominion (Texas) LLC, as Administrative Agent.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on December 20, 2022.
10.60	Delayed Draw Term Loan Credit Agreement, dated as of August 9, 2023, by and among Walgreens Boots Alliance, Inc., the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on August 10, 2023.
10.61	Three-Year Revolving Credit Agreement, dated as of August 9, 2023, by and among Walgreens Boots Alliance, Inc., the Designated Borrowers from time to time party thereto, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent and Swing Line Lender.	Incorporated by reference to Exhibit 10.2 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K (File No. 1-36759) filed with the SEC on August 10, 2023.
21	Subsidiaries of the Registrant.	Filed herewith.
23.1	Consent of Deloitte & Touche LLP.	Filed herewith.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.	Furnished herewith.
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.	Furnished herewith.

101.INS	XBRL Instance Document (The following financial information from this Annual Report on Form 10-K for the fiscal year ended August 31, 2023 formatted in Inline XBRL (Extensive Business Reporting Language) includes: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Equity; (iii) the Consolidated Statement of Earnings; (iv) the Consolidated Statements of Comprehensive Income; (v) the Consolidated Statements of Cash Flows; and (vi) Notes to Financial Statements).	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101)	Filed herewith.

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Copies of any omitted schedule or exhibit will be furnished supplementally to the SEC upon request.

** Other instruments defining the rights of holders of long-term debt of the registrant and its consolidated subsidiaries may be omitted from Exhibit 4 in accordance with Item 601(b)(4)(iii)(A) of Regulation S-K. Copies of any such agreements will be furnished supplementally to the SEC upon request.

Item 16. Form 10-K summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

October 12, 2023

WALGREENS BOOTS ALLIANCE, INC.

By: /s/ Manmohan Mahajan

Manmohan Mahajan

Senior Vice President and Interim Global Chief Financial Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934 this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Ginger L. Graham</u> Ginger L. Graham	Interim Chief Executive Officer (Principal Executive Officer) and Director	October 12, 2023
<u>/s/ Manmohan Mahajan</u> Manmohan Mahajan	Senior Vice President and Interim Global Chief Financial Officer (Principal Financial Officer)	October 12, 2023
<u>/s/ Todd D. Heckman</u> Todd D. Heckman	Vice President, Interim Global Controller and Chief Accounting Officer (Principal Accounting Officer)	October 12, 2023
<u>/s/ Stefano Pessina</u> Stefano Pessina	Executive Chairman of the Board	October 12, 2023
<u>/s/ Janice M. Babiak</u> Janice M. Babiak	Director	October 12, 2023
<u>/s/ Inderpal S. Bhandari</u> Inderpal S. Bhandari	Director	October 12, 2023
<u>/s/ Bryan C. Hanson</u> Bryan C. Hanson	Director	October 12, 2023
<u>/s/ Valerie B. Jarrett</u> Valerie B. Jarrett	Director	October 12, 2023
<u>/s/ John A. Lederer</u> John A. Lederer	Director	October 12, 2023
<u>/s/ Dominic P. Murphy</u> Dominic P. Murphy	Director	October 12, 2023
<u>/s/ Thomas E. Polen</u> Thomas E. Polen	Director	October 12, 2023
<u>/s/ Nancy M. Schlichting</u> Nancy M. Schlichting	Director	October 12, 2023

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED
PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

As of August 31, 2023, Walgreens Boots Alliance, Inc. ("Walgreens Boots Alliance," the "Company," "we," "our" and "us" refer solely to Walgreens Boots Alliance, Inc. and not its subsidiaries and any person that succeeds thereto) has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our common stock; (2) €750,000,000 of 2.125% notes due 2026 (the "notes due 2026" or the "euro notes") and (3) £300,000,000 of 3.600% notes due 2025 (the "notes due 2025" or the "sterling notes," and the sterling notes together with the euro notes, the "notes").

Description of Common Stock

The following description of our common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and our Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as exhibits to the Annual Report on Form 10-K. We encourage you to read our Certificate of Incorporation, our Bylaws and the applicable provisions of the Delaware General Corporation Law (the "DGCL"), for additional information.

General

The authorized capital stock of Walgreens Boots Alliance consists of 3,200,000,000 shares of common stock, par value \$0.01 per share, which is registered under Section 12 of the Exchange Act. All of the shares issued and outstanding are fully paid and nonassessable. As of August 31, 2023, the total number of outstanding shares of Walgreens Boots Alliance was 871,053,535.

Dividends; Liquidation. Subject to the preferences of any outstanding shares of preferred stock, holders of common stock of Walgreens Boots Alliance have equal ratable rights to dividends (payable in cash, stock or otherwise) out of funds legally available for that purpose, when and if dividends are declared by the Board of Walgreens Boots Alliance (the "Board of Directors"). Holders of common stock are entitled to share ratably, as a single class, in all of Walgreens Boots Alliance's assets available for distribution to holders of shares of common stock upon Walgreens Boots Alliance's liquidation or dissolution or the winding up of Walgreens Boots Alliance's affairs, after payment of Walgreens Boots Alliance's liabilities and any amounts to holders of outstanding shares of preferred stock.

Voting Rights. Generally, holders of Walgreens Boots Alliance's common stock vote together as a single class on every matter acted upon by the shareholders. Holders of Walgreens Boots Alliance common stock are entitled to one vote per share on all matters submitted to a vote of shareholders, except that in all elections of directors, holders of Walgreens Boots Alliance common stock will be entitled to cumulate their votes for one or more than one candidate. A majority of the outstanding shares entitled to vote on a matter, represented in person or by proxy, will constitute a quorum at any meeting of shareholders. If a quorum is present, the affirmative vote of the majority of shares represented at the meeting and entitled to vote on a matter will be the act of the shareholders, unless the vote of a greater or different number or voting by classes is required by the DGCL, the Certificate of Incorporation or the Bylaws. Except as otherwise provided by law, or by the resolution or resolutions adopted by the Board of Directors designating the rights, powers and preferences of any series and/or class of preferred stock, the holders of Walgreens Boots Alliance common stock have the exclusive right to vote for the

election of directors and for all other purposes, and holders of preferred stock are not entitled to receive notice of any meeting of stockholders at which they are not entitled to vote.

Other. The holders of Walgreens Boots Alliance common stock have no preferences or rights of conversion, exchange, pre-emption or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. The rights and preferences of holders of common stock are subject to the rights of any series of preferred stock that Walgreens Boots Alliance may issue.

Listing. Our common stock is traded on the Nasdaq Stock Market under the trading symbol “WBA.”

Delaware Anti-Takeover Statute

Delaware corporations may elect not to be governed by Section 203 of the DGCL, *i.e.*, Delaware’s anti-takeover law. Walgreens Boots Alliance has not made this election. Delaware’s anti-takeover law provides that an “interested stockholder,” defined as a person who owns 15% or more of the outstanding voting stock of a corporation or a person who is an associate or affiliate of the corporation and, within the preceding three-year period, owned 15% or more of the outstanding voting stock, may not engage in specified business combinations with the corporation for a period of three years after the date on which the person became an interested stockholder. The law defines the term “business combination” to encompass a wide variety of transactions with or caused by an interested stockholder, including mergers, asset sales and transactions in which the interested stockholder receives or could receive a benefit on other than a pro rata basis with other shareholders. With the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of Walgreens Boots Alliance capital stock entitled to vote in the election of directors, voting together as a single class, Walgreens Boots Alliance may amend its Certificate of Incorporation in the future to no longer be governed by the anti-takeover law. This amendment would have the effect of allowing any person who owns at least 15% of our outstanding voting stock to pursue a takeover transaction that was not approved by the Board of Directors. However, because Walgreens Boots Alliance has not elected to opt-out of this provision, for transactions not approved in advance by the Board of Directors, the provision might discourage takeover attempts that might result in a premium over the market price for shares of Walgreens Boots Alliance’s common stock.

Limitations of Director Liability and Indemnification

The Certificate of Incorporation provides that directors shall not be personally liable to the corporation or to its shareholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL.

Delaware law currently provides that this waiver may not apply to liability:

- for any breach of the director’s duty of loyalty to us or our shareholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under Section 174 of the DGCL (governing distributions to shareholders); or
- for any transaction from which the director derived any improper personal benefit.

In the event the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. The bylaws of Walgreens Boots Alliance further provide that we will indemnify each of our directors and officers, trustees, fiduciaries, employees and agents to the fullest extent permitted by Delaware law.

Transfer Agent

EQ Shareowner Services serves as the transfer agent and registrar for Walgreens Boots Alliance’s common stock.

Description of the Notes

The following description of our notes is a summary and does not purport to be complete. The summary is subject to and qualified in its entirety by reference to the indenture between the Walgreens Boots Alliance and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, dated as of November 18, 2014 and the forms of the notes due 2025 and the notes due 2026, each of which are incorporated by reference as exhibits to the Annual Report on Form 10-K. We encourage you to read the above referenced indenture for additional information.

General

The notes due 2025 were initially issued in an aggregate principal amount of £300,000,000. The notes due 2026 were initially issued in an aggregate principal amount of €750,000,000 aggregate principal amount. As of August 31, 2023, no such additional notes have been issued.

The notes do not have the benefit of any sinking fund. The notes will not be convertible or exchangeable.

The provisions of the indenture relating to defeasance and covenant defeasance as described in the indenture apply to the notes.

The euro notes were issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The sterling notes were issued in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The notes due 2025 and the notes due 2026 are each traded on the Nasdaq Stock Market under the bond trading symbols of “WBA25” and “WBA26” respectively.

Ranking

Each series of notes are our unsecured, unsubordinated debt obligations and rank equally in right of payment with all of our other unsecured and unsubordinated debt from time to time outstanding.

Interest Payments and Maturity

The notes due 2025 bear interest at a rate of 3.600% and the notes due 2026 bear interest at a rate of 2.125%, each accruing from November 20, 2014 or the most recent interest payment date to which interest has been paid or provided for.

We will pay, or cause the paying agent to pay, interest on the notes annually in arrears on November 20 of each year, in each case, to persons in whose names the notes are registered at the close of business on the preceding November 6 (whether or not a Business Day), as the case may be. We will calculate the amount of interest payable on the notes on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes, to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association. If the date on which a payment of interest or principal on the notes is scheduled to be paid is not a Business Day, then that interest or principal will be paid on the next succeeding Business Day but no further interest will be paid in respect of the delay in such payment.

“Business Day” means any Monday, Tuesday, Wednesday, Thursday or Friday which is not a day when banking institutions are authorized or obligated by law or executive order to be closed in New York City or London and, for any place of payment outside of New York City or London, in such place of payment, and on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, operates.

Payments of principal, interest and Additional Amounts (as defined below), if any, in respect of (i) the euro notes are payable in euro and (ii) the sterling notes, are payable in sterling. If euro or sterling, as the case may be, is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control (including the dissolution of the euro) or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the applicable notes will be made in U.S. dollars until the euro or sterling, as applicable, is again available to us or so used. The amount payable on any date in euro or sterling, as applicable, will be converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the then most recent U.S. dollar/euro exchange rate or U.S. dollar/sterling exchange rate, as applicable, available on or prior to the second business day prior to the relevant payment date as determined by us in our sole discretion. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the notes or the indenture governing the notes. Neither the trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

The notes will cease to bear interest upon maturity unless, upon due presentation, payment of the amount due is improperly withheld or refused, in which case the notes will continue to bear interest (before as well as after judgment) until the day on which all sums due in respect of such notes up to that day are received by or on behalf of the relevant holder of such notes.

Investors are subject to foreign exchange risks as to payments of principal, interest and Additional Amounts, if any, that may have important economic and tax consequences to them.

Optional Redemption

We may redeem (i) the notes due 2025, at any time prior to August 20, 2025 (three months prior to the maturity date of the notes due 2025) in part and (ii) the notes due 2026, at any time prior to August 20, 2026 (three months prior to the maturity date of the notes due 2026) in whole or from time to time prior to August 20, 2026 in part, in each case, at our option at a redemption price equal to the greater of (the "Applicable Premium"):

(1) 100% of the principal amount of the notes to be redeemed; or

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the redemption date), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate, plus 20 basis points for the euro notes, and plus 20 basis points for the notes due 2025, plus, in every case, accrued and unpaid interest on the notes to be redeemed to, but excluding, the redemption date.

In addition, at any time on or after August 20, 2025 (three months prior to the maturity date of the notes due 2025), with respect to the notes due 2025, or August 20, 2026 (three months prior to the maturity date of the notes due 2026) with respect to the notes due 2026, we may redeem some or all of the applicable series of notes at our option, at a redemption price equal to 100% of the principal amount of the applicable notes to be redeemed, plus, in every case, accrued and unpaid interest on the notes to be redeemed to, but excluding, the redemption date.

In any case, the principal amount of a note remaining outstanding after a redemption in part shall be €100,000 or £100,000 or an integral multiple of €1,000 or £1,000 in excess thereof.

Further, installments of interest on notes to be redeemed that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the applicable interest payment date to the registered holders as of the close of business on the relevant record date according to such notes and the indenture.

For purposes of the optional redemption provisions of the notes, the following terms are applicable:

“Comparable Government Bond” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us, (i) with respect to any series of euro notes, a German federal government bond whose maturity is closest to the maturity of the euro notes to be redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German federal government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German federal government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate and (ii) with respect to the sterling notes, the United Kingdom government security or securities whose maturity is closest to the maturity of the sterling notes to be redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other United Kingdom government security or securities as such independent investment bank may, with the advice of three brokers of, and/or market makers in, United Kingdom government securities selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

“Comparable Government Bond Rate” means, with respect to any redemption date, the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on the notes to be redeemed, if they were to be purchased at such price on the third business day prior to the redemption date, would be equal to the gross redemption yield on such Business Day of the Comparable Government Bond (as defined above) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such Business Day as determined by an independent investment bank selected by us.

Notice of any redemption will be mailed, or delivered electronically if held by any depositary in accordance with such depositary’s customary procedures, at least 30 days but not more than 60 days before the redemption date to each registered holder of the notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. If less than all of the notes of any series are to be redeemed, the notes to be redeemed shall be selected by the securities registrar in accordance with applicable procedures of Clearstream or Euroclear (each as defined below).

The notes are also subject to redemption if certain events occur involving United States taxation.

Additional Amounts

All payments of principal and interest in respect of the notes by us or a paying agent on our behalf will be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or other similar governmental charges imposed or levied by the United States or any political subdivision or taxing authority of or in the United States (collectively, “Taxes”), unless such withholding or deduction is required by law.

In the event such withholding or deduction for Taxes is required by law, subject to the limitations described below, we will pay to any beneficial owner of a note that is neither a U.S. Holder (as defined below) nor a partnership for U.S. federal income tax purposes such additional amounts (“Additional Amounts”) as may be necessary to ensure that the net amount received by such person, after withholding or deduction for such Taxes, will be equal to the amount such person would have received in the absence of such withholding or deduction.

However, no Additional Amounts shall be payable with respect to any Taxes if such Taxes are imposed or levied for reasons unrelated to the holder’s or beneficial owner’s ownership or disposition of notes, nor shall Additional Amounts be payable for or on account of:

- (a) any Taxes which would not have been so imposed, withheld or deducted but for:
 - (i) the existence of any present or former connection between the holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or a person having a power over, such

holder or beneficial owner, if such holder or beneficial owner is an estate, a trust, a limited liability company, a partnership, a corporation or other entity) and the United States, including, without limitation, such holder or beneficial owner (or such fiduciary, settlor, beneficiary, member, shareholder or other equity owner or person having such a power) being or having been a citizen or resident or treated as a resident of the United States, being or having been engaged in a trade or business in the United States, being or having been present in the United States, or having or having had a permanent establishment in the United States;

(ii) the failure of the holder or beneficial owner to comply with any applicable certification, information, documentation or other reporting requirement, if compliance is required under the tax laws and regulations of the United States or any political subdivision or taxing authority of or in the United States to establish entitlement to a partial or complete exemption from such Taxes (including, but not limited to, the requirement to provide Internal Revenue Service Form W-8BEN, Form W-8BEN-E, Form W-8ECI, or any subsequent versions thereof or successor thereto); or

(iii) the holder's or beneficial owner's present or former status as a personal holding company or a foreign personal holding company with respect to the United States, as a controlled foreign corporation with respect to the United States, as a passive foreign investment company with respect to the United States, as a foreign tax exempt organization with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;

(b) any Taxes which would not have been imposed, withheld or deducted but for the failure of the holder or beneficial owner to meet the requirements (including the certification requirements) of Section 871(h) or Section 881(c) of the Internal Revenue Code of 1986, as amended (the "Code");

(c) any Taxes which would not have been imposed, withheld or deducted but for the presentation by the holder or beneficial owner of such note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment of the note is duly provided for and notice is given to holders, whichever occurs later, except to the extent that the holder or beneficial owner would have been entitled to such Additional Amounts on presenting such note on any date during such 30-day period;

(d) any estate, inheritance, gift, sales, excise, transfer, personal property, wealth or similar Taxes;

(e) any Taxes which are payable otherwise than by withholding or deduction from a payment on such note;

(f) any Taxes which are imposed, withheld or deducted with respect to, or payable by, a holder that is not the beneficial owner of the note, or a portion of the note, or that is a fiduciary, partnership, limited liability company or other similar entity, but only to the extent that a beneficial owner, a beneficiary or settlor with respect to such fiduciary or member of such partnership, limited liability company or similar entity would not have been entitled to the payment of an Additional Amount had such beneficial owner, settlor, beneficiary or member received directly its beneficial or distributive share of the payment;

(g) any Taxes required to be withheld or deducted by any paying agent from any payment on any note, if such payment can be made without such withholding or deduction by at least one other paying agent;

(h) any Taxes required to be withheld or deducted where such withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such European Council Directive;

(i) any Taxes imposed, withheld or deducted under Sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code;

(j) any Taxes that would not have been imposed, withheld or deducted but for a change in any law, treaty, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the applicable payment becomes due or is duly provided for, whichever occurs later; or

(k) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i) and (j).

Any Additional Amounts paid on the euro notes will be paid in euro and any Additional Amounts paid on the sterling notes will be paid in sterling.

For purposes of this section, the acquisition, ownership, enforcement, or holding of or the receipt of any payment with respect to a note will not constitute a connection (1) between the holder or beneficial owner and the United States or (2) between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or a person having a power over, such holder or beneficial owner if such holder or beneficial owner is an estate, a trust, a limited liability company, a partnership, a corporation or other entity and the United States.

Except as specifically provided under this section “Additional Amounts,” we will not be required to make any payment with respect to any tax, duty, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority.

If we are required to pay Additional Amounts with respect to the notes, we will notify the trustee and paying agent pursuant to an officers’ certificate that specifies the Additional Amounts payable and when the Additional Amounts are payable. If the trustee and the paying agent do not receive such an officers’ certificate from us, the trustee and paying agent may rely on the absence of such an officers’ certificate in assuming that no such Additional Amounts are payable.

In addition, we undertake that, to the extent permitted by law, we will maintain a paying agent that will not require withholding or deduction of tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such European Council Directive.

As used herein, a “U.S. Holder” means a beneficial owner of a note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state within the United States, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) the trust validly elected to be treated as a U.S. person under applicable Treasury regulations.

Redemption for Tax Reasons

We may redeem each series of the notes at our option, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, together with any accrued and unpaid interest on the notes to be redeemed to, but excluding, the redemption date, at any time, if:

(i) we have or will become obliged to pay Additional Amounts with respect to such series of notes as a result of any change in, or amendment to, the laws, regulations, treaties, or rulings of the United States or any political subdivision of or in the United States or any taxing authority thereof or therein affecting taxation, or any change in, or amendment to, the application, official interpretation, administration or enforcement of such laws, regulations, treaties or rulings (including a holding by a court of competent jurisdiction in the United States), which change or amendment is enacted, adopted, announced or becomes effective on or after November 10, 2014; or

(ii) on or after November 10, 2014, any action is taken by a taxing authority of, or any action has been brought in a court of competent jurisdiction in, the United States or any political subdivision of or in the United States or any taxing authority thereof or therein, including any of those actions specified in clause (i) above, whether or not such action was taken or brought with respect to us, or there is any change, amendment, clarification, application or interpretation of such laws, regulations, treaties or rulings, which in any such case, will result in a material probability that we will be required to pay Additional Amounts with respect to such notes (it being understood that such material probability will be deemed to result if the written opinion of independent tax counsel described in clause (b) below to such effect is delivered to the trustee and the paying agent).

Notice of any redemption will be mailed, or delivered electronically if held by any depositary in accordance with such depositary's customary procedures, at least 30 days but not more than 60 days before the redemption date to each registered holder of the notes to be redeemed; provided, however, that the notice of redemption shall not be given earlier than 90 days before the earliest date on which we would be obligated to pay such Additional Amounts if a payment in respect of the notes was then due.

Prior to the mailing or delivery of any notice of redemption pursuant to this section, in case of a redemption for the reasons specified in clause (i) or (ii) above, we will deliver to the trustee and the paying agent:

(a) a certificate signed by one of our officers stating that we are entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to our rights to so redeem have occurred, and

(b) a written opinion of independent tax counsel of nationally recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment or that there is a material probability that we will be required to pay Additional Amounts as a result of such action, change, amendment, clarification, application or interpretation, as the case may be.

Such notice, once delivered by us will be irrevocable.

Change of Control

If a change of control triggering event occurs with respect to the notes, unless we have exercised our option to redeem the notes as described above or have defeased the notes as described in the indenture, we will be required to make an offer (a "change of control offer") to each holder of the notes to repurchase all or any part (equal, in respect of the euro notes, to €100,000 or an integral multiple of €1,000 in excess thereof, and in respect of the sterling notes, to £100,000 or an integral multiple of £1,000 in excess thereof) of that holder's notes on the terms set forth in such notes. In a change of control offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to, but excluding, the date of repurchase (a "change of control payment"). Within 30 days following any change of control triggering event or, at our option, prior to any change of control, but after public announcement of the transaction that constitutes or may constitute the change of control, a notice will be mailed to the trustee and the paying agent and mailed, or delivered electronically if still held in Clearstream or Euroclear in accordance with Clearstream's or Euroclear's customary procedures, to holders of the notes, describing the transaction that constitutes or may constitute the change of control triggering event and offering to repurchase the notes on the date specified in the applicable notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (or delivered electronically) (a "change of control payment date"). The notice will, if mailed (or delivered electronically) prior to the date of consummation of the change of control, state that the change of control offer is conditioned on the change of control triggering event occurring on or prior to the applicable change of control payment date.

On each change of control payment date, we will, to the extent lawful:

- accept for payment all notes or portions of notes properly tendered pursuant to the applicable change of control offer;

- deposit with the paying agent an amount equal to the change of control payment in respect of all notes or portions of notes properly tendered; and
- deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate (with a copy to the paying agent) stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to make a change of control offer upon the occurrence of a change of control triggering event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any notes if there has occurred and is continuing on the change of control payment date an event of default under the indenture, other than a default in the payment of the change of control payment upon a change of control triggering event.

We will be required to comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control triggering event. To the extent that the provisions of any securities laws or regulations conflict with the change of control offer provisions of the notes, we will be required to comply with such securities laws and regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such conflict and compliance.

For purposes of the change of control offer provisions of the notes, the following terms are applicable:

“Board of Directors” means our board of directors or any authorized committee thereof.

“Change of control” means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any person, other than us or one of our subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our outstanding voting stock or other voting stock into which our voting stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) we consolidate with, or merge with or into, any person, or any person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding voting stock or the voting stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our voting stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the voting stock of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction, measured by voting power rather than number of shares; (4) the first day on which a majority of the members of our Board of Directors are not continuing directors; or (5) the adoption of a plan relating to our liquidation or dissolution. Notwithstanding the foregoing, (i) the reorganization (and each transaction in connection therewith or related thereto) shall not constitute a change of control, (ii) the Walgreens Merger (and each transaction in connection therewith or related thereto) shall not constitute a change of control and (iii) a transaction will not be deemed to involve a change of control under clause (2) above if (1) we become a direct or indirect wholly owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our voting stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the voting stock of such holding company. The term “person,” as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

The definition of change of control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of our assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all” there is no precise established definition of the

phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and of those of our subsidiaries taken as a whole to another person or group may be uncertain.

“Change of control triggering event” means the occurrence of both a change of control and a rating event.

“Continuing directors” means, as of any date of determination, any member of our Board of Directors who (1) was a member of such Board of Directors on the date the notes were issued or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the continuing directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

“Investment grade rating” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by us.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Rating agencies” means (1) each of Moody’s and S&P; and (2) if either of Moody’s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a “nationally recognized statistical rating organization” as defined under Section 3(a)(62) of the Exchange Act selected by us (as certified by a resolution of our Board of Directors) as a replacement agency for Moody’s or S&P, or both of them, as the case may be.

“Rating event” means the rating on the notes is lowered by both rating agencies and the notes are rated below an investment grade rating by both rating agencies, in any case on any day during the period (which period will be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the rating agencies) commencing upon the first public notice of the occurrence of a change of control or our intention to effect a change of control and ending 60 days following the consummation of the change of control.

“Reorganization” means the reorganization of Walgreen Co. into a holding company structure under which Ontario Merger Sub, Inc., a direct wholly owned subsidiary of Walgreens Boots Alliance, Inc. will merge with and into Walgreen Co. (subject to the satisfaction or waiver of specified closing conditions) and Walgreen Co. will survive such merger as a direct wholly owned subsidiary of Walgreens Boots Alliance, Inc.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“Second Step Transaction” means the acquisition by Walgreen Co., Walgreens Boots Alliance, Inc. or any of their respective consolidated subsidiaries of the remaining 55% of the issued and outstanding share capital of Alliance Boots GmbH in exchange for £3.133 billion in cash, payable in British pounds sterling, and 144,333,468 shares of Walgreen Co. common stock (or, if the Reorganization is consummated, 144,333,468 shares of Walgreens Boots Alliance Inc.’s common stock rather than Walgreen Co. common stock), subject to certain specified adjustments.

“Voting stock” means, with respect to any specified “person” (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

“Walgreens Merger” is the merger of Walgreens Boots Alliance, Inc. into Walgreen Co., with Walgreen Co. surviving such merger, if after the consummation of the Second Step Transaction, the Reorganization is not consummated on or prior to the date of the consummation of the Second Step Transaction.

Certain Covenants

Limitation on Liens

We agree that we will not, and will not permit any Restricted Subsidiary (as defined below) to, create, incur, issue, assume or guarantee any indebtedness for borrowed money (“Debt”), secured by a Mortgage (as defined below) upon any Operating Property (as defined below) owned by, or leased to, us or any of our Restricted Subsidiaries, or upon shares of capital stock or Debt issued by any Restricted Subsidiary and owned by us or any Restricted Subsidiary, at the issue date of each applicable series of outstanding debt securities or thereafter acquired, without effectively providing concurrently that such outstanding debt securities authenticated and delivered under the indenture (together with, if we so determine, any other Debt of ours or any Restricted Subsidiary then existing or thereafter created which is not subordinate in right of payment to such outstanding debt securities) are secured equally and ratably with, or at our option, prior to such Debt so long as such Debt is so secured. The foregoing restrictions will not apply to Debt secured by the following, and the Debt so secured will be excluded from any computation under the next succeeding paragraph below:

1. Mortgages on property existing at the time of the acquisition thereof;
2. Mortgages on property of a corporation or other entity existing at the time such corporation or other entity is merged into or consolidated with us or a Restricted Subsidiary or at the time of a sale, lease or other disposition of the properties of such corporation or other entity (or a division of such corporation or other entity) as an entirety or substantially as an entirety to us or a Restricted Subsidiary, provided that any such Mortgage does not extend to any property owned by us or any Restricted Subsidiary immediately prior to such merger, consolidation, sale, lease or disposition;
3. Mortgages on property of a corporation or other entity existing at the time such corporation or other entity becomes a Restricted Subsidiary;
4. Mortgages in favor of us or a Restricted Subsidiary;
5. Mortgages to secure all or part of the cost of acquisition, construction, development or improvement of the underlying property, or to secure Debt incurred to provide funds for any such purpose, provided that the commitment of the creditor to extend the credit secured by any such Mortgage shall have been obtained not later than 365 days after the later of (a) the completion of the acquisition, construction, development or improvement of such property or (b) the placing in operation of such property;
6. Mortgages in favor of the United States or any state thereof, or any department, agency or instrumentality or political subdivision of the United States or any state thereof, or in favor of any other country, or any department, agency or instrumentality or any political subdivision thereof, to secure partial, progress, advance or other payments; and
7. Mortgages existing on the issue date of the applicable series of outstanding debt securities or any extension, renewal, replacement or refunding of any Debt secured by a Mortgage existing on the issue date of the applicable series of outstanding debt securities or referred to in clauses (1) to (3) or (5), provided that the principal amount of Debt secured thereby and not otherwise authorized by clauses (1) to (3) or (5) shall not exceed the principal amount of Debt, plus any premium or fee payable in connection with any such extension, renewal, replacement or refunding, so secured at the time of such extension, renewal, replacement or refunding.

Notwithstanding the restrictions described above, we and our Restricted Subsidiaries may create, incur, issue, assume or guarantee Debt secured by Mortgages without equally and ratably securing the outstanding debt securities authenticated and delivered under the indenture if, at the time of such creation, incurrence, issuance, assumption or guarantee, after giving effect thereto and to the retirement of any Debt which is concurrently being retired, the aggregate amount of all such Debt secured by Mortgages (other than (i) any Debt secured by Mortgages permitted as described in clauses (1) through (7) of the immediately preceding paragraph and (ii) any Debt secured in compliance with the first paragraph of this covenant) that would otherwise be subject to these restrictions, together with all Attributable Debt (as defined below) with respect to Sale and Leaseback Transactions (as defined below) (other than with respect to certain Sale and Leaseback Transactions that are permitted as described in the second full paragraph under the caption “-Limitation on Sale and Leaseback Transactions” below) does not exceed 15% of Consolidated Net Tangible Assets (as defined below).

“Board of Directors” means our board of directors or any authorized committee thereof.

“Consolidated Net Tangible Assets” means, at any date, the total amount, as shown on or reflected in our (or, if applicable at such date, our predecessor’s) most recent consolidated balance sheet as at the end of our fiscal quarter ending not more than 135 days prior to such date, of all assets of the Company and our consolidated subsidiaries on a consolidated basis in accordance with United States generally accepted accounting principles (giving pro forma effect to any acquisition or disposition of assets of the Company or any of our subsidiaries with fair value in excess of \$100,000,000 that has occurred since the end of such fiscal quarter as if such acquisition or disposition had occurred on the last day of such fiscal quarter), less (i) all current liabilities (due within one year) as shown on such balance sheet, except for current maturities of long-term debt and of obligations under capital leases, (ii) investments in and advances to Unrestricted Subsidiaries and (iii) Intangible Assets.

“Domestic Subsidiary” means any Subsidiary of ours that is not a Foreign Subsidiary.

“Foreign Subsidiary” means any Subsidiary of ours that is not organized under the laws of the United States or any jurisdiction within the United States and any direct or indirect Subsidiary thereof.

“Intangible Assets” means, at any date, the value, as shown on or reflected in our (or, if applicable at such date, our predecessor’s) most recent consolidated balance sheet as at the end of our fiscal quarter ending not more than 135 days prior to such date, of all trade names, trademarks, licenses, patents, copyrights, service marks, goodwill and other like intangibles of the Company and our consolidated subsidiaries on a consolidated basis in accordance with United States generally accepted accounting principles (and giving pro forma effect to any acquisition or disposition of assets of the Company or any of our subsidiaries with fair value in excess of \$100,000,000 that has occurred since the end of such fiscal quarter as if such acquisition or disposition had occurred on the last day of such fiscal quarter).

“Mortgage” means, with respect to any property or assets, any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien, encumbrance, or other security arrangement of any kind or nature whatsoever on or with respect to such property or assets (including any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

“Operating Property” means any real property or equipment located within the United States and owned by, or leased to, us or any of our Subsidiaries that has a net book value (after deduction of accumulated depreciation) in excess of 1.0% of Consolidated Net Tangible Assets.

“Restricted Subsidiary” means any Domestic Subsidiary other than an Unrestricted Subsidiary; provided, however, the Board of Directors of the Company may declare any such Unrestricted Subsidiary to be a Restricted Subsidiary effective as of the date such resolution is adopted.

“Subsidiary” means any corporation or other entity of which at least a majority of the outstanding capital stock or other equity interests having by the terms thereof ordinary voting power to elect a majority of the directors, managers or trustees of such corporation or other entity, irrespective of whether or not at the time capital stock or other equity securities of

any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency, is at the time, directly or indirectly, owned or controlled by us or by one or more of our Subsidiaries, or by us and one or more of our Subsidiaries.

“Unrestricted Subsidiary” means any Domestic Subsidiary designated as an Unrestricted Subsidiary from time to time by our Board of Directors; provided, however, that our Board of Directors (i) will not designate as an Unrestricted Subsidiary any of our Domestic Subsidiaries that owns any Operating Property or any capital stock of a Restricted Subsidiary, (ii) will not continue the designation of any of our Domestic Subsidiaries as an Unrestricted Subsidiary at any time that such Domestic Subsidiary owns any Operating Property, and (iii) will not, nor will it cause or permit any Restricted Subsidiary to, transfer or otherwise dispose of any Operating Property to any Unrestricted Subsidiary (unless such Unrestricted Subsidiary will in connection therewith be redesignated as a Restricted Subsidiary and any pledge, mortgage, security interest or other lien arising in connection with any Debt of such Unrestricted Subsidiary so redesignated does not extend to such Operating Property (unless the existence of such pledge, mortgage, security interest or other lien would otherwise be permitted under the indenture)).

Limitation on Sale and Leaseback Transactions

We agree that we will not, and will not permit any Restricted Subsidiary to, enter into any arrangement with any person providing for the leasing by us or any Restricted Subsidiary of any Operating Property that has been or is to be sold or transferred by us or such Restricted Subsidiary to such person with the intention of taking back a lease of such property (a “Sale and Leaseback Transaction”), unless the terms of such sale or transfer have been determined by our Board of Directors to be fair and arm’s-length and either:

within 180 days after the receipt of the proceeds of the sale or transfer, we or any Restricted Subsidiary apply an amount equal to the greater of the net proceeds of the sale or transfer or the fair value of such Operating Property at the time of such sale or transfer to either (or a combination of) (i) the prepayment or retirement (other than any mandatory prepayment or retirement of unsecured Debt) of Senior Funded Debt (as defined below) or (ii) the purchase, construction or development of other comparable property; or

we or such Restricted Subsidiary would be entitled, at the effective date of the sale or transfer, to incur Debt secured by a Mortgage on such Operating Property, in an amount at least equal to the Attributable Debt in respect of the Sale and Leaseback Transaction, without equally and ratably securing the debt securities pursuant to the covenant described under “-Limitation on Liens” above.

The foregoing restriction in the paragraph above will not apply to any Sale and Leaseback Transaction (i) for a term of not more than three years including renewals or (ii) between us and a Restricted Subsidiary or between Restricted Subsidiaries, provided that the lessor is us or a wholly owned Restricted Subsidiary.

“Attributable Debt” in respect of a Sale and Leaseback Transaction means, at the time of determination, the amount of future minimum operating lease payments required to be disclosed by United States generally accepted accounting principles, less any amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges, discounted using the methodology used to calculate the present value of operating lease payments in our (or, if applicable at such date, our predecessor’s) most recent Annual Report on Form 10-K preceding the date of determination reflecting that calculation.

“Funded Debt” means Debt which matures more than one year from the date of creation, or which is extendable or renewable at the sole option of the obligor so that it may become payable more than one year from such date or which is classified, in accordance with United States generally accepted accounting principles, as long-term debt on the consolidated balance sheet for the most-recently ended fiscal quarter (or if incurred subsequent to the date of such balance sheet, would have been so classified) of the person for which the determination is being made. Funded Debt does not include (1) obligations created pursuant to leases, (2) any Debt or portion thereof maturing by its terms within one year from the time of any

computation of the amount of outstanding Funded Debt unless such debt shall be extendable or renewable at the sole option of the obligor in such manner that it may become payable more than one year from such time, or (3) any Debt for which money in the amount necessary for the payment or redemption of such Debt is deposited in trust either at or before the maturity date thereof.

“Senior Funded Debt” means all Funded Debt of ours or any person (except Funded Debt, the payment of which is subordinated to the payment of the debt securities authenticated and delivered under the indenture).

Merger, Consolidation or Sale of Assets

We covenant not to (1) consolidate or amalgamate with or merge into any other person (whether or not affiliated with us) or convey, transfer or lease our properties and assets as an entirety or substantially as an entirety to any other person (whether or not affiliated with us) or (2) permit any other person (whether or not affiliated with us) to consolidate or amalgamate with or merge into us, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to us, unless (a) in the case of (1) above, the person formed by such consolidation or amalgamation or into which we are merged or the person which acquires by conveyance or transfer, or which leases, our properties and assets as an entirety or substantially as an entirety is a person organized and existing under the laws of the United States, any state thereof or the District of Columbia, and shall expressly assume, by supplemental indenture satisfactory in form to the trustee, executed by the successor person and delivered to the trustee, the due and punctual payment of the principal of, and premium, if any, and interest on, and additional amounts, if any, with respect to all of the debt securities authenticated and delivered under the indenture, and the performance of our obligations under the indenture and the outstanding debt securities authenticated and delivered thereunder and shall provide for conversion or exchange rights in accordance with the provisions of the debt securities authenticated and delivered under the indenture of any series that are convertible or exchangeable into common stock or other securities; (b) immediately after giving 10 effect to such transaction and treating any indebtedness which becomes an obligation of ours or a Subsidiary as a result of such transaction as having been incurred by us or such Subsidiary at the time of such transaction, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, has occurred and is continuing; and (c) we or the successor person have delivered to the trustee an officers’ certificate and an opinion of counsel, each satisfactory to the trustee and stating that such transaction and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this covenant and that all conditions precedent in the indenture provided for relating to such transaction have been complied with.

Notwithstanding the foregoing, any conveyance, transfer or lease of assets between or among the Company, Walgreens Co. and their respective subsidiaries shall not be prohibited under the indenture.

Defeasance; Satisfaction and Discharge

The notes are subject to defeasance and discharge, as set forth in the indenture, provided, that (i) upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the indenture to the extent that an amount is deposited with the trustee or the paying agent, as applicable, equal to the Applicable Premium calculated as of the date of the notice of redemption (and calculated as though the redemption date were the date of such notice of redemption), with any deficit as of the redemption date only required to be deposited with the trustee or the paying agent, as applicable, on or prior to the redemption date and (ii) any reference to “Government Obligations” in respect of the euro notes shall refer to “Federal Republic of Germany Obligations” and “Federal Republic of Germany Obligations” shall mean (1) direct obligations of the Federal Republic of Germany, where the payment or payment thereunder are supported by the full faith and credit of the Federal Republic of Germany or (2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the Federal Republic of Germany, where the timely payment or payments thereunder are unconditionally guaranteed as a full faith and credit obligation by the Federal Republic of Germany, which, in either case under clauses (1) or (2) are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Federal Republic of Germany Obligations or a specific payment of interest on or principal of or other amount with respect to any such Federal Republic of Germany Obligations held by such custodian for the account of the holder of a depositary receipt, provided that (except as

required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Federal Republic of Germany Obligations or the specific payment of interest on or principal of or other amount with respect to the Federal Republic of Germany Obligations evidenced by such depositary receipt.

Events of Default

Each of the following events will constitute an event of default under the indenture with respect to the notes issued:

- default in the payment of any interest on any debt security of such series, or any additional amounts payable with respect thereto, when interest or additional amounts become due and payable, and continuance of such default for a period of 30 days;
- default in the payment of the principal of or any premium on any debt security of such series, or any additional amounts payable with respect thereto, when such principal, premium or such additional amounts become due and payable at their maturity, upon any redemption, upon declaration of acceleration or otherwise;
- default in the deposit of any sinking fund payment when and as due by the terms of any debt security of such series; or
- default in the performance, or breach, of any covenant or warranty of ours contained in the indenture for the benefit of such series or in the debt securities of such series (other than a covenant or warranty a default in the performance or the breach of which is dealt with elsewhere in the indenture or which is expressly included in the indenture solely for the benefit of a series of debt securities other than such series), and continuance of such default or breach for a period of 60 days after written notice as provided in the indenture;
- if any event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any of our debt (including any event of default under any other series of debt securities), whether such debt now exists or is created or incurred, shall happen and shall consist of default in the payment of more than \$200 million of such debt at its maturity (after giving effect to any applicable grace period) or shall result in more than \$200 million in principal amount of such debt becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; provided, however, that, if such default under such mortgage, indenture or instrument is cured by us, or waived by the holders of such debt, in each case as may be permitted by such mortgage, indenture or instrument, then the event of default under the indenture caused by such default will be deemed likewise to be cured or waived;
- particular events in bankruptcy, insolvency or reorganization; or
- any other event of default provided in or pursuant to the indenture with respect to debt securities of such series.

No event of default with respect to a particular series of debt securities issued under the indenture necessarily constitutes an event of default with respect to any other series of debt securities issued thereunder. Any modifications to the foregoing events of default will be described in any prospectus supplement.

The indenture provides that if an event of default with respect to the debt securities of any series at the time outstanding (other than an event of default described in the sixth bullet above) occurs and is continuing, either Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (the "Trustee") or the holders of not less than 25% in principal amount of the outstanding debt securities of such series may declare the principal amount of all outstanding debt securities of such series, or such lesser amount as may be provided for in the debt securities of such series, to be due and payable immediately, by a notice in writing to us (and to the Trustee if given by the holders), and upon any such declaration such principal or such lesser amount shall become immediately due and payable.

If an event of default described in the sixth bullet above (relating to events in bankruptcy, insolvency or reorganization of us) occurs, all unpaid principal of and accrued interest on the outstanding debt securities of that series (or such lesser amount as

may be provided for in the debt securities of such series) shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of any debt security of that series.

At any time after a declaration of acceleration with respect to the debt securities of any series is made and before a judgment or decree for payment of the money due is obtained by the Trustee, and subject to particular other provisions of the indenture, the holders of not less than a majority in principal amount of the outstanding debt securities of such series, by written notice to us and the Trustee, may, under some circumstances, rescind and annul such declaration and its consequences.

Within 90 days after the occurrence of any default under the indenture with respect to the debt securities of any series, the Trustee shall deliver to all holders of debt securities of such series notice of such default hereunder actually known to a responsible officer of the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any), or interest, if any, on, or additional amounts or any sinking fund or purchase fund installment with respect to, any debt security of such series, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interest of the holders of debt securities of such series; and provided, further, that in the case of any default of the character specified in the fourth bullet of the first paragraph above with respect to debt securities of such series, no such notice to holders shall be given until at least 60 days after the occurrence thereof. For the purpose of this paragraph, the term “default” means any event which is, or after notice or lapse of time or both would become, an event of default with respect to debt securities of such series.

Concerning the Trustee and Paying Agent

Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, is the trustee. Deutsche Bank Trust Company Americas is the paying agent and authenticating agent for the notes. Deutsche Bank Luxembourg S.A. is the securities registrar for the notes. We entered into a registrar and paying agent agreement in relation to the notes between us, Deutsche Bank Trust Company Americas, as paying agent, and Deutsche Bank Luxembourg S.A., as securities registrar. Payment of principal of and interest on the notes are made through the office of the paying agent. Each of Computershare Trust Company, N.A., Deutsche Bank Trust Company Americas and Deutsche Bank Luxembourg S.A., each in each of its capacities, including without limitation as trustee, paying agent and securities registrar, as applicable, assumes no responsibility for the accuracy or completeness of the information contained in this document or the related documents or for any failure by us or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information. We maintain banking relationships in the ordinary course of business with the trustee and its affiliates, the paying agent and its affiliates and the securities registrar and its affiliates.

Book-entry System

Global Notes

We issued the notes in the form of one or more global notes (the “global notes”) in definitive, fully registered, book-entry form without coupons. The global notes were deposited with a common depository (and registered in the name of its nominee) for, and in respect of interests held through, Clearstream Banking, *société anonyme*, which we refer to as “Clearstream,” or Euroclear Bank S.A./ N.V., which we refer to as “Euroclear.”

Except as set forth below, the global notes may be transferred, in whole and not in part, only to a common depository for Clearstream and Euroclear or its nominee. No link is expected to be established among The Depository Trust Company and Clearstream or Euroclear in connection with the issuance of the notes.

Clearstream and Euroclear

Beneficial interests in the global notes are represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in Clearstream or Euroclear. Those beneficial interests are in denominations of €100,000 and integral multiples of €1,000 in excess thereof with respect to the euro notes and in

denominations of £100,000 and integral multiples of £1,000 in excess thereof with respect to the sterling notes. Should certificates be issued to individual holders of the notes, a holder of notes who, as a result of trading or otherwise, holds a principal amount of notes of a specified series that is less than the minimum denomination of notes specified for such series would be required to purchase an additional principal amount of notes such that its holding of notes of such series amounts to the minimum specified denomination. Investors may hold interests in the global notes through Clearstream or Euroclear either directly if they are participants in such systems or indirectly through organizations that are participants in such systems.

Except as set forth in the indenture, owners of beneficial interests in the global notes will not be entitled to have notes registered in their names, and will not receive or be entitled to receive physical delivery of notes in definitive form. Except as provided below, beneficial owners will not be considered the owners or holders of the notes under the indenture. Accordingly, each beneficial owner must rely on the procedures of the clearing systems and, if such person is not a participant of the clearing systems, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture. Under existing industry practices, if we request any action of holders or a beneficial owner desires to give or take any action which a holder is entitled to give or take under the indenture, the clearing systems would authorize their participants holding the relevant beneficial interests to give or take action and the participants would authorize beneficial owners owning through the participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by the clearing systems to their participants, by the participants to indirect participants and by the participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Persons who are not Euroclear or Clearstream participants may beneficially own notes held by the common depository for Euroclear and Clearstream only through direct or indirect participants in Euroclear and Clearstream.

WALGREENS BOOTS ALLIANCE, INC.

2021 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

These materials, which may include descriptions of company stock plans, prospectuses and other information and documents, and the information they contain, are provided by Walgreens Boots Alliance, Inc., not by Fidelity, and are not an offer or solicitation by Fidelity for the purchase of any securities or financial instruments. These materials were prepared by Walgreens Boots Alliance, Inc., which is solely responsible for their contents and for compliance with legal and regulatory requirements. Fidelity is not connected with any offering or acting as an underwriter in connection with any offering of securities or financial instruments of Walgreens Boots Alliance, Inc. Fidelity does not review, approve or endorse the contents of these materials and is not responsible for their content.

**WALGREENS BOOTS ALLIANCE, INC.
2021 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

Participant Name:

Participant ID:

Grant Date: (the "Grant Date")

Units Granted:

Vesting: One half of the Shares Granted vest on each of the first and second anniversaries of the Grant Date (the "Vesting Dates"), subject to satisfaction of the Performance Goal described below.

Acceptance Date:

Electronic Signature:

This document (referred to below as this "Agreement") spells out the terms and conditions of the Restricted Stock Unit Award (the "Award") granted to you by Walgreens Boots Alliance, Inc., a Delaware corporation (the "Company"), pursuant to the Walgreens Boots Alliance, Inc. 2021 Omnibus Incentive Plan (the "Plan") on and as of the Grant Date designated above. Except as otherwise defined herein, capitalized terms used in this Agreement have the respective meanings set forth in the Plan. For purposes of this Agreement, "Employer" means the entity (the Company or the Affiliate) that employs you on the applicable date. The Plan, as it may be amended from time to time, is incorporated into this Agreement by this reference.

You and the Company agree as follows:

1. Grant of Restricted Stock Units. Pursuant to the approval and direction of the Compensation and Leadership Performance Committee of the Company's Board of Directors (the "Committee"), the Company hereby grants you the number of Restricted Stock Units specified above (the "Restricted Stock Units"), subject to the terms and conditions of the Plan and this Agreement.

2. Restricted Stock Unit Account and Dividend Equivalents. The Company will maintain an account (the "Account") on its books in your name to reflect the number of Restricted Stock Units awarded to you as well as any additional Restricted Stock Units credited as a result of Dividend Equivalents. The Account will be administered as follows:

(a) The Account is for recordkeeping purposes only, and no assets or other amounts shall be set aside from the Company's general assets with respect to such Account.

(b) As of each record date with respect to which a cash dividend is to be paid with respect to shares of Company common stock par value US\$.01 per share ("Stock"), the Company will credit your Account with an equivalent amount of Restricted Stock Units determined by dividing the value of the cash dividend that would have been paid on your Restricted Stock Units if they had been shares of Stock, divided by the value of Stock on such date.

(c) If dividends are paid in the form of shares of Stock rather than cash, then your Account will be credited with one additional Restricted Stock Unit for each share of Stock that would have been received as a dividend had your outstanding Restricted Stock Units been shares of Stock.

(d) Additional Restricted Stock Units credited via Dividend Equivalents shall vest or be forfeited at the same time as the Restricted Stock Units to which they relate.

3. Restricted Period. The period prior to the Vesting Date with respect each Restricted Stock Unit is referred to as the "Restricted Period." Subject to the provisions of the Plan and this Agreement, unless vested or forfeited earlier as described in Section **Error! Reference source not found.** or 5 of this Agreement, as applicable, your Restricted Stock Units will become vested and be settled as described in Section 6 or 7 below, as of the Vesting Date or Dates indicated in the introduction to this Agreement; provided the performance goal in this Section 3 ("Performance Goal") is satisfied with respect to the applicable portion of the Restricted Period. The Performance Goal will be established by the Committee and cover one or more Company, divisional and/or individual performance goals over the course of the Restricted Period. The determination of whether the Performance Goal is achieved as of each Vesting Date shall be at the sole discretion of the Committee. If the Performance Goal is not achieved, as determined by the Committee, the Restricted Stock Units awarded hereunder with respect to the portion of the Restricted Period ending as of such Vesting Date shall be thereupon forfeited.

4. Termination of Service Following a Change in Control. If during the Restricted Period there is a Change in Control of the Company and within the one-year period thereafter you have a Termination of Service initiated by your Employer other than for Cause (as defined in below), then your Restricted Stock Units shall become fully vested, and they shall be settled in accordance with Section 7. For purposes of this Section 4, a Termination of Service initiated by your Employer shall include a Termination of Employment for Good Reason under - and pursuant to the terms and conditions of - the Walgreens Boots Alliance, Inc. Executive Severance and Change in Control Plan, but only to the extent applicable to you as an eligible participant in such Plan. For purposes of this Agreement, "Cause" means any one or more of the following, as determined by the Committee in its sole discretion:

(a) your commission of a felony or any crime of moral turpitude;

(b) your dishonesty or material violation of standards of integrity in the course of fulfilling your duties to the Company or any Affiliate;

(c) your material violation of a material written policy of the Company or any Affiliate violation of which is grounds for immediate termination;

(d) your willful and deliberate failure to perform your duties to the Company or any Affiliate in any material respect, after reasonable notice of such failure and an opportunity to correct it; or

(e) your failure to comply in any material respect with the United States ("U.S.") Foreign Corrupt Practices Act, the U.S. Securities Act of 1933, the U.S. Securities Exchange Act of 1934, the U.S. Sarbanes-Oxley Act of 2002, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the U.S. Truth in Negotiations Act, or any rules or regulations thereunder.

5. Other Termination of Service. If during the Restricted Period you have a voluntary or involuntary Termination of Service for any reason other than as set forth in Section **Error! Reference source not found.** above and Section 7 below, as determined by the Committee, then you shall thereupon forfeit any Restricted Stock Units that are still in a Restricted Period on your termination date.

6. Settlement of Vested Restricted Stock Units. Subject to the requirements of Section 13 below, as promptly as practicable after the applicable Vesting Date, whether occurring upon your Separation from Service or otherwise, but in no event later than 75 days after the Vesting Date, the Company shall transfer to you one share of Stock for each Restricted Stock Unit becoming vested at such time, net of any applicable tax withholding requirements in

accordance with Section 8 below; provided, however, that, if you are a Specified Employee at the time of Separation from Service, then to the extent your Restricted Stock Units are deferred compensation subject to Section 409A of the Code, settlement of which is triggered by your Separation from Service (other than for death), payment shall not be made until the date which is six months after your Separation from Service.

Notwithstanding the foregoing, if you are resident or employed outside of the U.S., the Company, in its sole discretion, may provide for the settlement of the Restricted Stock Units in the form of:

(a) a cash payment (in an amount equal to the Fair Market Value of the Stock that corresponds with the number of vested Restricted Stock Units) to the extent that settlement in shares of Stock (i) is prohibited under local law, (ii) would require you, the Company or an Affiliate to obtain the approval of any governmental or regulatory body in your country of residence (or country of employment, if different), (iii) would result in adverse tax consequences for you, the Company or an Affiliate or (iv) is administratively burdensome; or

(b) shares of Stock, but require you to sell such shares of Stock immediately or within a specified period following your Termination of Service (in which case, you hereby agree that the Company shall have the authority to issue sale instructions in relation to such shares of Stock on your behalf).

7. Settlement Following Change in Control. Notwithstanding any provision of this Agreement to the contrary, the Company may, in its sole discretion, fulfill its obligation with respect to all or any portion of the Restricted Stock Units that become vested in accordance with Section 4 above, by:

(a) delivery of (i) the number of shares of Stock that corresponds with the number of Restricted Stock Units that have become vested or (ii) such other ownership interest as such shares of Stock that correspond with the vested Restricted Stock Units may be converted into by virtue of the Change in Control transaction;

(b) payment of cash in an amount equal to the Fair Market Value of the Stock that corresponds with the number of vested Restricted Stock Units at that time; or

(c) delivery of any combination of shares of Stock (or other converted ownership interest) and cash having an aggregate Fair Market Value equal to the Fair Market Value of the Stock that corresponds with the number of Restricted Stock Units that have become vested at that time.

Settlement shall be made as soon as practical after the Restricted Stock Units become fully vested under Section 6, but in no event later than 30 days after such date.

8. Responsibility for Taxes; Tax Withholding.

(a) You acknowledge that, regardless of any action taken by the Company or your Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount actually withheld by the Company or your Employer, if any. You further acknowledge that the Company and/or your Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Stock acquired pursuant to such settlement and the receipt of any Dividend Equivalents and/or dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related

Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/or your Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or your Employer to satisfy all Tax-Related Items. In this regard, except as provided below, the Company, your Employer or its agent shall satisfy the obligations with regard to all Tax-Related Items by withholding from the shares of Stock to be delivered upon settlement of the Award that number of shares of Stock having a Fair Market Value equal to the amount required by law to be withheld. Notwithstanding the foregoing, if you are a Section 16 officer of the Company under the Exchange Act at the time of any applicable tax withholding event, you may make a cash payment to the Company, your Employer or its agent to cover the Tax-Related Items that the Company or your Employer may be required to withhold or account for as a result of your participation in the Plan. If you are not a Section 16 officer of the Company at the time of any applicable tax withholding event, the Company and/or your Employer may (in its sole discretion) allow you to make a cash payment to the Company, your Employer or its agent to cover such Tax-Related Items.

The Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates (as determined by the Company in good faith and in its sole discretion) or other applicable withholding rates, including maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the share equivalent. If the obligation for Tax-Related Items is satisfied by withholding from the shares of Stock to be delivered upon settlement of the Award, for tax purposes, you will be deemed to have been issued the full number of shares of Stock subject to the earned Award, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

The Company may refuse to issue or deliver the shares of Stock (or cash payment) or the proceeds from the sale of shares of Stock if you fail to comply with your obligations in connection with the Tax-Related Items.

9. Nontransferability. During the Restricted Period and thereafter until Stock is transferred to you in settlement thereof, you may not sell, transfer, pledge, assign or otherwise alienate or hypothecate the Restricted Stock Units whether voluntarily or involuntarily or by operation of law, other than by beneficiary designation effective upon your death, or by will or by the laws of intestacy.

10. Rights as Stockholder. You shall have no rights as a stockholder of the Company with respect to the Restricted Stock Units until such time as a certificate of stock for the Stock issued in settlement of such Restricted Stock Units has been issued to you or such shares of Stock have been recorded in your name in book entry form. Until that time, you shall not have any voting rights with respect to the Restricted Stock Units. Except as provided in Section 7 above, no adjustment shall be made for dividends or distributions or other rights with respect to such shares for which the record date is prior to the date on which you become the holder of record thereof. Anything herein to the contrary notwithstanding, if a law or any regulation of the U.S. Securities and Exchange Commission or of any other regulatory body having jurisdiction shall require the Company or you to take any action before shares of Stock can be delivered to you hereunder, then the date of delivery of such shares may be delayed accordingly.

11. Securities Laws. If a Registration Statement under the U.S. Securities Act of 1933, as amended, is not in effect with respect to the shares of Stock to be delivered pursuant to this Agreement, you hereby represent that you are acquiring the shares of Stock for investment and with no present intention of selling or transferring them and that you will not sell

or otherwise transfer the shares except in compliance with all applicable securities laws and requirements of any stock exchange on which the shares of Stock may then be listed.

12. Not a Public Offering. If you are resident outside the U.S., the grant of the Restricted Stock Units is not intended to be a public offering of securities in your country of residence (or country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Stock Units is not subject to the supervision of the local securities authorities.

13. Insider Trading/Market Abuse Laws. By participating in the Plan, you agree to comply with the Company's policy on insider trading, to the extent that it is applicable to you. You further acknowledge that, depending on your or your broker's country of residence or where the shares of Stock are listed, you may be subject to insider trading restrictions and/or market abuse laws that may affect your ability to accept, acquire, sell or otherwise dispose of shares of Stock, rights to shares of Stock, or rights linked to the value of shares of Stock during such times you are considered to have "inside information" regarding the Company as defined by the laws or regulations in your country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you place before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. You understand that third parties include fellow employees and/or service providers. Any restrictions under these laws and regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions and, therefore, you should consult your personal advisor on this matter.

14. Repatriation; Compliance with Law. If you are resident or employed outside the U.S., you agree to repatriate all payments attributable to the shares of Stock and/or cash acquired under the Plan in accordance with applicable foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you agree to take any and all actions, and consent to any and all actions taken by the Company and its Affiliates, as may be required to allow the Company and its Affiliates to comply with local laws, rules and/or regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal obligations under local laws, rules and/or regulations in your country of residence (and country of employment, if different).

15. No Advice Regarding Grant. No employee of the Company is permitted to advise you regarding your participation in the Plan or your acquisition or sale of the shares of Stock underlying the Restricted Stock Units. You are hereby advised to consult with your own personal tax, legal and financial advisors before taking any action related to the Plan.

16. Change in Stock. In the event of any change in Stock, by reason of any stock dividend, recapitalization, reorganization, split-up, merger, consolidation, exchange of shares, or of any similar change affecting the shares of Stock, the number of Restricted Stock Units subject to this Agreement shall be equitably adjusted by the Committee.

17. Nature of the Award. In accepting the Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and limited in duration, and it may be modified, amended, suspended or terminated by the Company, in its sole discretion, at any time;

(b) the grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock

Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of the Award, the number of shares subject to the Award, and the vesting provisions applicable to the Award;

(d) the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company or any Affiliate and shall not interfere with the ability of the Company, your Employer or an Affiliate, as applicable, to terminate your employment or service relationship;

(e) you are voluntarily participating in the Plan;

(f) the Award and the shares of Stock subject to the Award are not intended to replace any pension rights or compensation;

(g) the Award, the shares of Stock subject to the Award and the income and value of the same, is an extraordinary item of compensation outside the scope of your employment (and employment contract, if any) and is not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, your Employer or any Affiliate;

(h) the future value of the shares of Stock underlying the Award is unknown, indeterminable and cannot be predicted with certainty;

(i) unless otherwise determined by the Committee in its sole discretion, a Termination of Service shall be effective from the date on which active employment or service ends and shall not be extended by any statutory or common law notice of termination period;

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from a Termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and in consideration of the grant of the Award to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, your Employer or any Affiliate, waive your ability, if any, to bring any such claim, and release the Company, the Employer and all Affiliates from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(k) unless otherwise provided herein, in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Stock of the Company; and

(l) neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the U.S. dollar that may affect the value of the Award or of any amounts due to you pursuant to the settlement of the

Award or the subsequent sale of any shares of Stock acquired upon settlement of the Award.

18. Committee Authority; Recoupment. It is expressly understood that the Committee is authorized to administer, construe and make all determinations necessary or appropriate for the administration of the Plan and this Agreement, including the enforcement of any recoupment policy, all of which shall be binding upon you and any claimant. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan.

19. Personal Data. Pursuant to applicable personal data protection laws, the Company hereby notifies you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the Company's grant of the Restricted Stock Units and your participation in the Plan. The collection, processing and transfer of personal data is necessary for the Company's administration of the Plan and your participation in the Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your participation in the Plan. As such, you voluntarily acknowledge and consent (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein:

(a) The Company and your Employer hold certain personal information about you, specifically: your name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of Stock or directorships held in the Company, details of all entitlements to shares of Stock awarded, canceled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by you or collected, where lawful, from the Company, its Affiliates and/or third parties, and the Company and your Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence (or country of employment, if different). Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for your participation in the Plan.

(b) The Company and your Employer will transfer Data internally as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company and/or your Employer may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, as may be required for the administration of the Plan and/or the subsequent holding of the shares of Stock on your behalf, to a broker or other third party with whom you may elect to deposit any shares of Stock acquired pursuant to the Plan.

(c) You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data, (iv) oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and your participation in the Plan, and (v) withdraw your consent to the collection, processing or transfer of Data as provided hereunder (in which case, your Restricted Stock Units will become null and void). You may seek to exercise these rights

by contacting your Human Resources manager or the Company's Human Resources Department, who may direct the matter to the applicable Company privacy official.

20. Non-Competition, Non-Solicitation and Confidentiality. As a condition to the receipt of the Restricted Stock Units, you must agree to the Non-Competition, Non-Solicitation and Confidentiality Agreement (the "NNCA Agreement") attached hereto as Exhibit A. By clicking the acceptance box for this Agreement, you also agree to the terms and conditions expressed in the NNCA Agreement. Failure to accept the terms of this Agreement and NNCA Agreement within 120 days of the Grant Date shall constitute your decision to decline to accept this Award.

21. Addendum to Agreement. Notwithstanding any provision of this Agreement to the contrary, the Restricted Stock Units shall be subject to any special terms and conditions for your country of residence (and country of employment, if different) as set forth in the addendum to the Agreement, attached hereto as Exhibit B (the "Addendum"). Further, if you transfer your residence and/or employment to another country reflected in the Addendum, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). The Addendum shall constitute part of this Agreement.

22. Additional Requirements. The Company reserves the right to impose other requirements on the Restricted Stock Units, any shares of Stock acquired pursuant to the Restricted Stock Units and your participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

23. Amendment or Modification, Waiver. Except as set forth in the Plan, no provision of this Agreement may be amended or waived unless the amendment or waiver is agreed to in writing, signed by you and by a duly authorized officer of the Company. No waiver of any condition or provision of this Agreement shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

24. Electronic Delivery. The Company may, in its sole discretion, deliver by electronic means any documents related to the Award or your future participation in the Plan. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

25. Governing Law and Jurisdiction. This Agreement is governed by the substantive and procedural laws of the state of Illinois, U.S.A. You and the Company shall submit to the exclusive jurisdiction of, and venue in, the courts in Illinois, U.S.A., in any dispute relating to this Agreement without regard to any choice of law rules thereof which might apply the laws of any other jurisdictions.

26. English Language. If you are resident in a country where English is not an official language, you acknowledge and agree that it is your express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Award, be drawn up in English. You further acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement, the Plan and any other documents related to the Award. If you have received this Agreement, the Plan or any other documents related to the Award translated into a language other than English, and if the

meaning of the translated version is different than the English version, the English version will control.

27. Conformity with Applicable Law. If any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement or the validity, legality or enforceability of such provision in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

28. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon your death, acquire any rights hereunder.

This Agreement contains highly sensitive and confidential information. Please handle it accordingly.

Please read the attached Exhibits A and B. Once you have read and understood this Agreement and Exhibits A and B, please click the acceptance box to certify and confirm your agreement to be bound by the terms and conditions of this Agreement and Exhibits A and B, as applicable, and to acknowledge your receipt of the Prospectus, the Plan and this Agreement and your acceptance of the terms and conditions of the Award granted hereunder.

EXHIBIT A

WALGREENS BOOTS ALLIANCE, INC. NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

This Exhibit (the "Non-Compete Agreement") forms a part of the Restricted Stock Unit Award Agreement (the "Award Agreement") covering restricted stock units awarded to an employee ("Employee" or "I") of Walgreens Boots Alliance, Inc. or an affiliate thereof, on behalf of itself, its affiliates, subsidiaries, and successors (collectively referred to as the "Company").

WHEREAS, the Company develops and/or uses valuable business, technical, proprietary, customer and patient information it protects by limiting its disclosure and by keeping it secret or confidential;

WHEREAS, I acknowledge that during the course of employment, I have or will receive, contribute, or develop such Confidential Information and Trade Secrets (as defined below); and

WHEREAS, the Company desires to protect from third parties (e.g. competitors and customers) such Confidential Information and Trade Secrets and also desires to protect its legitimate business interests and goodwill in maintaining its employee and customer relationships.

NOW THEREFORE, in consideration of the Restricted Stock Units issued to me pursuant to the Award Agreement (to which this Non-Compete Agreement is attached as Exhibit A) and for other good and valuable consideration, including but not limited to employment or continued employment, the specialized knowledge, skill and training that the Company provides me, and the goodwill that I develop with customers on behalf of the Company, I agree to be bound by the terms of this Non-Compete Agreement as follows:

1. Confidentiality.

(a) At all times during and after the termination of my employment with the Company, I will not, without the Company's prior written permission, directly or indirectly for any purpose other than performance of my duties for the Company, utilize or disclose to anyone outside of the Company any Trade Secrets (defined in subparagraph 1(a)(i)) or other Confidential Information (defined in subparagraph 1(a)(ii)) or any information received by the Company in confidence from or about third parties, as long as such matters remain Trade Secrets or otherwise confidential.

(i) For purposes of this Non-Compete Agreement, "**Trade Secrets**" means a form of intellectual property that are protectable under applicable state and/or Federal law, including the Uniform Trade Secrets Act (as amended and adapted by the states) and the Federal Defend Trade Secrets Act of 2016 (the "DTSA"). They include all tangible and intangible (e.g., electronic) forms and types of information that is held and kept confidential by the Company and is not generally known outside of the Company, including but not limited to information about: the Company's financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs or codes, and may in particular include such things as pricing information, business records, software programs, algorithms, inventions, patent applications, and designs and processes not known outside the Company.

(ii) For purposes of this Non-Compete Agreement, "**Confidential Information**" means Trade Secrets and, more broadly, any other tangible and intangible (e.g., electronic) forms and types of information that are held and kept confidential by the Company and are not generally known outside the Company,

and which relates to the actual or anticipated business of the Company or the Company's actual or prospective vendors or clients. Confidential Information shall not be considered generally known to the public if is revealed improperly to the public by me or others without the Company's express written consent and/or in violation of an obligation of confidentiality to the Company. Examples of Confidential Information include, but are not limited to: customer, referral source, supplier and contractor identification and contacts; special contract terms; pricing and margins; business, marketing and customer plans and strategies; financial data; company created (or licensed) techniques; technical know-how; research, development and production information; processes, prototypes, software, patent applications and plans, projections, proposals, discussion guides, and/or personal or performance information about employees.

(b) I understand that this obligation of non-disclosure shall last so long as the information remains confidential. I, however, understand that, if I live and work primarily in Wisconsin, Virginia, or any other state requiring a temporal limit on non-disclosure clauses, Confidential Information shall be protected for two (2) years following termination of my employment (for any reason). I also understand that Trade Secrets are protected by statute and are not subject to any time limits. I also agree to contact the Company before using, disclosing, or distributing any Confidential Information or Trade Secrets if I have any questions about whether such information is protected information.

(c) The restrictions set forth in this paragraph are in addition to and not in lieu of any obligations or rights I have by law with respect to the Company's Confidential Information. Consistent with subparagraph 9(n) below, nothing herein shall prohibit me from disclosing Confidential Information or Trade Secrets if compelled by order of court or an agency of competent jurisdiction or as required by law; however, I shall take reasonable steps to protect such disclosure of Confidential Information or Trade Secrets. Pursuant to the Defend Trade Secrets Act of 2016 (DTSA), I understand that an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a Trade Secret that: (A) is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, I understand that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the Trade Secret to his or her attorney and use the Trade Secret information in the court proceeding, so long as any document containing the Trade Secret is filed under seal and the individual does not disclose the Trade Secret, except pursuant to court order. Nothing in this Non-Compete Agreement is intended to conflict with the DTSA or create liability for disclosures of Trade Secrets that are expressly allowed by DTSA.

2. Non-Competition. I agree that during my employment with the Company and for twelve (12) months after the termination of my employment (for any reason), I will not, directly or indirectly have Responsibilities with respect to any Competing Business Line. As set forth in subparagraph 9(b) below, I understand that the restrictions in this paragraph apply no matter whether my employment is terminated by me or the Company and no matter whether that termination is voluntary or involuntary. These restrictions shall not apply to passive investments of less than five percent (5%) ownership interest in any entity. For purposes of this Non-Compete Agreement, "**Responsibilities**" means the same or similar material responsibilities I performed for the Company during the two (2) years prior to my last day of employment with the Company and within the same geographic area, or portion thereof, where I performed those responsibilities for the Company. For purposes of this Non-Compete Agreement, "**Competing Business Line**" means any business that is in competition with any business engaged in by the Company and for which I had Responsibilities during the two (2) years prior to my last day of employment with the Company. Competing Business Line shall also include businesses or business lines that may not be directly competitive with the Company in most respects (such as pharmacy benefit managers), but only to the extent I am engaged by any such business in a

role: (a) that involves my performing Responsibilities for Competing Products or Services; or (b) where I would be called upon to inevitably rely upon or disclose Confidential Information and such reliance or disclosure would competitively harm the Company. For purposes of this Non-Compete Agreement, "**Competing Products or Services**" means products or services that are competitive with products or services offered by, developed by, designed by or distributed by the Company during the two (2) years prior to my last day of employment with the Company.

3. Non-Solicitation. I agree that during my employment with the Company and for two (2) years after the termination of my employment from the Company (for any reason):

(a) I will not directly or indirectly, solicit any Restricted Customer for purposes of providing Competing Products or Services, or offer, provide or sell Competing Products or Services to any Restricted Customer. For purposes of this Non-Compete Agreement, "**Restricted Customer**" means any person, company or entity that was a customer, vendor, supplier or referral source of the Company and with which I had direct contact for purposes of performing responsibilities for the Company or for which I had supervisory responsibilities on behalf of the Company, in either case at any time during the two (2) years prior to my last day of employment with the Company. To the extent permitted by applicable law, "**Restricted Customer**" also means any prospective customer(s), vendor(s), supplier(s) or referral source(s) with which I had business contact on behalf of the Company in the twelve (12) months prior to my last day of employment with the Company; and

(b) I will not, nor will I assist any third party to, directly or indirectly (i) raid, solicit, or attempt to persuade any then-current employee of the Company with whom I currently work or with whom I had direct contact work during the two years prior to my last day of employment with the Company, and who possesses or had access to Confidential Information of the Company, to leave the employ of the Company; (ii) interfere with the performance by any such employee of his/her duties for the Company; and/or (iii) communicate with any such employee for the purposes described in items (i) and (ii) in this subparagraph 3(b).

4. Non-Inducement. I will not directly or indirectly assist or encourage any person or entity in carrying out or conducting any activity that would be prohibited by this Non-Compete Agreement if such activity were carried out or conducted by me.

5. Non-Disparagement. During my employment with the Company and thereafter, I agree not to make negative comments or otherwise disparage the Company or any of its officers, directors, employees, shareholders, members, agents or products. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings); and the foregoing shall not apply to any claims for harassment or discrimination to the extent so restricted by applicable state law.

6. Intellectual Property. The term "**Intellectual Property**" shall mean all trade secrets, ideas, inventions, designs, developments, devices, software, computer programs, methods and processes (whether or not patented or patentable, reduced to practice or included in the Confidential Information) and all patents and patent applications related thereto, all copyrights, copyrightable works and mask works (whether or not included in the Confidential Information) and all registrations and applications for registration related thereto, all Confidential Information, and all other proprietary rights contributed to, or conceived or created by, or reduced to practice by me or anyone acting on my behalf (whether alone or jointly with others) at any time from the beginning of my employment with the Company to the termination of that employment plus ninety (90) days, that (i) relate to the business or to the actual or anticipated research or development of the Company; (ii) result from any services that I or anyone acting on my behalf perform for the Company; or (iii) are created using the equipment, supplies or facilities of the Company or any Confidential Information.

a. Ownership. All Intellectual Property is, shall be and shall remain the exclusive property of the Company. I hereby assign to the Company all right, title and interest, if any, in and to the Intellectual Property; provided, however, that, when applicable, the Company shall own the copyrights in all copyrightable works included in the Intellectual Property pursuant to the "work-made-for-hire" doctrine (rather than by assignment), as such term is defined in the 1976 Copyright Act. All Intellectual Property shall be owned by the Company irrespective of any copyright notices or confidentiality legends to the contrary that may be placed on such works by me or by others. I shall ensure that all copyright notices and confidentiality legends on all work product authored by me or anyone acting on his/her behalf shall conform to the Company's practices and shall specify the Company as the owner of the work. The Company hereby provides notice to me that the obligation to assign does not apply to an invention for which no equipment, supplies, facility, or Trade Secrets of the Company was used and which was developed entirely on my own time, unless (i) the invention relates (1) to the business of the Company, or (2) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by me for the Company.

b. Keep Records. I shall keep and maintain, or cause to be kept and maintained by anyone acting on my behalf, adequate and current written records of all Intellectual Property in the form of notes, sketches, drawings, computer files, reports or other documents relating thereto. Such records shall be and shall remain the exclusive property of the Company and shall be available to the Company at all times during my employment with the Company.

c. Assistance. I shall supply all assistance requested in securing for the Company's benefit any patent, copyright, trademark, service mark, license, right or other evidence of ownership of any such Intellectual Property, and will provide full information regarding any such item and execute all appropriate documentation prepared by Company in applying or otherwise registering, in the Company's name, all rights to any such item or the defense and protection of such Intellectual Property.

d. Prior Inventions. I have disclosed to the Company any continuing obligations to any third party with respect to Intellectual Property. I claim no rights to any inventions created prior to his/her employment for which a patent application has not previously been filed, unless he/she has described them in detail on a schedule attached to this Non-Compete Agreement.

e. Trade Secret Provisions. The provisions in paragraph 1 of this Non-Compete Agreement with regard to Trade Secrets and the DTSA shall apply as well in the context of the parties' Intellectual Property rights and obligations.

7. Return of Company Property. I agree that all documents and data accessible to me during my employment with the Company, including Confidential Information and Trade Secrets, regardless of format (electronic or hard copy), including but not limited to any Company computer, monitor, printer equipment, external drives, wireless access equipment, telecom equipment and systems ("Company Equipment"), are and remain the sole and exclusive property of the Company and/or its clients, and must be returned to the Company upon separation or upon demand by the Company. I further agree that I will provide passwords to access such Company Equipment and I will not print, retain, copy, destroy, modify or erase Company U.S. data on Company Equipment or otherwise wipe Company Equipment prior to returning the Company Equipment. I further acknowledge and agree that, beginning on my last day of employment, (a) I shall remove any reference to the Company as my current employer from any source I control, either directly or indirectly, including, but not limited to, any social media, including LinkedIn, Facebook, Twitter, Instagram, Google+, and/or MySpace, etc. and (b) I am not permitted to represent that I am currently being employed by the Company to any person or entity, including, but not limited to, on any social media.

8. Consideration and Acknowledgments. I acknowledge and agree that the covenants described in this Non-Compete Agreement are essential terms, and the underlying Restricted Stock Unit Award would not be provided by the Company in the absence of these covenants. I further acknowledge that these covenants are supported by adequate consideration as set forth in this Non-Compete Agreement and are not in conflict with any public interest. I further acknowledge and agree that I fully understand these covenants, have had full and complete opportunity to discuss and resolve any ambiguities or uncertainties regarding these covenants before signing this Non-Compete Agreement, and have voluntarily agreed to comply with these covenants for their stated terms. I further acknowledge and agree that these covenants are reasonable and enforceable in all respects.

9. Enforceability; General Provisions.

(a) I understand that my non-compete and/or non-solicitation obligations in this Non-Compete Agreement shall not apply to me if I am covered under applicable state or local statutory law prohibiting non-competes or non-solicits on the basis of my income and/or position level at the time of enforcement, including but not limited to those addressed in Exhibit A-1.

(b) I agree that the restrictions contained in this Non-Compete Agreement are reasonable and necessary to protect the Company's legitimate business interests and that full compliance with the terms of this Non-Compete Agreement will not prevent me from earning a livelihood following the termination of my employment, and that these covenants do not place undue restraint on me. I further understand that the restrictions in this Non-Compete Agreement apply no matter whether my employment is terminated by me or the Company and no matter whether that termination is voluntary or involuntary.

(c) Because the Company is incorporated in the state of Delaware (i) this Non-Compete Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any conflict of law provisions, and (ii) I consent to personal jurisdiction and the exclusive jurisdiction of the state and federal courts of Delaware with respect to any claim, dispute or declaration arising out of this Non-Compete Agreement.

(d) In the event of a breach or a threatened breach of this Non-Compete Agreement, I acknowledge that the Company will face irreparable injury which may be difficult to calculate in dollar terms and that the Company shall be entitled, in addition to all remedies otherwise available in law or in equity, to temporary restraining orders and preliminary and final injunctions enjoining such breach or threatened breach in any court of competent jurisdiction without the necessity of posting a surety bond, as well as to obtain an equitable accounting of all profits or benefits arising out of any violation of this Non-Compete Agreement.

(e) I agree that if a court determines that any of the provisions in this Non-Compete Agreement is unenforceable or unreasonable in duration, territory, or activity, then that court shall modify those provisions so they are reasonable and enforceable, and enforce those provisions as modified.

(f) If any one or more provisions (including paragraphs, subparagraphs and terms) of this Non-Compete Agreement or its application is determined to be invalid, illegal, or unenforceable to any extent or for any reason by a court of competent jurisdiction, I agree that the remaining provisions (including paragraphs, subparagraphs and terms) of this Non-Compete Agreement will still be valid and the provision declared to be invalid or illegal or unenforceable will be considered to be severed and deleted from the rest of this Non-Compete Agreement. I further agree that if any court of competent jurisdiction finds any of the restrictions set forth in this Non-Compete Agreement to be overly broad and unenforceable, the restriction shall be interpreted to

extend only over the maximum time period, geographic area, or range of activities or clients that such court deems enforceable

(g) Notwithstanding the foregoing provisions of this Non-Compete Agreement, the non-competition provisions of paragraph 2 above shall not restrict me from performing legal services as a licensed attorney for a Competing Business to the extent that the attorney licensure requirements in the applicable jurisdiction do not permit me to agree to the otherwise applicable restrictions of paragraph 2.

(h) Waiver of any of the provisions of this Non-Compete Agreement by the Company in any particular instance shall not be deemed to be a waiver of any provision in any other instance and/or of the Company's other rights at law or under this Non-Compete Agreement.

(i) I agree that the Company may assign this Non-Compete Agreement to its successors and assigns and that any such successor or assign may stand in the Company's stead for purposes of enforcing this Non-Compete Agreement.

(j) I agree to reimburse the Company for all attorneys' fees, costs, and expenses that it reasonably incurs in connection with enforcing its rights and remedies under this Non-Compete Agreement, but only to the extent the Company is ultimately the prevailing party in the applicable legal proceedings.

(k) I understand and agree that, where allowed by applicable law, the time for my obligations set out in paragraphs 2-6 shall be extended for period of non-compliance up to an additional two (2) years following my last day of employment with the Company (for any reason).

(l) I fully understand my obligations in this Non-Compete Agreement, have had full and complete opportunity to discuss and resolve any ambiguities or uncertainties regarding these covenants before signing this Non-Compete Agreement, and have voluntarily agreed to comply with these covenants for their stated terms.

(m) I agree that all non-competition, non-solicitation, non-disclosure and use, non-recruiting, and disclosure obligations in this Non-Compete Agreement shall survive any termination of this Non-Compete Agreement and extend to the proscribed periods following my last day of employment with the Company (for any reason) and no dispute regarding any other provisions of this Non-Compete Agreement or regarding my employment or the termination of my employment shall prevent the operation and enforcement of these obligations.

(n) I understand that nothing in this Non-Compete Agreement, including the non-disclosure and non-disparagement provisions, limit my ability to file a charge or complaint with the Equal Employment Opportunity Commission, Department of Labor, National Labor Relations Board, Occupational Safety and Health Administration, Securities and Exchange Commission or any other federal, state or local governmental agency or commission. I also understand that this Non-Compete Agreement does not limit my ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. Finally, nothing in this Non-Compete Agreement in any way prohibits or is intended to restrict or impede, and shall not be interpreted or understood as restricting or impeding me from: (i) exercising my rights under Section 7 of the National Labor Relations Act (NLRA); or (ii) otherwise disclosing or discussing truthful information about unlawful employment practices (including unlawful discrimination, harassment, retaliation, or sexual assault).

10. Relationship of Parties. I acknowledge that my relationship with the Company is “terminable at will” by either party and that the Company or I can terminate the relationship with or without cause and without following any specific procedures. Nothing contained in this Non-Compete Agreement is intended to or shall be relied upon to alter the “terminable at will” relationship between the parties. I agree that my obligations in this Non-Compete Agreement shall survive the termination of my employment from the Company for any reason and shall be binding upon my successors, heirs, executors and representatives.

11. Modifications and Other Agreements. I agree that the terms of this Non-Compete Agreement may not be modified except by a written agreement signed by both me and the Company. This Non-Compete Agreement shall not supersede any other restrictive covenants to which I may be subject under an employment contract, benefit program or otherwise, such that the Company may enforce the terms of any and all restrictive covenants to which I am subject. The obligations herein are in addition to and do not limit any obligations arising under applicable statutes and common law.

12. State and Commonwealth Law Modifications. I agree that if I, on the last day of my employment with the Company (for any reason), primarily reside and work in California, Illinois, Louisiana, Massachusetts, Nebraska, Oklahoma, Puerto Rico, South Carolina, Virginia, Washington or Wisconsin, I am subject to the modifications to this Non-Compete Agreement set forth in Exhibit A-1 applying to such state and to the extent such state law applies.

13. Notification. I agree that in the event I am offered employment at any time in the future with any entity that may be considered a Competing Business Line, I shall immediately notify such Competing Business of the existence and terms of this Non-Compete Agreement. I also understand and agree that the Company may notify anyone attempting to or later employing me of the existence and provisions of this Non-Compete Agreement.

*** **

By clicking the acceptance box for this grant agreement, I acknowledge receipt of the Award Agreement to which this Non-Compete Agreement is attached as Exhibit A, and I agree to the terms and conditions expressed in this Non-Compete Agreement, including the modifications set forth in Exhibit A-1, as applicable.

EXHIBIT A-1

WALGREENS BOOTS ALLIANCE, INC. NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

State and Commonwealth Law Modifications

This Exhibit A-1 to the Walgreens Boots Alliance, Inc. Non-Competition, Non-Solicitation and Confidentiality Agreement (the "Non-Compete Agreement") includes jurisdiction-specific "Addenda," which modify the Non-Compete Agreement as applied to individuals who primarily reside and work in one of the applicable jurisdictions, but only to the extent the laws of such jurisdiction are applicable to the Non-Compete Agreement. The Addenda of this Exhibit A-1 should be read in conjunction with the rest of the Non-Compete Agreement and enforced to the fullest extent permissible to protect the Company's legitimate business interests.

CALIFORNIA ADDENDUM

No. 1:

The covenants in **paragraph 2 "Non-Competition"** apply during my employment with the Company, but do not apply post-employment, during such time(s) that I primarily reside and work in California.

No. 2:

The covenants in **paragraph 3 "Non-Solicitation"** apply during my employment with the Company, but do not apply post-employment, during such time(s) that I primarily reside and work in California.

No. 3:

The language in **paragraph 5 "Non-Disparagement"** is stricken and replaced with the following:

During my employment with the Company and thereafter, I agree not to make negative comments or otherwise disparage the Company or any of its officers, directors, employees, shareholders, members, agents or products, except as otherwise allowed by law, including California Government Code Section 12964.5.

No. 4:

The language in **paragraph 6 "Intellectual Property"** is supplemented with the following language:

The terms of this Non-Compete Agreement requiring disclosure and assignment of inventions to the Company do not apply to any invention that qualifies fully under California Labor Code Section 2870, which reads:

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

While employed, I will advise the Company promptly in writing of any inventions that I believe meet the criteria in California Labor Code Section 2870 for a confidential ownership determination.

No. 5:

The language in **paragraph 9 "Enforceability; General Provisions," subparagraph 9(c)** by this Addendum shall substitute "California" for "Delaware" with respect to the choice of law and forum, during such time(s) that I primarily reside and work in California.

COLORADO ADDENDUM

No. 1:

The language in **subparagraph 1(a)** is modified by adding the following:

I acknowledge and agree that the restrictions in this paragraph are reasonable and shall not prohibit the disclosure of information arising from my general training, knowledge, skill, or experience, whether gained on the job or otherwise, information readily ascertainable to the public, and/or information an employee has a right to disclose as legally protected conduct.

No. 2:

The language in **paragraph 2 "Non-Competition"** is modified so that the term "same geographic area" is defined to mean:

the territory (i.e.: (i) state(s), (ii) county(ies), and/or (iii) city(ies)) where, during the twenty-four (24) months prior to my last day of employment with the Company, I: (A) had material responsibilities or performed services on behalf of the Company (or in which I supervised others with respect to the exercise of such material responsibilities or servicing activities) and/or (B) solicited Restricted Customer or otherwise sold services on behalf of the Company (or in which I supervised such solicitation or selling activities). If my material responsibilities were not geographically limited to any territory at any time during the twenty-four (24) months prior to my last day of employment with the Company, "same geographic area" means anywhere in the United States the Company is engaged in the business. Same geographic area only covers territory where my knowledge of the Company's Trade Secrets could be used by a competitor to unfairly compete with or undermine the Company's legitimate business interests.

No. 3:

The language in **paragraph 2 "Non-Competition," paragraph 3 "Non-Solicitation," and paragraph 4 "Non-Inducement"** is modified by adding the following:

If I primarily work or reside in the State of Colorado, the restrictions related to competitive activities in paragraph 2 only applies to the extent I earn, both at the time this Non-Compete Agreement is entered into and at the time the Company enforces it, an amount of annualized cash compensation equivalent to or greater than the threshold amount for highly compensated workers as determined by the Colorado Department of Labor and Employment at the time this Non-Compete Agreement is entered into, and such activities will involve the inevitable use of, or near-certain influence by my knowledge of, Trade Secrets disclosed to me during the course of my employment with the Company.

If I primarily work or reside in the State of Colorado, the restrictions related to solicitation activities in paragraph 3 and paragraph 4 only apply to the extent I earn, both at the time this Non-Compete Agreement is entered into and at the time the Company enforces it, an amount of annualized cash compensation equivalent to or greater than 60% of the threshold amount for highly compensated workers as determined by the Colorado Department of Labor and Employment at the time this Non-Compete Agreement is entered into, and such activities will involve the inevitable use of, or near-certain influence by my knowledge of, Trade Secrets disclosed to me during the course of employment with the Company.

No. 4:

The language in **subparagraph 9(n)** is modified to add the following sentence to the end of that section:

Nothing in this Non-Compete Agreement prohibits me from discussing or disclosing conduct that employee reasonably believes under Washington State, Federal, or common law to be illegal discrimination, illegal harassment, illegal retaliation, a wage and hour violation, or sexual assault, or that is recognized as against a clear mandate of public policy.

No. 5:

A new **subparagraph 9(o)** is added as follows:

I acknowledge and agree I have been provided with, and have signed, a separate notice of my obligations either (i) prior to my acceptance of employment with the Company or (ii) for current employees of the Company, at least fourteen (14) days before the effective date of this Non-Compete Agreement, in the following form and substance. I further acknowledge and agree that paragraphs 1-4 shall not become effective until (iii) my first day of employment, if presented with such notice and a copy of the Non-Compete Agreement prior to accepting an offer of employment, or (iv) for current employees of the Company, fourteen (14) days after receiving such notice and a copy of the Non-Compete Agreement.

DISTRICT OF COLUMBIA ADDENDUM

Under the District of Columbia's Ban on Non-Compete Agreements Amendment Act of 2020, as amended by the Non-Compete Clarification Amendment Act of 2022 (collectively, the "Act"), the following addenda for the District of Columbia shall only apply to non-competition agreements employees sign on or after October 1, 2022 and to employers who are operating in the District of Columbia or any person or group of persons acting directly or indirectly in the interest of an employer operating in the District of Columbia in relation to an employee or a prospective employee. The primary Non-Competition Agreement otherwise controls.

No. 1:

A new **subparagraph 9(o) "Covered Employee Ban"** is added as follows:

I understand that the non-competition obligations under paragraph 2 shall not apply to me if I am considered a "covered employee" under the Act. I am a covered employee if the following conditions are satisfied:

Current Employees – If I have commenced work for the Company, I am covered if (i) I spend more than 50% of my work time for the Company working in the District of Columbia; or (ii) my employment is based in the District of Columbia, and I regularly spend a substantial amount of my work time for the Company in the District of Columbia and not more than 50% of my work time for the Company in another jurisdiction.

Prospective Employees – If I have not yet commenced work for the Company, I am covered if (i) the Company reasonably anticipates that I will spend more than 50% of my work time for the Company working in the District of Columbia; or (ii) my employment for the Company will be based in the District of Columbia, and the Company reasonably anticipates that I will regularly spend a substantial amount of my work time for the Company in the District of Columbia and not more than 50% of my work time for the Company in another jurisdiction.

No. 2:

A new **subparagraph 9(p) "Highly Compensated Employee Exclusion"** is added as follows:

I understand that the non-competition obligations under paragraph 1 shall apply to me if I am a "highly compensated employee" (and is therefore excluded from the definition of "covered employee"). Under the Act, a "highly compensated employee" is someone who earns at least \$150,000 during a consecutive 12-month period or whose compensation earned from the Company in the consecutive 12-month period preceding the date the proposed non-competition is to begin is at least \$150,000. The Act provides that for "medical specialists, the compensation threshold for "highly compensated employee" status is \$250,000. Beginning on January 1, 2024, and each calendar year thereafter, the dollar threshold for highly compensated employee status will be adjusted based on increases in the Consumer Price Index.

No. 3:

A new **subparagraph 9(q) "Notice"** is added as follows:

I agree that before being required to sign this Non-Compete Agreement, the Company provided written notice to me that I had fourteen (14) calendar days before I commenced employment to review the non-competition provision in the Non-Compete Agreement; or, in the case of a current employee, that I had at least fourteen (14) calendar days to review the non-competition provision in the Agreement before I must execute the Non-Compete Agreement. In addition, the Company provided me with the following written notice.

The District's Ban on Non-Compete Agreements Amendment Act of 2020 limits the use of non-compete agreements. It allows employers to request non-compete agreements from highly compensated employees, as that term is defined in the Ban on Non-Compete Agreements Amendment Act of 2020, under certain conditions. The Company has determined that you are a highly

compensated employee. For more information about the Ban on Non-Compete Agreements Amendment Act of 2020, contact the District of Columbia Department of Employment Services (DOES).

ILLINOIS ADDENDUM

No. 1:

A new **subparagraph 9(o)** is added as follows:

Effective if I sign this Non-Compete Agreement after January 1, 2022, I understand that (i) the non-competition obligations under Section 2 do not apply to me if I do not earn the statutory minimum compensation set by Illinois statute (e.g., between January 1, 2021 and January 2, 2027, the statutory threshold is \$75,000 per year or less); and (ii) the non-solicitation obligations under Section 3 do not apply to me if I do not earn the statutory minimum compensation set by Illinois statute (e.g., between January 1, 2022 and January 2, 2027, the statutory threshold is \$45,000 per year or less).

No. 2:

A new **subparagraph 9(p)** is added as follows:

I agree that before being required to sign this Non-Compete Agreement, the Company provided me with at least fourteen (14) calendar days to review it. The Company also hereby advises me to consult with an attorney before entering into this Non-Compete Agreement.

LOUISIANA ADDENDUM

No. 1:

The definition of "**Responsibilities**" in **paragraph 2** is stricken and replaced with the following:

For purposes of this Non-Compete Agreement, "**Responsibilities**" means the same or similar material responsibilities I performed for the Company, including my representation of the Company or my business contact with Restricted Customers, during the two (2) years prior to my last day of employment with the Company and within the Restricted Area, or portion thereof, where I performed those responsibilities for the Company. "**Restricted Area**" means the Louisiana Parishes that the Company identifies in separate written amendment(s) in the form set forth in Schedule A to this Addendum, including at the time of entering into this Non-Compete Agreement. The Parishes include certain of the following: Acadia Parish, Allen Parish, Ascension Parish, Assumption Parish, Avoyelles Parish, Beauregard Parish, Bienville Parish, Bossier Parish, Caddo Parish, Calcasieu Parish, Caldwell Parish, Cameron Parish, Catahoula Parish, Claiborne Parish, Concordia Parish, DeSoto Parish, East Baton Rouge Parish, East Carroll Parish, East Feliciana Parish, Evangeline Parish, Franklin Parish, Grant Parish, Iberia Parish, Iberville Parish, Jackson Parish, Jefferson Parish, Jefferson Davis Parish, Lafayette Parish, Lafourche Parish, LaSalle Parish, Lincoln Parish, Livingston Parish, Madison Parish, Morehouse Parish, Natchitoches Parish, Orleans Parish, Ouachita Parish, Plaquemines Parish, Pointe Coupee Parish, Rapides Parish, Red River Parish, Richland Parish, Sabine Parish, St. Bernard Parish, St. Charles Parish, St. Helena Parish, St. James Parish, St. John the Baptist Parish, St. Landry Parish, St. Martin Parish, St. Mary Parish, St. Tammany Parish, Tangipahoa Parish, Tensas Parish, Terrebonne Parish, Union Parish, Vermilion Parish, Vernon Parish, Washington Parish, Webster Parish,

West Baton Rouge Parish, West Carroll Parish, West Feliciana Parish, and Winn Parish, all so long as the business of the Company is transacted therein. I hereby stipulate that the Company does business in certain of the aforementioned parishes, counties, and municipalities as of the date of this Addendum. I also understand that the Company serves those counties of the adjacent states that border the State of Louisiana and that I will equally be bound in those geographic areas where I also perform responsibilities for the Company.

I acknowledge that the Company's business and my Responsibilities for the Company are expanding. Accordingly, I agree that the Company may amend the Restricted Area by way of separate written amendment(s) in the form set forth in Schedule A to this Addendum specifying new or additional parishes and counties. Any such separate written amendment(s) shall have the same force and effect as if the amendment(s) were originally a part of, or such parishes and counties were originally listed in, this Addendum. The Company will provide me with any and all amendments that amend the Restricted Area. I agree that if the Company provides me with an amendment that amends the Restricted Area that it will represent as fact that the Company does business in all of the geographical areas identified in such an exhibit.

No. 2:

The first sentence of **subparagraph 3(a)** is stricken and replaced with the following

I will not directly or indirectly, solicit any Restricted Customer within in the Restricted Area, as defined in paragraph 2, for purposes of providing Competing Products or Services, or offer, provide or sell Competing Products or Services to any Restricted Customer within the Restricted Area.

No. 3:

The first sentence of **subparagraph 9(c)** is stricken and replaced with the following:

The interpretation, validity, and enforcement of this Non-Compete Agreement will be governed by the laws of the State of Louisiana, without regard to any conflicts of law principles that require the application of the law of another jurisdiction.

* * *

SCHEDULE A TO LOUISIANA ADDENDUM – FORM OF AMENDMENT

AMENDMENT NO. 1 TO THE LOUISIANA ADDENDUM

The parties agree that this Amendment No. 1 to the Louisiana Addendum ("First Amendment") shall modify the term "**Restricted Area**" contained in the Louisiana Addendum to the Walgreens Boots Alliance, Inc. Non-Competition, Non-Solicitation and Confidentiality Agreement (the "Non-Compete Agreement"). This First Amendment shall be read in conjunction with the rest of the Non-Compete Agreement and the Louisiana Addendum and enforced to the fullest extent permissible to protect the Company's legitimate business interests.

With respect to Louisiana Parishes, I agree that the Restricted Area shall include the following Parishes (IN **BOLD OR CIRCLED**) where the Company does business and I am performing Responsibilities for the Company: Acadia Parish, Allen Parish, Ascension Parish, Assumption Parish, Avoyelles Parish, Beauregard Parish, Bienville Parish, Bossier Parish, Caddo Parish, Calcasieu Parish, Caldwell Parish, Cameron Parish, Catahoula Parish, Claiborne Parish, Concordia Parish, DeSoto Parish, East Baton Rouge Parish, East Carroll Parish, East Feliciana Parish, Evangeline Parish, Franklin Parish, Grant Parish, Iberia Parish, Iberville Parish, Jackson Parish, Jefferson Parish, Jefferson Davis Parish, Lafayette Parish, Lafourche

Parish, LaSalle Parish, Lincoln Parish, Livingston Parish, Madison Parish, Morehouse Parish, Natchitoches Parish, Orleans Parish, Ouachita Parish, Plaquemines Parish, Pointe Coupee Parish, Rapides Parish, Red River Parish, Richland Parish, Sabine Parish, St. Bernard Parish, St. Charles Parish, St. Helena Parish, St. James Parish, St. John the Baptist Parish, St. Landry Parish, St. Martin Parish, St. Mary Parish, St. Tammany Parish, Tangipahoa Parish, Tensas Parish, Terrebonne Parish, Union Parish, Vermilion Parish, Vernon Parish, Washington Parish, Webster Parish, West Baton Rouge Parish, West Carroll Parish, West Feliciana Parish, and Winn Parish, all so long as the business of the Company is transacted therein. I hereby continue to stipulate that the Company does business in all of the above bolded or circled parishes, counties, and municipalities as of the date of this Addendum. I also understand that the Company serves those counties of the adjacent states that border the State of Louisiana and that I will equally be bound in those geographic areas where I also perform responsibilities for the Company.

By my signature below, I agree to the terms and conditions expressed in this Amendment No. 1 to the Louisiana Addendum.

Employee

Walgreens Boots Alliance, Inc.

By: _____
Name: _____
Dated: _____

By: _____
Name: _____
Title: _____
Dated: _____

MASSACHUSETTS ADDENDUM

No. 1:

The language in **paragraph 2 “Non-Competition”** is stricken and replaced with the following:

2. **Non-Competition.** In exchange for the Company providing me the consideration set forth in the Non-Compete Agreement, I agree that during my employment and for a period of one (1) year from the Termination Date (*i.e.*, the date of my voluntary termination of employment, or of the involuntary termination of my employment with Cause (as defined below)), I will not, directly or indirectly, engage in “Competition” (as defined below) within the “Geographic Region” (as defined below).

(a) **“Cause”** means misconduct, violation of any policy of the Company, including any rule of conduct or standard of ethics of the Company, breach of the Non-Compete Agreement (including this Addendum) or the breach of any confidentiality, non-disclosure, non-solicitation or assignment of inventions obligations to the Company, failure to meet the Company’s reasonable performance expectations, or other grounds directly and reasonably related to the legitimate business needs of the Company.

(b) **“Competing Business”** means a business that is in competition with any business engaged in by the Company.

(c) **“Competition”** means to provide the same or substantially similar services to a Competing Business as those that I provided to the Company during the last two (2) years of my employment with the Company. “Competition” does not include passive investments of less than five percent (5%) ownership interest in any entity.

(d) **“Geographic Region”** means the geographic area in which I, during any time within the last two years of my employment with the Company, provided services or had a material presence or influence.

(e) If the Company enforces the restrictions in this paragraph 2 for a period of time after the Termination Date (the “Restraint Period”), it will pay me, during the Restraint Period, an amount equal to fifty percent (50%) of my annual base salary. My annual base salary, for the purposes of this subparagraph 2(e), will be calculated based on my average annual salary for my last two (2) years of employment, less any applicable deductions, and excluding any incentive compensation, bonuses, benefits, or other compensation, less any applicable deductions (the “Restraint Payment”). The Restraint Payment will be paid on a pro-rata basis during the Restraint Period in the same manner that I would have received wages from the Company had I been employed during the Restraint Period.

(f) The Restraint Period shall be extended from one (1) year following the Termination Date to two (2) years following the Termination Date if I (i) breached Employee’s fiduciary duty(ies) to the Company, or (ii) unlawfully took, physically or electronically, property belonging to the Company. In the event that the Restraint Period is extended due to my breach of my fiduciary duty(ies) to the Company, or due to my having unlawfully taken, physically or electronically, property belonging to the Company, the Company shall not be required to provide payments to me during the extension of the Restraint Period.

(g) I understand that if the Company elects to waive the non-competition provisions set forth herein, I will not receive any compensation or consideration described in subparagraph 2(e). I further understand that at the time of my separation from employment, the Company shall elect whether to waive its enforcement of the non-competition provisions in the Non-Compete Agreement (including this Massachusetts Addendum). I will be notified by the Company of its election or waiver by letter, in the form set forth in the below Schedule A to this Massachusetts Addendum.

(h) If I was already employed by the Company on the date of my signature on the Non-Compete Agreement, I acknowledge that the Non-Compete Agreement, including this Massachusetts Addendum, was delivered to me at least ten (10) business days before the date that this Addendum was executed by both of the parties (the “Effective Date”). If I was not already employed by the Company on the date of my signature on the Non-Compete Agreement, I acknowledge that the Non-Compete Agreement, including this Massachusetts Addendum, was delivered to me (i) before a formal offer of employment was made by the Company, or (ii) ten (10) business days before the commencement of my employment with the Company, whichever was earlier.

(i) I acknowledge that I have been advised of my right to consult with counsel of my own choosing prior to signing the Non-Compete Agreement and this Massachusetts Addendum. By signing the Non-Compete Agreement and this Addendum, I acknowledge that I had time to read and understand the terms

of the Non-Compete Agreement and this Addendum, and to consult with my own legal counsel, not including counsel for the Company, regarding the Non-Compete Agreement and the Addendum prior to their execution. I agree that I have actually read and understand the Non-Compete Agreement and this Addendum and all of their terms, and that I am entering into and signing the Non-Compete Agreement and this Addendum knowingly and voluntarily, and that in doing so I am not relying upon any statements or representations by the Company or its agents.

(j) I acknowledge that (i) the Non-Competition covenant contained in this paragraph 2 is no broader than necessary to protect the Company's trade secrets, Confidential Information, and goodwill, and (ii) the business interests identified in the Non-Compete Agreement cannot be adequately protected through restrictive covenants other than the Non-Competition covenant contained in this paragraph 2, including without limitation the non-solicitation and non-disclosure restrictions set forth in the Non-Compete Agreement.

No. 2:

The language in **subparagraph 9(b) "Enforceability; General Restrictions"** is stricken and replaced with the following:

I agree that the restrictions contained in this Non-Compete Agreement are reasonable and necessary to protect the Company's legitimate business interests and that full compliance with the terms of this Non-Compete Agreement will not prevent me from earning a livelihood following the termination of my employment, and that these covenants do not place an undue restraint on me. I further understand that the restrictions in this Non-Compete Agreement – other than the non-competition restrictions set forth in paragraph 2 – apply no matter whether my employment is terminated by the Company or me and no matter whether that termination is voluntary or involuntary. I understand that the non-competition provisions in paragraph 2 apply following the voluntary termination of my employment or the involuntary termination of my employment for Cause, as defined in paragraph 2, unless the Company elects to waive the non-competition provisions of [paragraph 2 as set forth in subparagraph 2(g)].

No. 3:

The language in **subparagraph 9(c) "Enforceability; General Restrictions"** is stricken and replaced with the following:

(c)(i) Because the Company is incorporated in Delaware, except with respect to the non-competition provisions of paragraph 2, this Non-Compete Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any conflict of law provisions, and I consent to personal jurisdiction and the exclusive jurisdiction of the state and federal courts of Delaware with respect to any claim, dispute, or declaration – other than a claim, dispute, or declaration arising out of paragraph 2 – that arises out of this Non-Compete Agreement.

(c)(ii) The interpretation, validity, and enforcement of the non-competition provisions set forth in paragraph 2 of this Non-Compete Agreement and Massachusetts Addendum will be governed by the laws of the Commonwealth of Massachusetts, without regard to any conflicts of laws principles that would require the application of the law of another jurisdiction. The parties agree that any action relating to or arising out of the non-competition provisions shall be brought in (1) the United States District Court for the District of Massachusetts,

Eastern Division, if that Court has subject matter jurisdiction over the dispute; or, if it does not, in (2) the Business Litigation Session of the Suffolk County Superior Court, or, if the Business Litigation Session does not accept the case for whatever reason whatsoever, the Suffolk County Superior Court. The parties agree and consent to the personal jurisdiction and venue of the federal or state courts of Massachusetts for resolution of any disputes or litigation arising under or in connection with the Non-Competition provisions set forth in paragraph 2 of this Non-Compete Agreement and Massachusetts Addendum, and waive any objections or defenses to personal jurisdiction or venue in any such proceeding before any such court.

No. 4:

The language in **subparagraph 9(m) "Enforceability; General Restrictions"** is stricken and replaced with the following:

I agree that all non-solicitation, non-disclosure and use, non-recruiting, and disclosure obligations in this Non-Compete Agreement shall survive any termination of this Non-Compete Agreement and extend to the proscribed periods following my last day of employment with the Company (for any reason) and no dispute regarding any other provisions of this Non-Compete Agreement or regarding my employment or the termination of my employment shall prevent the operation and enforcement of these obligations. I further agree that all non-competition obligations in this Non-Compete Agreement shall survive the voluntary termination of my employment or the involuntary termination of my employment for Cause, as defined in paragraph 2, unless the Company elects to waive the non-competition provisions of paragraph 2 as set forth in subparagraph 2(g), and no dispute regarding any other provisions of this Non-Compete Agreement or regarding my employment or the termination of my employment shall prevent the operation and enforcement of these obligations.

* * *

SCHEDULE A TO MASSACHUSETTS ADDENDUM – FORM OF AGREEMENT
SCHEDULE A TO MASSACHUSETTS ADDENDUM

_____ (the "Hiring Entity"), Walgreens Boots Alliance, Inc., and any subsidiaries, affiliates, or divisions, direct or indirect predecessors, successors, parents, business units or affiliated companies of Walgreens Boots Alliance, Inc. to which I, directly in succession after the Hiring Entity, transfer or accept employment (each a "Company Entity" and collectively with the Hiring Entity, the "Company"), pursuant to the Massachusetts Addendum to the Walgreens Boots Alliance, Inc. Non-Competition, Non-Solicitation, and Confidentiality Agreement between the Company and the undersigned Employee (the "Non-Compete Agreement"), in its sole discretion, elects to:

- Enforce the one year Restraint Period according to paragraph 2 the Addendum. As agreed to by the Parties, the Company agrees to pay me the amounts described in paragraph 2 of the Massachusetts Addendum.
- Waive enforcement of the Restraint Period. I shall not receive any compensation or consideration pursuant to paragraph 2 the Massachusetts Addendum.

Regardless of the election or waiver, I remain bound by all other terms of the Non-Compete Agreement, and also remain bound by the terms of any and all other agreements between the Company and me.

Accepted and agreed to:

Employee

Walgreens Boots Alliance, Inc.

By: _____
Name: _____
Dated: _____

By: _____
Name: _____
Title: _____
Dated: _____

NEBRASKA ADDENDUM

No. 1:

The obligations under **paragraph 2 “Non-Competition”** do not apply to me during such time(s) that I primarily reside and work in Nebraska, but do apply, as stated, to other competitive activity.

No. 2:

The obligations under **paragraph 3 “Non-Solicitation”** are strictly limited to those current and existing Restricted Customers or employees with whom I actually did business and had direct, personal contact while employed by the Company.

All other covenants, agreements and promises contained in the Non-Compete Agreement remain in full force and effect and still apply to Nebraska employees doing business inside and outside of Nebraska.

OKLAHOMA ADDENDUM

No. 1:

The covenants in **paragraph 2 “Non-Competition”** do not apply to me during such time(s) that I primarily reside and work in Oklahoma.

No. 2:

The language in **paragraph 3 “Non-Solicitation”** is stricken and replaced with the following (except that the definitions in paragraph 3 remains in full force and effect):

I covenant and agree that for a period of twelve (12) months after my employment with the Company ends (for any reason), I will not directly solicit the sale of goods, services or a combination of goods and services from the established customers of the Company.

OREGON ADDENDUM

No. 1:

The language in the **“NOW, THEREFORE”** section on page 1 of the Agreement is modified to include the following language:

The Non-Compete Agreement is executed upon my initial employment with Company and is a condition of such employment or is executed upon my “subsequent bona fide advancement” within the meaning of Oregon Revised

Statutes (ORS) Section 653.295 because of, among other things, my increased responsibilities and access to Confidential Information and Trade Secrets. If this Non-Compete Agreement is executed upon initial employment, I acknowledge that I was informed in a written job offer at least two (2) weeks before starting work that I must enter into this Non-Compete Agreement as a condition of employment. If executed upon a "subsequent bona fide advancement," I knowingly and voluntarily waive any argument that my new role does not constitute a "subsequent bona fide advancement."

No. 2:

The language in **paragraph 2 "Non-Solicitation" and paragraph 3 "Non-Inducement"** are stricken in their entirety and replaced with the following (except that the definitions in paragraphs 2 and 3 remain in full force and effect):

During the period of twelve (12) months after my employment with the Company ends (for any reason), and in connection with a Competing Business Line, I shall not directly or indirectly: (a) solicit, refer or attempt to solicit or refer any Restricted Customer to a competitor; (b) transact or attempt to transact business with any Restricted Customer; or (c) induce or encourage any Restricted Customer to terminate a relationship with the Company or otherwise to cease accepting services or products from the Company.

No. 3:

A new **subparagraph 9(o)** is added as follows:

Except as provided in this Non-Compete Agreement, the non-competition restrictions in paragraph 2 does not apply to me if (i) I am not classified as exempt from overtime under Oregon law as an employee engaged in administrative, executive, or professional work; or, (ii) at the time of my separation from the Company, I am not paid a gross salary and commissions in the amount required under ORS 653.295, calculated on an annual basis (hereafter, a "Non-Qualified Employee"). However, even if I am a Non-Qualified Employee, the Company may, at its sole discretion, elect to enforce the non-competition restrictions in paragraph 2 by paying me, for up to the maximum Restricted Period, compensation equal to the greater of (iii) fifty (50) percent of my annual gross base salary and commissions at the time of my separation; or (iv) fifty (50) percent of the minimum annual compensation required under ORS 653.295. If the Company elects to enforce paragraph 2 by agreeing to make the payments referenced in this subparagraph, I will be notified in writing. I understand and acknowledge that the Company's election not to pay the compensation set out in this section affects the applicability of paragraph 2 only in the event I am a Non-Qualified Employee and that the election of non-payment does not relieve a Non-Exempt Employee from any other post-employment restriction in the Non-Compete Agreement.

PUERTO RICO ADDENDUM

No. 1:

The language in **paragraphs 2 and 3** are stricken and replaced by the following covenants and definitions:

"Similar Business" means the same or substantially the same business activity or activities performed or engaged by me for, or on behalf, of the business of the Company or one of its subsidiaries or affiliated companies.

“Engage” means participate in, consult with, be employed by, or assist with the organization, policy making, ownership, financing, management, operation or control of any Similar Business in any capacity (*i.e.*, as an independent contractor, consultant, employee, shareholder, member-owner, or business partner).

“Goodwill” means any tendency of customers, distributors, representatives, employees, vendors, suppliers, or federal, state, local or foreign governmental entities to continue or renew any valuable business relationship with the Company or any Similar Business with which I may be associated, based in whole or in part on past successful relationships with the Company or the lawful efforts of the Company to foster such relationships, and in which I actively participated at any time during the most recent twelve (12) months of my employment.

“Competing Business” means any individual (including me), corporation, limited liability company, partnership, joint venture, association, or other entity, regardless of form, that is directly engaged in whole or in relevant part in any business or enterprise that is the same as, or substantially the same as, that part of the Company for which I provided services during the last two (2) years of my employment, or that is taking material steps to engage in such business.

“Customers” means those individuals, companies, or other entities for which the Company has provided or does provide products or services in connection with the business of the Company, or those individuals, companies, or other entities to which the Company has provided written proposals concerning the business of the Company in the two (2) year period preceding the termination of my employment.

“Restricted Territory” means those municipalities within the Commonwealth of Puerto Rico in which I performed the Competing Business.

Non-Competition. I acknowledge and agree that the Company would be irreparably damaged if I – in any capacity (*i.e.*, as an independent contractor, consultant, employee, shareholder, member, owner or business partner) – were to provide services to any person directly or indirectly competing with the Company or any of its affiliates or Engaged in a Competing Business and that such competition by me would result in a significant loss of Goodwill by the Company. Therefore, I agree that the following are reasonable restrictions and agree to be bound by such restrictions:

(a) During my employment, and for a period of twelve (12) months immediately following the termination of such employment for any reason, I shall not, directly or indirectly – in any capacity (*i.e.*, as an independent contractor, consultant, employee, shareholder, member, owner or business partner) – Engage in Competing Business services or activities within the Restricted Territory; provided, that nothing herein shall prohibit me from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of a corporation which is publicly traded so long as I do not have any active participation in the business of such corporation.

(b) I warrant and represent that the nature and extent of this non-competition clause has been fully explained to me by the Company and that my decision to accept the same is made voluntarily, knowingly, intelligently and free from any undue pressure or coercion. I further warrant and represent that I have

agreed to this non-competition clause in consideration of the Restricted Stock Units I will be receiving under this Non-Compete Agreement.

Non-Solicitation of Customers. I agree that for a period of twelve (12) months following the voluntary or involuntary termination of my employment for any reason, I will not, either on my own behalf or for any Competing Business, directly or indirectly solicit, divert, or appropriate (or attempt to solicit, divert, or appropriate) any Customer with which I had material business contact in the six (6) month period preceding the termination of my employment, for providing products or services that are the same as or substantially similar to those provided by the Company.

Non-Solicitation of Employees. I recognize and admit that the Company has a legitimate business interest in retaining its employees, representatives, agents and/or consultants and of protecting its business from previous employees, representatives, agents and/or consultants, which makes necessary the establishment of a non-solicitation clause in this Non-Compete Agreement. I agree that for a period of twelve (12) months following the voluntary or involuntary termination of my employment for any reason, I shall not, directly or indirectly, (a) induce or attempt to induce any employee, representative, agent or consultant of the Company or any of its affiliates or subsidiaries to leave the employ or services of the Company or any of its affiliates or subsidiaries, or in any way interfere with the relationship between the Company or any of its affiliates or subsidiaries and any employee, representative, agent or consultant thereof or (b) hire any person who was an employee, representative, agent or consultant of the Company or any of its affiliates or subsidiaries at any time during the twelve (12) month period immediately prior to the date on which such hiring would take place. No action by another person or entity shall be deemed to be a breach of this provision unless I directly or indirectly assisted, encouraged or otherwise counseled such person or entity to engage in such activity.

No. 2:

The language in **subparagraph 9(c) "Enforceability; General Restrictions"** is modified to add the following choice of law:

The laws of Puerto Rico will govern the interpretation, validity, and enforcement of the non-competition provisions set forth in paragraph 2 of this Non-Compete Agreement and Puerto Rico Addendum.

No. 3:

Subparagraph 9(e), subparagraph 9(f), and subparagraph 9(k) "Enforceability; General Restrictions" are stricken.

SOUTH CAROLINA ADDENDUM

No. 1:

The definition of "**Confidential Information**" in **paragraph 1** is further limited to that Confidential Information I learn about or am exposed to through my employment with the Company.

No. 2:

Paragraphs 2 and 3 of the Non-Compete Agreement are replaced by the following covenants and definitions:

"Competing Business" means any individual (including me), corporation, limited liability company, partnership, joint venture, association, or other entity, regardless of form, that is directly engaged in whole or in relevant part in any business or enterprise that is the same as, or substantially the same as, that part of the Company for which I provided services during the last two (2) years of my employment, or that is taking material steps to engage in such business.

"Customers" means those individuals, companies, or other entities for which the Company has provided or does provide products or services in connection with the business of the Company, or those individuals, companies, or other entities to which the Company has provided written proposals concerning the business of the Company in the two (2) year period preceding the termination of my employment.

"Restricted Territory" means:

- 1) the counties or areas where I worked for the Company or had material business contact with the Customers in the two (2) year period preceding the termination of my employment with the Company; and/or
- 2) the geographic territory in which I worked for the Company, represented the Company, or had material business contact with the Customers in the two (2) year period preceding the termination of my employment with the Company.

I agree that subsections 1) and 2) above are separate and severable covenants.

Non-Competition. I agree that for a period of one (1) year following the voluntary or involuntary termination of my employment for any reason, I will not, directly or indirectly, own, manage, operate, join, control, be employed by or with, or participate in any manner with a Competing Business anywhere in the Restricted Territory where doing so will require me to provide the same or substantially similar services to any such Competing Business as those that I provided to the Company during the last two (2) years of my employment.

Non-Solicitation of Customers. I agree that for a period of two (2) years following the voluntary or involuntary termination of my employment for any reason, I will not, either on my own behalf or for any Competing Business, directly or indirectly solicit, divert, or appropriate, or attempt to solicit, divert, or appropriate any Customer with which I had material business contact in the two (2) year period preceding the termination of my employment, for the purposes of providing products or services that are the same as or substantially similar to those provided by the Company.

VIRGINIA ADDENDUM

No. 1:

The geographic area in **paragraph 2 "Non-Competition"** is limited to twenty-five (25) miles from any location where I physically worked and performed Responsibilities for the Company.

No. 2:

The language in **paragraph 2 “Non-Competition”** and **paragraph 3 “Non-Solicitation”** shall not apply if, at the time of my termination of employment (for any reason), I am considered a “low-wage employee” pursuant to Virginia Code § 40.1-28.7:8(A), meaning that I earn less than the average weekly wage of the Commonwealth of Virginia as determined by subsection B of Virginia Code § 65.2-500.

No. 3:

The language in **subparagraph 3(b)(i) “Non-Solicitation”** shall be amended to provide: “(i) raid, solicit, or attempt to persuade any then-current employee of the Company with whom I currently work or with whom I had direct contact work during the two years prior to my last day of employment with the Company, and who possesses or had access to Confidential Information of the Company, to leave the employ of the Company *and become employed by a person or entity who provides Competing Products or Services.*”

WASHINGTON ADDENDUM

No. 1:

Paragraph 2 is stricken and replaced with the following:

Non-Competition.

(a) The non-competition provisions of this paragraph 2 shall apply only if the amount of my annualized earnings at the time of enforcement of this Non-Compete Agreement is equal to or greater than the compensation requirements described in Ch. 49.62 of the Revised Code of Washington (“RCW:”). As of January 1, 2023, the minimum annualized earnings amount for enforcement of the non-competition provisions of this paragraph 2 is \$116,593.18, however, I understand that this amount is subject to adjustment each year by the Washington Department of Labor and Industries in accordance with RCW Ch. 49.62.

(b) I agree that during my employment with the Company and for one (1) year after the termination of my employment for any reason, I will not, directly or indirectly, engage in Competing Services with respect to any Competing Business Line. As set forth in subparagraph 10(a) below, I understand that the restrictions in this paragraph apply no matter whether my employment is terminated by me or the Company and no matter whether that termination is voluntary or involuntary. The above restrictions shall not apply to passive investments of less than five percent (5%) ownership interest in any entity. For purposes of this Non-Compete Agreement, “**Competing Business Line**” means any business that is in competition with any business engaged in by the Company and for which I performed Competing services during the two (2) years prior to my last day of employment with the Company. For purposes of this Non-Compete Agreement, “**Competing Services**” means the same or similar responsibilities I performed for the Company during the two (2) years prior to my last day of employment with the Company and within the same geographic area, or portion thereof, with respect to which I performed those responsibilities for the Company. For purposes of this Non-Compete Agreement, “same geographic

area” means: (i) within a twenty-five (25) mile radius of: (A) any Company location where I worked; (B) any Company location where I was assigned; or (C) any other location where I performed Material (defined below) responsibilities for the Company (e.g., my performing remote work); and/or (ii) if I had national responsibilities for the Company, any location where I performed Material responsibilities and where performing those responsibilities for a Competing Business Line will provide an unfair advantage to that competitor because of my access to and use of Confidential Information. “Material” means my primary job duties and responsibilities in connection with providing Restricted Customers with a Competing Service. The foregoing geographic restrictions are limited to my locations/responsibilities during the twenty-four (24) months prior to my last day of employment with the Company.

(c) I agree that, if and after my employment with the Company ends because of or in connection with a layoff or reduction-in-force, the non-competition provisions of subparagraph 2(a) above will not be enforced by the Company unless and to the extent that it continues to pay me an amount that is equal to or greater than my base salary rate that is in effect on the last day of my employment with the Company. Such payments will be made to me at regular payroll intervals for the duration of the one (1) year post-employment non-competition period or such shorter period during which the Company enforces these non-competition provisions. I agree that I must promptly inform the Company of the date on which I begin any other employment or engagement by, with or for the benefit of any other individual or entity, at which time I agree the Company may and will terminate all such payments to me. Although such payments by the Company will terminate when I commence employment or any other engagement by, with or for the benefit of another individual, entity or employer, I agree that subparagraph 2(b) non-competition restrictions will remain in effect until one (1) year after my Company employment ends, which means I will have breached the provisions of subparagraph 2(b) if my new employment is with a Competitive Business Line. I also agree that if I fail to timely notify the Company of any other employment or engagement, and if the Company’s payments to me therefore continue after I have commenced any such employment or engagement, then any such payments to me will be deemed to be placed by me in constructive trust for the benefit of the Company, and I agree that I must and will promptly return all such payments to the Company.

No. 3:

The language in **subparagraph 9(c)** of the Non-Compete Agreement is stricken and replaced with the following:

This Non-Compete Agreement shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to any conflict of law provisions. Any claim, dispute or declaration arising out of or in connection with this Non-Compete Agreement will be resolved exclusively in the state or federal courts in the State of Washington.

No. 3:

The language in **subparagraph 9(n)** is modified to add the following sentence to the end of that section:

I understand that nothing in this Non-Compete Agreement prohibits me from discussing or disclosing conduct that I reasonably believe under Washington State, Federal, or common law to be illegal discrimination, illegal harassment, illegal retaliation, a wage and hour violation, or sexual assault, or that is recognized as against a clear mandate of public policy.

WISCONSIN ADDENDUM

No. 1:

The language in **paragraph 1 “Confidentiality”** is amended by adding the following at the end of **subparagraph 1(b)**:

To the extent the above obligation of non-use and non-disclosure of Confidential Information applies after the termination of my employment and to Confidential Information that does not meet the definition of a trade secret under applicable law, it shall apply only for two years after the termination of my employment and only in geographic areas in which the unauthorized use or disclosure of such Confidential Information would be competitively damaging to the Company.

No. 2:

The language in **paragraph 2 “Non-Competition”** is amended by striking the definition of “Responsibilities” and replacing it with the following:

“**Responsibilities**” means the same or similar material responsibilities I performed for the Company during the two (2) years prior to my last day of employment with the Company in which the Confidential Information I have would be competitively valuable and within the same geographic area, or portion thereof, with respect to which I performed those responsibilities for the Company.

No. 3:

The language in **paragraph 3 “Non-Solicitation”** is amended by striking the definition of “Restricted Customer” in **subparagraph 3(a)** and replacing it with the following:

“**Restricted Customer**” means any person, company or entity that was a customer of the Company and with which I had direct contact for purposes of performing responsibilities for the Company or for which I had supervisory responsibilities on behalf of the Company, in either case at any time during the two (2) years prior to my last day of employment with the Company.

The language in **subparagraph 3(a)** is further amended by striking the following sentence:

To the extent permitted by applicable law, Restricted Customer also means any prospective customer(s), vendor(s), supplier(s) or referral source(s) with which I had business contact on behalf of the Company in the twelve (12) months prior to my last day of employment with the Company;

The language in **subparagraph 3(b)** is amended by replacing it with the following:

I will not, nor will I assist any third party to, directly or indirectly (i) raid, solicit, or attempt to persuade any then-current employee of the Company with whom I currently work or with whom I worked at any point during the two years prior to my last day of employment with the Company, and who possesses or had access to Confidential Information of the Company, to leave the employ of the Company and join a competitor in a capacity in which the Confidential Information I had access to as a result of my employment with the Company could be used to compete with the Company; (ii) interfere with the performance by any such employee of his/her duties for the Company; or (iii) communicate with any such employee for the purposes described in items (i) and (ii) in this subparagraph 3(b). This restriction shall apply in all geographic areas in which the Company does business.

No. 4:

The language in **paragraph 9 “Enforceability, General Provisions”** is amended as follows: **Paragraph 9(f)** is amended by adding the following text to the end of the paragraph:

The restrictive covenants in this Non-Compete Agreement are intended to be divisible and interpreted and applied independent of each other.

Subparagraph 9(k) is stricken and shall not be applied or referred to.

EXHIBIT B

**ADDENDUM TO THE
WALGREENS BOOTS ALLIANCE, INC. 2021 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

In addition to the terms of the Plan and the Agreement, the Award is subject to the following additional terms and conditions to the extent you reside and/or are employed in one of the countries addressed herein. Pursuant to Section 24 of the Agreement, if you transfer your residence and/or employment to another country reflected in this Addendum, the additional terms and conditions for such country (if any) will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms as may be necessary or advisable to accommodate your transfer). All defined terms contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

EUROPEAN UNION ("EU") / EUROPEAN ECONOMIC AREA ("EEA") / SWITZERLAND / THE UNITED KINGDOM

Personal Data. The following provision replaces Section 19 of the Agreement in its entirety:

The Company, with its registered address at 108 Wilmot Road, Deerfield, Illinois 60015, U.S.A. is the controller responsible for the processing of your personal data by the Company and the third parties noted below.

(a)Data Collection and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Company collects, processes and uses certain personal information about you for the legitimate purpose of implementing, administering and managing the Plan and generally administering awards; specifically: your name, home address, email address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any shares or directorships held in the Company, and details of all Restricted Stock Units, any entitlement to shares of Stock awarded, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you or the Employer ("Personal Data"). In granting the Restricted Stock Units under the Plan, the Company will collect, process, use, disclose and transfer (collectively, "Processing") Personal Data for purposes of implementing, administering and managing the Plan. The Company's legal basis for the Processing of Personal Data is the Company's legitimate business interests of managing the Plan, administering employee awards and complying with its contractual and statutory obligations, as well as the necessity of the Processing for the Company to perform its contractual obligations under the Agreement and the Plan. Your refusal to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. As such, by accepting the Restricted Stock Units, you voluntarily acknowledge the Processing of your Personal Data as described herein.

(b)Stock Plan Administration Service Provider. The Company may transfer Personal Data to Fidelity Stock Plan Services, LLC ("Fidelity"), an independent service provider based, in relevant part, in the United States, which may assist the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Personal Data with another company that serves in a similar manner. The Company's service provider will open an account for you to receive and trade shares of Stock pursuant to the Restricted Stock Units. The Processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Plan. When receiving your Personal Data, if applicable, Fidelity provides appropriate safeguards in accordance with the EU Standard Contractual Clauses or other appropriate cross-border transfer solutions. By participating in the Plan, you understand that the

service provider will Process your Personal Data for the purposes of implementing, administering and managing your participation in the Plan.

(c)International Data Transfers. The Company is based in the United States, which means it will be necessary for Personal Data to be transferred to, and Processed in the United States. When transferring your Personal Data to the United States, the Company provides appropriate safeguards in accordance with the EU Standard Contractual Clauses, and other appropriate cross-border transfer solutions. You may request a copy of the appropriate safeguards with Fidelity or the Company by contacting your Human Resources manager or the Company's Human Resources Department.

(d)Data Retention. The Company will use Personal Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including tax and securities laws. When the Company no longer needs Personal Data related to the Plan, the Company will remove it from its systems. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be for compliance with relevant laws or regulations.

(e)Data Subject Rights. To the extent provided by law, you have the right to (i) subject to certain exceptions, request access or copies of Personal Data the Company Processes, (ii) request rectification of incorrect Personal Data, (iii) request deletion of Personal Data, (iv) place restrictions on Processing of Personal Data, (v) lodge complaints with competent authorities in your country, and/or (vi) request a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding your rights or to exercise your rights, you may contact your Human Resources manager or the Company's Human Resources Department. You also have the right to object, on grounds related to a particular situation, to the Processing of Personal Data, as well as opt-out of the Plan herein, in any case without cost, by contacting your Human Resources manager or the Company's Human Resources Department in writing. Your provision of Personal Data is a contractual requirement. You understand, however, that the only consequence of refusing to provide Personal Data is that the Company may not be able to administer the Restricted Stock Units, or grant other awards or administer or maintain such awards. For more information on the consequences of the refusal to provide Personal Data, you may contact your Human Resources manager or the Company's Human Resources Department in writing. You may also have the right to lodge a complaint with the relevant data protection supervisory authority.

CHILE

Private Placement. The following provision shall replace Section 14 of the Agreement:

The grant of the Restricted Stock Units hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

- a) The starting date of the offer will be the Grant Date, and this offer conforms to general ruling no. 336 of the Chilean Commission for the Financial Market;
 - b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the Chilean Commission for the Financial Market, and therefore such securities are not subject to its oversight;
 - c) The issuer is not obligated to provide public information in Chile regarding the foreign securities, since such securities are not registered with the Chilean Commission for the Financial Market; and
 - d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.
- a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento y esta oferta se acoge a la norma de carácter general n° 336 de la Comisión para el Mercado Financiero en Chile;*

- b) *La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Comisión para el Mercado Financiero en Chile, por lo que tales valores no están sujetos a la fiscalización de ésta;*
- c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y*
- d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente*

CHINA

The following provisions govern your participation in the Plan if you are subject to exchange control regulations in the People's Republic of China ("China"), as determined by the Company in its sole discretion:

1. **Mandatory Sale Restriction.** Due to local regulatory requirements, you agree that the Company may force the sale of any shares of Stock to be issued to you upon settlement of the Award. The sale may occur (i) immediately upon vesting, (ii) following your Termination of Service, (iii) following your transfer outside of China, or (iv) within any other timeframe the Company determines to be necessary or advisable to comply with local regulatory requirements. You agree that you must maintain any shares of Stock acquired under the Plan in an account at a broker designated by the Company ("Designated Account"). All such shares of Stock deposited in the Designated Account cannot be transferred out of that Designated Account. Within three (3) months after your Termination of Service for any reason (or such other period as determined by the Company in its sole discretion), you must sell all shares of Stock acquired under the Plan. The Company will direct the automatic sale of any such shares of Stock remaining in the Designated Account at the expiration of this three (3) month period (or such other period as determined by the Company in its sole discretion).

You agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such shares of Stock (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such shares of Stock. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the shares of Stock at any particular price. Upon the sale of the shares of Stock, the Company agrees to pay you the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You agree that if you sell shares of Stock that you acquire under the Plan, the repatriation requirements described below shall apply.

If you transfer to an Affiliate in China or transfer from an Affiliate in China to another Affiliate outside of China, you may become or remain subject to the requirements set forth in this Addendum, as determined by the Company in its sole discretion. The Company reserves the right to suspend your participation in the Plan or take such other measures as it deems necessary or advisable to comply with local laws and regulations.

2. **Exchange Control Requirements.** You understand and agree that your participation in the Plan and the vesting of Awards over shares of Stock under the Plan may be subject to the registration and compliance of the Plan with applicable exchange control regulations in China. If the registration of the Plan lapses or the Company determines, in its discretion, that the Award cannot vest due to regulatory restrictions, you agree that your participation in the Plan may be suspended, terminated or otherwise modified to ensure compliance with applicable laws and regulations.

You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the mandatory sale of the shares of Stock issued upon vesting of the Award as well as any cash dividends paid on such shares of Stock to China. You further understand that, under local law, such repatriation of cash proceeds may need to be effectuated through a special exchange control account established by the Company, the

Employer or any other Affiliate, and you hereby consent and agree that any proceeds from the sale of any shares of Stock issued upon vesting of the Award as well as any cash dividends paid on such shares of Stock may be transferred to such special account prior to being delivered to you. You agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Company's designated broker) to effectuate any of the remittances, transfers, conversions or other processes affecting the proceeds. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Finally, you understand and agree that the Company is under no obligation to secure any particular exchange conversion rate and there may be delays in converting the cash proceeds to local currency due to exchange control restrictions. You agree to bear any currency fluctuation risk between the time the shares of Stock are sold or dividends are paid and the time the cash proceeds are distributed to you through the special account described above.

GERMANY

No country-specific provisions.

HONG KONG

1. Form of Payment. Notwithstanding any provision in the Agreement or Plan to the contrary, the Restricted Stock Units shall be settled only in Shares (and not in cash).

2. IMPORTANT NOTICE. WARNING: The contents of the Agreement, this Addendum, the Plan, the Plan prospectus, the Plan administrative rules and all other materials pertaining to the Restricted Stock Units and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. You are hereby advised to exercise caution in relation to the offer thereunder. If you have any doubts about any of the contents of the aforesaid materials, you should obtain independent professional advice. Neither the grant of the Restricted Stock Units nor the issuance of the shares of Stock upon settlement of the Restricted Stock Units constitutes a public offering of securities under Hong Kong law and is available only to employees of the Company and its Affiliates. The Agreement, including this Addendum, the Plan and other incidental communication materials distributed in connection with the Restricted Stock Units (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each eligible employee of the Company or its Affiliates and may not be distributed to any other person.

3. Wages. The Restricted Stock Units and shares of Stock subject to the Restricted Stock Units do not form part of your wages for the purposes of calculating any statutory or contractual payments under Hong Kong law.

IRELAND

No country-specific provisions.

ITALY

Plan Document Acknowledgment. In accepting the Restricted Stock Units, you acknowledge that a copy of the Plan was made available to you, and you have reviewed the Plan and the Agreement, including this Addendum, in their entirety and fully understand and accept all provisions of the Plan, the Agreement and the Addendum.

You further acknowledge that you have read and specifically approve the following provisions in the Agreement: Section 3: Restricted Period (terms of lapse of restrictions on Restricted Stock Units); Section 4: Disability or Death (terms of payment of Restricted Stock Units upon a Termination of Service by reason of Disability or death); Section 5: Retirement

(terms of payment of Restricted Stock Units upon a Termination of Service by reason of retirement); Section 6: Termination of Service Following a Change in Control (terms of payment of Restricted Stock Units in the event of a Termination of Service following a Change in Control); Section 7: Other Termination of Service (forfeiture of Restricted Stock Units in other cases of Termination of Service); Section 10(a): Responsibility for Taxes; Tax Withholding (liability for all Tax-Related Items related to the Restricted Stock Units and legally applicable to the participant); Section 11: Nontransferability (Restricted Stock Units shall not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated); Section 18: Change in Stock (right of the Company to equitably adjust the number of Restricted Stock Units subject to this Agreement in the event of any change in Stock); Section 19(j): Nature of the Award (waive any claim or entitlement to compensation or damages arising from forfeiture of the Restricted Stock Units resulting from a Termination of Service); Section 19(l): Nature of the Award (the Company is not liable for any foreign exchange rate fluctuation impacting the value of the Restricted Stock Units); Section 20: Committee Authority; Recoupment (right of the Committee to administer, construe, and make all determinations necessary or appropriate for the administration of the Restricted Stock Units and this Agreement, including the enforcement of any recoupment policy); Section 21: Non-Competition, Non-Solicitation and Confidentiality (the receipt of the Award is conditioned upon agreement to the Non-Competition, Non-Solicitation and Confidentiality Agreement attached hereto as Exhibit A); Section 24: Addendum to Agreement (the Restricted Stock Units are subject to the terms of the Addendum); Section 25: Additional Requirements (Company right to impose additional requirements on the Restricted Stock Units in case such requirements are necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate operation and administration of the Restricted Stock Units and the Plan); Section 27: Electronic Delivery (Company may deliver documents related to the Award or Plan electronically); Section 28: Governing Law and Jurisdiction (Agreement is governed by Illinois law without regard to any choice of law rules thereof; agreement to exclusive jurisdiction of Illinois courts); Section 29: English Language (documents will be drawn up in English; if a translation is provided, the English version controls); and the provision titled "Personal Data" under the heading "European Union ("EU") / European Economic Area ("EEA") / Switzerland / the United Kingdom", included in this Addendum.

MEXICO

1. Commercial Relationship. You expressly recognize that your participation in the Plan and the Company's grant of the Restricted Stock Units does not constitute an employment relationship between you and the Company. You have been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and the Affiliate in Mexico that employs you ("WBA Mexico"), and WBA Mexico is your sole employer. Based on the foregoing, you expressly recognize that (a) the Plan and the benefits you may derive from your participation in the Plan do not establish any rights between you and WBA Mexico, (b) the Plan and the benefits you may derive from your participation in the Plan are not part of the employment conditions and/or benefits provided by WBA Mexico, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of your employment with WBA Mexico.

2. Extraordinary Item of Compensation. You expressly recognize and acknowledge that your participation in the Plan is a result of the discretionary and unilateral decision of the Company, as well as your free and voluntary decision to participate in the Plan in accordance with the terms and conditions of the Plan, the Agreement and this Addendum. As such, you acknowledge and agree that the Company, in its sole discretion, may amend and/or discontinue your participation in the Plan at any time and without any liability. The Award, the shares of Stock subject to the Award and the income and value of the same is an extraordinary item of compensation outside the scope of your employment contract, if any, and is not part of your regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of WBA Mexico.

3. **Securities Law Notification.** The Restricted Stock Units and shares of Stock offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, this Agreement and any other document relating to the Restricted Stock Units may not be publicly distributed in Mexico. These materials are addressed to you only because of your existing relationship with the Company and WBA Mexico and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of WBA Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

MONACO

Use of English Language. You acknowledge that it is your express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. ***Vous reconnaissez avoir expressément exigé la rédaction en anglais de la présente Convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relatifs à, ou suite à, la présente Convention.***

SWITZERLAND

Securities Law Notification. Neither this document nor any other materials relating to the Restricted Stock Units (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company, or (iii) has been or will be filed with, or approved or supervised by, any Swiss reviewing body according to article 51 of FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

THAILAND

No country-specific provisions.

UNITED KINGDOM

1. **Indemnification for Tax-Related Items.** Without limitation to Section 10 of the Agreement, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company, your Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and your Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax due is not collected from or paid by you within 90 days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that you ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or your Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or your Employer may recover from you at any time thereafter by any of the means referred to in Section 10 of the Agreement.

2. Exclusion of Claim. You acknowledge and agree that you will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from your ceasing to have rights under or to be entitled to the Restricted Stock Units, whether or not as a result of your Termination of Service (whether such termination is in breach of contract or otherwise), or from the loss or diminution in value of the Restricted Stock Units. Upon the grant of the Restricted Stock Units, you shall be deemed irrevocably to have waived any such entitlement.

3. Post-Termination Restrictions. To the extent that you are employed by your Employer pursuant to an employment agreement governed by the laws of England, Wales, Scotland and/or Northern Ireland, Paragraphs 2 and 3 of the NNCA Agreement attached to the Agreement as Exhibit A shall not apply to you.

*** **

By clicking the acceptance box for this grant agreement, I acknowledge receipt of the Restricted Stock Unit Award Agreement to which this Addendum is attached as Exhibit B, and I agree to the terms and conditions expressed in this Addendum.

WALGREENS BOOTS ALLIANCE, INC.

2021 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

These materials, which may include descriptions of company stock plans, prospectuses and other information and documents, and the information they contain, are provided by Walgreens Boots Alliance, Inc., not by Fidelity, and are not an offer or solicitation by Fidelity for the purchase of any securities or financial instruments. These materials were prepared by Walgreens Boots Alliance, Inc., which is solely responsible for their contents and for compliance with legal and regulatory requirements. Fidelity is not connected with any offering or acting as an underwriter in connection with any offering of securities or financial instruments of Walgreens Boots Alliance, Inc. Fidelity does not review, approve or endorse the contents of these materials and is not responsible for their content.

**WALGREENS BOOTS ALLIANCE, INC.
2021 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

Participant Name:

Participant ID:

Grant Date:

Units Granted:

Vesting: The award becomes vested on the first anniversary of the Grant Date (the "Vesting Date"), subject to satisfaction of the Performance Goal described below

Acceptance Date:

Electronic Signature:

This document (referred to below as this "Agreement") spells out the terms and conditions of the Restricted Stock Unit Award (the "Award") granted to you by Walgreens Boots Alliance, Inc., a Delaware corporation (the "Company"), pursuant to the Walgreens Boots Alliance, Inc. 2021 Omnibus Incentive Plan (the "Plan") on and as of the Grant Date designated above. Except as otherwise defined herein, capitalized terms used in this Agreement have the respective meanings set forth in the Plan. For purposes of this Agreement, "Employer" means the entity (the Company or the Affiliate) that employs you on the applicable date. The Plan, as it may be amended from time to time, is incorporated into this Agreement by this reference.

You and the Company agree as follows:

1. Grant of Restricted Stock Units. Pursuant to the approval and direction of the Compensation and Leadership Performance Committee of the Company's Board of Directors (the "Committee"), the Company hereby grants you the number of Restricted Stock Units specified above (the "Restricted Stock Units"), subject to the terms and conditions of the Plan and this Agreement.

2. Restricted Stock Unit Account and Dividend Equivalents. The Company will maintain an account (the "Account") on its books in your name to reflect the number of Restricted Stock Units awarded to you as well as any additional Restricted Stock Units credited as a result of Dividend Equivalents. The Account will be administered as follows:

(a) The Account is for recordkeeping purposes only, and no assets or other amounts shall be set aside from the Company's general assets with respect to such Account.

(b) As of each record date with respect to which a cash dividend is to be paid with respect to shares of Company common stock par value US\$.01 per share ("Stock"), the Company will credit your Account with an equivalent amount of Restricted Stock Units determined by dividing the value of the cash dividend that would have been paid on your Restricted Stock Units if they had been shares of Stock, divided by the value of Stock on such date.

(c) If dividends are paid in the form of shares of Stock rather than cash, then your Account will be credited with one additional Restricted Stock Unit for each share of Stock that would have been received as a dividend had your outstanding Restricted Stock Units been shares of Stock.

(d) Additional Restricted Stock Units credited via Dividend Equivalents shall vest or be forfeited at the same time as the Restricted Stock Units to which they relate.

3. Restricted Period. The period prior to the Vesting Date with respect to each Restricted Stock Unit is referred to as the "Restricted Period." Subject to the provisions of the Plan and this Agreement, unless vested or forfeited earlier as described in Section 4 or 5 of this Agreement, as applicable, your Restricted Stock Units will become vested and be settled as described in Section 6 or 7 below, as of the Vesting Date indicated in the introduction to this Agreement; provided the performance goal in this Section 3 ("Performance Goal") is satisfied, as determined by the Committee. The Performance Goal is the [], as determined pursuant to Company accounting practices and subject to adjustment at the discretion of the Committee, including to account for any material unbudgeted one-time activities, such as M&A transactions. If the Performance Goal is not achieved, as determined by the Committee, the Restricted Stock Units awarded hereunder shall be thereupon forfeited.

4. Termination of Service Following a Change in Control. If during the Restricted Period there is both a Change in Control of the Company and thereafter you have a Termination of Service initiated by your Employer other than for Cause (as defined in below), then your Restricted Stock Units shall become fully vested (subject to achievement of the Performance Goal), and they shall be settled in accordance with Section 7. For purposes of this Section 4, a Termination of Service initiated by your Employer shall include a Termination of Employment for Good Reason under - and pursuant to the terms and conditions of - the Walgreens Boots Alliance, Inc. Executive Severance and Change in Control Plan, but only to the extent applicable to you as an eligible participant in such Plan. For purposes of this Agreement, "Cause" means any one or more of the following, as determined by the Committee in its sole discretion:

(a) your commission of a felony or any crime of moral turpitude;

(b) your dishonesty or material violation of standards of integrity in the course of fulfilling your duties to the Company or any Affiliate;

(c) your material violation of a material written policy of the Company or any Affiliate violation of which is grounds for immediate termination;

(d) your willful and deliberate failure to perform your duties to the Company or any Affiliate in any material respect, after reasonable notice of such failure and an opportunity to correct it; or

(e) your failure to comply in any material respect with the United States ("U.S.") Foreign Corrupt Practices Act, the U.S. Securities Act of 1933, the U.S. Securities Exchange Act of 1934, the U.S. Sarbanes-Oxley Act of 2002, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the U.S. Truth in Negotiations Act, or any rules or regulations thereunder.

5. Other Termination of Service. If during the Restricted Period you have a voluntary or involuntary Termination of Service for any reason other than as set forth in Section 4 above or Section 7 below, as determined by the Committee, then you shall thereupon forfeit any Restricted Stock Units that are still in a Restricted Period on your termination date.

6. Settlement of Vested Restricted Stock Units. Subject to the requirements of Section 11 below, as promptly as practicable after the applicable Vesting Date, whether occurring upon your Separation from Service or otherwise, but in no event later than 75 days after the Vesting Date, the Company shall transfer to you one share of Stock for each Restricted Stock Unit becoming vested at such time, net of any applicable tax withholding requirements in accordance with Section 8 below; provided, however, that, if you are a Specified Employee at the time of Separation from Service, then to the extent your Restricted Stock Units are deferred compensation subject to Section 409A of the Code, settlement of which is triggered by your

Separation from Service (other than for death), payment shall not be made until the date which is six months after your Separation from Service.

Notwithstanding the foregoing, if you are resident or employed outside of the U.S., the Company, in its sole discretion, may provide for the settlement of the Restricted Stock Units in the form of:

(a) a cash payment (in an amount equal to the Fair Market Value of the Stock that corresponds with the number of vested Restricted Stock Units) to the extent that settlement in shares of Stock (i) is prohibited under local law, (ii) would require you, the Company or an Affiliate to obtain the approval of any governmental or regulatory body in your country of residence (or country of employment, if different), (iii) would result in adverse tax consequences for you, the Company or an Affiliate or (iv) is administratively burdensome; or

(b) shares of Stock, but require you to sell such shares of Stock immediately or within a specified period following your Termination of Service (in which case, you hereby agree that the Company shall have the authority to issue sale instructions in relation to such shares of Stock on your behalf).

7. Settlement Following Change in Control. Notwithstanding any provision of this Agreement to the contrary, the Company may, in its sole discretion, fulfill its obligation with respect to all or any portion of the Restricted Stock Units that become vested in accordance with Section 4 above, by:

(a) delivery of (i) the number of shares of Stock that corresponds with the number of Restricted Stock Units that have become vested or (ii) such other ownership interest as such shares of Stock that correspond with the vested Restricted Stock Units may be converted into by virtue of the Change in Control transaction;

(b) payment of cash in an amount equal to the Fair Market Value of the Stock that corresponds with the number of vested Restricted Stock Units at that time; or

(c) delivery of any combination of shares of Stock (or other converted ownership interest) and cash having an aggregate Fair Market Value equal to the Fair Market Value of the Stock that corresponds with the number of Restricted Stock Units that have become vested at that time.

Settlement shall be made as soon as practical after the Restricted Stock Units become fully vested under Section 4, but in no event later than 30 days after such date.

8. Responsibility for Taxes; Tax Withholding.

(a) You acknowledge that, regardless of any action taken by the Company or your Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), is and remains your responsibility and may exceed the amount actually withheld by the Company or your Employer, if any. You further acknowledge that the Company and/or your Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Stock acquired pursuant to such settlement and the receipt of any Dividend Equivalents and/or dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/

or your Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or your Employer to satisfy all Tax-Related Items. In this regard, except as provided below, the Company, your Employer or its agent shall satisfy the obligations with regard to all Tax-Related Items by withholding from the shares of Stock to be delivered upon settlement of the Award that number of shares of Stock having a Fair Market Value equal to the amount required by law to be withheld. For purposes of the foregoing tax withholding, no fractional shares of Stock will be withheld. Notwithstanding the foregoing, if you are a Section 16 officer of the Company under the Exchange Act at the time of any applicable tax withholding event, you may make a cash payment to the Company, your Employer or its agent to cover the Tax-Related Items that the Company or your Employer may be required to withhold or account for as a result of your participation in the Plan. If you are not a Section 16 officer of the Company at the time of any applicable tax withholding event, the Company and/or your Employer may (in its sole discretion) allow you to make a cash payment to the Company, your Employer or its agent to cover such Tax-Related Items.

The Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates (as determined by the Company in good faith and in its sole discretion) or other applicable withholding rates, including maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the share equivalent. If the obligation for Tax-Related Items is satisfied by withholding from the shares of Stock to be delivered upon settlement of the Award, for tax purposes, you will be deemed to have been issued the full number of shares of Stock subject to the earned Award, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

The Company may refuse to issue or deliver the shares of Stock (or cash payment) or the proceeds from the sale of shares of Stock if you fail to comply with your obligations in connection with the Tax-Related Items.

9. Non-transferability. During the Restricted Period and thereafter until Stock is transferred to you in settlement thereof, you may not sell, transfer, pledge, assign or otherwise alienate or hypothecate the Restricted Stock Units whether voluntarily or involuntarily or by operation of law, other than by beneficiary designation effective upon your death, or by will or by the laws of intestacy.

10. Rights as Stockholder. You shall have no rights as a stockholder of the Company with respect to the Restricted Stock Units until such time as a certificate of stock for the Stock issued in settlement of such Restricted Stock Units has been issued to you or such shares of Stock have been recorded in your name in book entry form. Until that time, you shall not have any voting rights with respect to the Restricted Stock Units. Except as provided in Section 9 above, no adjustment shall be made for dividends or distributions or other rights with respect to such shares for which the record date is prior to the date on which you become the holder of record thereof. Anything herein to the contrary notwithstanding, if a law or any regulation of the U.S. Securities and Exchange Commission or of any other regulatory body having jurisdiction shall require the Company or you to take any action before shares of Stock can be delivered to you hereunder, then the date of delivery of such shares may be delayed accordingly.

11. Securities Laws. If a Registration Statement under the U.S. Securities Act of 1933, as amended, is not in effect with respect to the shares of Stock to be delivered pursuant to this Agreement, you hereby represent that you are acquiring the shares of Stock for investment and with no present intention of selling or transferring them and that you will not sell or otherwise transfer the shares except in compliance with all applicable securities laws and requirements of any stock exchange on which the shares of Stock may then be listed.

12. Not a Public Offering. If you are resident outside the U.S., the grant of the Restricted Stock Units is not intended to be a public offering of securities in your country of residence (or country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Stock Units is not subject to the supervision of the local securities authorities.

13. Insider Trading/Market Abuse Laws. By participating in the Plan, you agree to comply with the Company's policy on insider trading, to the extent that it is applicable to you. You further acknowledge that, depending on your or your broker's country of residence or where the shares of Stock are listed, you may be subject to insider trading restrictions and/or market abuse laws that may affect your ability to accept, acquire, sell or otherwise dispose of shares of Stock, rights to shares of Stock, or rights linked to the value of shares of Stock during such times you are considered to have "inside information" regarding the Company as defined by the laws or regulations in your country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you place before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. You understand that third parties include fellow employees and/or service providers. Any restrictions under these laws and regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions and, therefore, you should consult your personal advisor on this matter.

14. Repatriation; Compliance with Law. If you are resident or employed outside the U.S., you agree to repatriate all payments attributable to the shares of Stock and/or cash acquired under the Plan in accordance with applicable foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you agree to take any and all actions, and consent to any and all actions taken by the Company and its Affiliates, as may be required to allow the Company and its Affiliates to comply with local laws, rules and/or regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal obligations under local laws, rules and/or regulations in your country of residence (and country of employment, if different).

15. No Advice Regarding Grant. No employee of the Company is permitted to advise you regarding your participation in the Plan or your acquisition or sale of the shares of Stock underlying the Restricted Stock Units. You are hereby advised to consult with your own personal tax, legal and financial advisors before taking any action related to the Plan.

16. Change in Stock. In the event of any change in Stock, by reason of any stock dividend, recapitalization, reorganization, split-up, merger, consolidation, exchange of shares, or of any similar change affecting the shares of Stock, the number of Restricted Stock Units subject to this Agreement shall be equitably adjusted by the Committee.

17. Nature of the Award. In accepting the Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and limited in duration, and it may be modified, amended, suspended or terminated by the Company, in its sole discretion, at any time;

(b) the grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of the Award, the number of shares subject to the Award, and the vesting provisions applicable to the Award;

(d) the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company or any Affiliate and shall not interfere with the ability of the Company, your Employer or an Affiliate, as applicable, to terminate your employment or service relationship;

(e) you are voluntarily participating in the Plan;

(f) the Award and the shares of Stock subject to the Award are not intended to replace any pension rights or compensation;

(g) the Award, the shares of Stock subject to the Award and the income and value of the same, is an extraordinary item of compensation outside the scope of your employment (and employment contract, if any) and is not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, your Employer or any Affiliate;

(h) the future value of the shares of Stock underlying the Award is unknown, indeterminable and cannot be predicted with certainty;

(i) unless otherwise determined by the Committee in its sole discretion, a Termination of Service shall be effective from the date on which active employment or service ends and shall not be extended by any statutory or common law notice of termination period;

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from a Termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and in consideration of the grant of the Award to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, your Employer or any Affiliate, waive your ability, if any, to bring any such claim, and release the Company, the Employer and all Affiliates from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(k) unless otherwise provided herein, in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Stock of the Company; and

(l) neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the U.S. dollar that may affect the value of the Award or of any amounts due to you pursuant to the settlement of the Award or the subsequent sale of any shares of Stock acquired upon settlement of the Award.

18. Committee Authority; Recoupment. It is expressly understood that the Committee is authorized to administer, construe and make all determinations necessary or appropriate for the administration of the Plan and this Agreement, including the enforcement of any recoupment policy, all of which shall be binding upon you and any claimant. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan.

19. Personal Data. Pursuant to applicable personal data protection laws, the Company hereby notifies you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the Company's grant of the Restricted Stock Units and your participation in the Plan. The collection, processing and transfer of personal data is necessary for the Company's administration of the Plan and your participation in the Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your participation in the Plan. As such, you voluntarily acknowledge and consent (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein:

(a) The Company and your Employer hold certain personal information about you, specifically: your name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of Stock or directorships held in the Company, details of all entitlements to shares of Stock awarded, canceled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by you or collected, where lawful, from the Company, its Affiliates and/or third parties, and the Company and your Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence (or country of employment, if different). Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for your participation in the Plan.

(b) The Company and your Employer will transfer Data internally as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company and/or your Employer may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, as may be required for the administration of the Plan and/or the subsequent holding of the shares of Stock on your behalf, to a broker or other third party with whom you may elect to deposit any shares of Stock acquired pursuant to the Plan.

(c) You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data, (iv) oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and your participation in the Plan, and (v) withdraw your consent to the collection, processing or transfer of Data as provided hereunder (in which case, your Restricted Stock Units will become null and void). You may seek to exercise these rights by contacting your Human Resources manager or the Company's Human Resources Department, who may direct the matter to the applicable Company privacy official.

20. Additional Requirements. The Company reserves the right to impose other requirements on the Restricted Stock Units, any shares of Stock acquired pursuant to the Restricted Stock Units and your participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

21. Amendment or Modification, Waiver. Except as set forth in the Plan, no provision of this Agreement may be amended or waived unless the amendment or waiver is agreed to in writing, signed by you and by a duly authorized officer of the Company. No waiver of any condition or provision of this Agreement shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

22. Electronic Delivery. The Company may, in its sole discretion, deliver by electronic means any documents related to the Award or your future participation in the Plan. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. Governing Law and Jurisdiction. This Agreement is governed by the substantive and procedural laws of the state of Illinois. You and the Company shall submit to the exclusive jurisdiction of, and venue in, the courts in Illinois in any dispute relating to this Agreement without regard to any choice of law rules thereof which might apply the laws of any other jurisdictions.

24. English Language. If you are resident in a country where English is not an official language, you acknowledge and agree that it is your express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Award, be drawn up in English. You further acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement, the Plan and any other documents related to the Award. If you have received this Agreement, the Plan or any other documents related to the Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

25. Conformity with Applicable Law. If any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement or the validity, legality or enforceability of such provision in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

26. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon your death, acquire any rights hereunder.

This Agreement contains highly sensitive and confidential information. Please handle it accordingly.

Once you have read and understood this Agreement, please click the acceptance box to certify and confirm your agreement to be bound by the terms and conditions of this Agreement and to acknowledge your receipt of the Prospectus, the Plan and this Agreement and your acceptance of the terms and conditions of the Award granted hereunder.

EXHIBIT 10.31

SECOND AMENDMENT TO THE WALGREENS BOOTS ALLIANCE, INC. EXECUTIVE RETIREMENT SAVINGS PLAN As Amended and Restated Effective January 1, 2020

I.

Effective July 1, 2023, the Walgreens Boots Alliance, Inc. Executive Retirement Savings Plan (the “ERSP”) is amended by adding the following Appendix B thereto, to incorporate remaining account balances under the AllianceRx Walgreens Pharmacy Executive Retirement Savings Plan into the ERSP:

“APPENDIX B

Effective July 1, 2023 (the “Effective Date”), this Appendix B covers the administration of remaining participant accounts under the AllianceRx Walgreens Pharmacy Executive Retirement Savings Plan (the “AllianceRx Plan”) and related transition matters, as follows:

1. Sections 4.1 and 4.2 – Deferral Credits and Deferral Elections. For the avoidance of doubt, individuals who become Participants as of July 1, 2023 for purposes of this feature of the ERSP shall be eligible to make Deferral Elections within 30 days following that date in accordance with the second sentence of Section 4.2 of the ERSP and such other applicable procedures as determined by the Administrators.
2. Section 6.1 – Plan Accounts. AllianceRx Plan Participant Accounts as of the Effective Date shall be established as separate “AllianceRx Employer Subaccounts” under the ERSP, and such Subaccounts shall be administered in the same fashion as all other Employer Subaccounts under the Plan, except as set forth in parts 3-5 below.
3. Section 5.1 – No Employer Contribution Credits. AllianceRx Employer Subaccounts shall be separate from any Employer Subaccounts maintained for the same Participants under the ERSP, and such AllianceRx Employer Subaccounts shall not be subject to any Employer Contribution Credits, except for any Credits earned prior to the Effective Date under the AllianceRx Plan that are applied under the ERSP following the Effective Date.
4. Section 6.2 – Investment Adjustments. AllianceRx Employer Subaccounts shall be subject to Investment Adjustments as set forth in Section 6.2 of the ERSP, based on Investment Option(s) elected by the Participants, or if no such election is made, shall be based on the Investment Option that is the default investment fund under the Retirement Savings Plan. In addition, the final Investment Adjustments earned prior to the Effective Date under the AllianceRx Plan may be credited under the ERSP following the Effective Date.
5. Section 7.3 – Payment of AllianceRx Employer Subaccounts. AllianceRx Employer Subaccounts shall be paid in the same fashion as Non-Grandfathered Accounts are paid pursuant to Section 7.3(a) of the ERSP, except that such Subaccounts shall in all cases be paid in one lump-sum, irrespective of whether such Subaccounts exceed the Lump-Sum Threshold.”

II.

Effective retroactive to January 1, 2020 (as clarifying edits to the ERSP as restated as of that date), Sections 2.5, 2.6, 4.1 and 4.2 of the ERSP are amended to replace all references to “base salary” or “base pay” with “base compensation;” and to replace all references to “bonus” or “bonuses” with “bonus compensation.”



September 20, 2023 Ginger L. Graham

Dear Ginger,

We are pleased to offer you the position of Interim Chief Executive Officer of Walgreens Boots Alliance, Inc. (“WBA” or the “Company”) effective September 1, 2023, reporting to the Board of Directors of WBA (the “Board”). The terms of this offer are subject to the final approval of the Compensation and Leadership Performance Committee of the Board. Below are the terms of your offer:

Base Salary. Your salary will be at the monthly rate of \$820,000, less all applicable tax withholdings and benefit deductions—paid monthly beginning on October 1, 2023 in accordance with our salaried employee payroll cycle, pro-rated for partial months served. Salary in respect of your first month of service will be paid as part of the Special Cash Payment.

Other Employee Benefits. You will be eligible to participate in the WBA benefits plans and programs offered to employees generally, subject to the terms and conditions of the applicable policies. See the attached “Overview of Management Benefits,” briefly describing the WBA employee benefits that are applicable. In accordance with the recommendations of the Company’s third-party security assessment, you will also have use of the corporate jet for all business and personal travel during your service as Interim Chief Executive Officer.

Relocation. You will be eligible for relocation benefits in accordance with Company policy for executives. In addition to our Company provided benefits, you will receive relocation services with an assigned concierge at your disposal to ensure a smooth process. The Company will also cover all incremental costs (including housing and transportation) to you that result from working in the Chicago metropolitan area while you maintain your permanent residence in Colorado.

Other Compensation. You will receive a one-time sign-on/retention bonus of \$2,500,000. This will be paid as soon as practicable following your first day of employment and will be subject to normal tax withholdings.

Resignation from Committees. You hereby resign your position as a member of any committee of the Board on which you currently serve.

Entire Agreement. This offer letter (including all exhibits hereto) constitutes the full and entire understanding and agreement between you and the Company with regard to the subject matters hereof and thereof and supersede all prior understandings and agreements, written or oral, relating to the matters set forth herein and therein (including any prior offer letters, whether draft or final, executed or unexecuted).

You will be subject to and covered by any general indemnification policy, by-law, or procedure maintained by the Company at all times during your employment and shall be a named insured under the D&O policy.

You should not consider our offer of employment to be a contract or guarantee of indefinite employment. Employment at the Company is at will, for no definite term, and is subject to Company policies, which can be changed from time to time.

If the foregoing is in accordance with your understanding of our agreement, please sign your name on the line below, fill-in the date, and return the signed copy to the Executive Chairman via return e-mail.

If you have any questions please call me. Sincerely,

/s/ Stefano Pessina

Stefano Pessina

Executive Chairman Walgreens Boots Alliance, Inc. Enclosures

I accept the offer of employment and understand that the offer is not intended to be a guarantee of continued employment.

Signed: /s/ Ginger Graham Date: 9/20/23

EXHIBIT A

WALGREENS BOOTS ALLIANCE, INC. NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

This Exhibit (the "Non-Compete Agreement") forms a part of the employment agreement between Ginger L. Graham ("Employee" or "I") and Walgreens Boots Alliance, Inc. (the "Company").

WHEREAS, the Company develops and/or uses valuable business, technical, proprietary, customer and patient information it protects by limiting its disclosure and by keeping it secret or confidential;

WHEREAS, Employee acknowledges that during the course of employment, she has or will receive, contribute, or develop such Confidential Information and Trade Secrets (as defined below); and

WHEREAS, the Company desires to protect from third parties (e.g. competitors and customers) such Confidential Information and Trade Secrets and also desires to protect its legitimate business interests and goodwill in maintaining its employee and customer relationships.

NOW THEREFORE, in consideration of Employee's employment with the Company and certain compensation and benefits provided to Employee pursuant to the Agreement to which this is attached as Exhibit A and for other good and valuable consideration, including but not limited to the specialized knowledge, skill and training that the Company provides Employee, and the goodwill that Employee develops with customers on behalf of the Company, Employee agrees to be bound by the terms of this Non-Compete Agreement as follows:

1. Confidentiality.

(a) At all times during my employment with the Company, I will not, without the Company's prior written permission, directly or indirectly for any purpose other than performance of my duties for the Company, utilize or disclose to anyone outside of the Company any Trade Secrets (defined in subparagraph 1(a)(i)) or other Confidential Information (defined in subparagraph 1(a)(ii)) or any information received by the Company in confidence from or about third parties, as long as such matters remain Trade Secrets or otherwise confidential.

(i) For purposes of this Non-Compete Agreement, "Trade Secrets" means a form of intellectual property that are protectable under applicable state and/or Federal law, including the Uniform Trade Secrets Act (as amended and adapted by the states) and the Federal Defend Trade Secrets Act of 2016 (the "DTSA"). They include all tangible and intangible (e.g., electronic) forms and types of information that is held and kept confidential by the Company and is not generally known outside of the Company, including but not limited to information about: the Company's financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs or codes, and may in particular include such things as pricing information, business records, software programs, algorithms, inventions, patent applications, and designs and processes not known outside the Company.

(ii) For purposes of this Non-Compete Agreement, "Confidential Information" means Trade Secrets and, more broadly, any other tangible and intangible (e.g., electronic) forms and types of information that are held and kept confidential by the Company and are not generally known outside the Company, and which relates to the actual or anticipated business of the Company or the Company's actual or prospective vendors or clients. Confidential Information shall not be considered generally known to the public if is revealed improperly to the public by me or others without the Company's express written consent and/or in violation of an obligation of confidentiality to the Company. Examples of Confidential Information include, but are not limited to: customer, referral source, supplier and contractor identification and contacts; special contract terms; pricing and margins; business, marketing and customer plans and strategies; financial data; company created (or licensed) techniques; technical know-how; research, development and production information; processes, prototypes, software, patent applications and plans, projections, proposals, discussion guides, and/or personal or performance information about employees.

(b) I understand that Trade Secrets are protected by statute and are not subject to any time limits. I also agree to contact the Company before using, disclosing, or distributing any Confidential Information or Trade Secrets if I have any questions about whether such information is protected information.

(c) The restrictions set forth in this paragraph are in addition to and not in lieu of any obligations I have by law with respect to the Company's Confidential Information, including any obligations I may owe under the DTSA and any applicable state statutes. Nothing herein shall prohibit me from divulging evidence of criminal wrongdoing to law enforcement or prohibit me from disclosing Confidential Information or Trade Secrets if compelled by order of court or an agency of competent jurisdiction or as required by law; however, I shall promptly inform the Company of any such situations and shall take reasonable steps to prevent disclosure of Confidential Information or Trade Secrets until the Company has been informed of such required disclosure and has had a reasonable opportunity to seek a protective order. Pursuant to the DTSA, I understand that an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a Trade Secret that: (A) is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, I understand that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the Trade Secret to her attorney and use the Trade Secret information in the court proceeding, so long as any document containing the Trade Secret is filed under

seal and the individual does not disclose the Trade Secret, except pursuant to court order. Nothing in this Non-Compete Agreement is intended to conflict with the DTSA or create liability for disclosures of Trade Secrets that are expressly allowed by DTSA.

2. **Non-Competition.** I agree that during my employment with the Company I will not, directly or indirectly have Responsibilities with respect to any Competing Business Line. These restrictions shall not apply to passive investments of less than five percent (5%) ownership interest in any entity. For purposes of this Non-Compete Agreement, "Responsibilities" means the same or similar material responsibilities I performed for the Company and within the same geographic scope, or portion thereof, where I performed those responsibilities for the Company. For purposes of this Non-Compete Agreement, "Competing Business Line" means any business that is in competition with any business engaged in by the Company and for which I had Responsibilities during my employment with the Company. Competing Business Line shall also include businesses or business lines that may not be directly competitive with the Company in most respects (such as pharmacy benefit managers), but only to the extent I am engaged by any such business in a role: (a) that involves my performing Responsibilities for Competing Products or Services; or (b) where I would be called upon to inevitably rely upon or disclose Confidential Information and such reliance or disclosure would competitively harm the Company. For purposes of this Non-Compete Agreement, "Competing Products or Services" means products or services that are competitive with products or services offered by, developed by, designed by or distributed by the Company during my employment with the Company.

3. **Non-Solicitation.** I agree that during my employment with the Company:

(a) I will not directly or indirectly, solicit any Restricted Customer for purposes of providing Competing Products or Services, or offer, provide or sell Competing Products or Services to any Restricted Customer. For purposes of this Non-Compete Agreement, "Restricted Customer" means any person, company or entity that was a customer, vendor, supplier or referral source of the Company and with which I had direct contact for purposes of performing responsibilities for the Company or for which I had supervisory responsibilities on behalf of the Company, in either case at any time during my employment with the Company. To the extent permitted by applicable law, "Restricted Customer" also means any prospective customer(s), vendor(s), supplier(s) or referral source(s) with which I had business contact on behalf of the Company during my employment with the Company; and

(b) I will not, nor will I assist any third party to, directly or indirectly (i) raid, solicit, or attempt to persuade any then-current employee of the Company with whom I currently work or with whom I had direct contact work during my employment with the Company, and who possesses or had access to Confidential Information of the Company, to leave the employ of the Company; (ii) interfere with the performance by any such employee of her duties for the Company; and/or (iii) communicate with any such employee for the purposes described in items (i) and (ii) in this subparagraph 3(b).

4. **Non-Inducement.** I will not directly or indirectly assist or encourage any person or entity in carrying out or conducting any activity that would be prohibited by this Non-Compete Agreement if such activity were carried out or conducted by me.

5. **Non-Disparagement.** During my employment with the Company, I agree not to make negative comments or otherwise disparage the Company or any of its officers, directors, employees, shareholders, members, agents or products. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings); and the foregoing shall not apply to any claims for harassment or discrimination to the extent so restricted by applicable state law.

6. **Intellectual Property.** The term "Intellectual Property" shall mean all trade secrets, ideas, inventions, designs, developments, devices, software, computer programs, methods and processes (whether or not patented or patentable, reduced to practice or included in the Confidential Information) and all patents and patent applications related thereto, all copyrights, copyrightable works and mask works (whether or not included in the Confidential Information) and all registrations and applications for registration related thereto, all Confidential Information, and all other proprietary rights contributed to, or conceived or created by, or reduced to practice by Employee or anyone acting on her behalf (whether alone or jointly with others) at any time from the beginning of Employee's employment with the Company to the termination of that employment, that (i) relate to the business or to the actual or anticipated research or development of the Company; (ii) result from any services that Employee or anyone acting on its behalf perform for the Company; or (iii) are created using the equipment, supplies or facilities of the Company or any Confidential Information.

a. **Ownership.** All Intellectual Property is, shall be and shall remain the exclusive property of the Company. Employee hereby assigns to the Company all right, title and interest, if any, in and to the Intellectual Property; provided, however, that, when applicable, the Company shall own the copyrights in all copyrightable works included in the Intellectual Property pursuant to the "work-made-for-hire" doctrine (rather than by assignment), as such term is defined in the 1976 Copyright Act. All Intellectual Property shall be owned by the Company irrespective of any copyright notices or confidentiality legends to the contrary that may be placed on such works by Employee or by others. Employee shall ensure that all copyright notices and confidentiality legends on all work product authored by Employee or anyone acting on her behalf shall conform to the Company's practices and shall specify the Company as the owner of the work. The Company hereby provides notice to Employee that the obligation to assign does not apply to an invention for which no equipment, supplies, facility, or Trade Secrets of the Company was used and which was developed entirely on the Employee's own time, unless (i) the invention relates (1) to the business of the Company, or (2) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Employee for the Company.

b. **Keep Records.** Employee shall keep and maintain, or cause to be kept and maintained by anyone acting on her behalf, adequate and current written records of all Intellectual Property in the form of notes, sketches, drawings, computer files, reports or other documents relating thereto. Such records shall be and shall remain the exclusive property of the Company and shall be available to the Company at all times during my employment with the Company.

c. Assistance. Employee shall supply all assistance requested in securing for the Company's benefit any patent, copyright, trademark, service mark, license, right or other evidence of ownership of any such Intellectual Property, and will provide full information regarding any such item and execute all appropriate documentation prepared by Company in applying or otherwise registering, in the Company's name, all rights to any such item or the defense and protection of such Intellectual Property.

d. Prior Inventions. Employee has disclosed to the Company any continuing obligations to any third party with respect to Intellectual Property. Employee claims no rights to any inventions created prior to her employment for which a patent application has not previously been filed, unless she has described them in detail on a schedule attached to this Non-Compete Agreement.

e. Trade Secret Provisions. The provisions in paragraph 1 of this Non-Compete Agreement with regard to Trade Secrets and the DTSA shall apply as well in the context of the parties' Intellectual Property rights and obligations.

7. Return of Company Property. I agree that all documents and data accessible to me during my employment with the Company, including Confidential Information and Trade Secrets, regardless of format (electronic or hard copy), including but not limited to any Company computer, monitor, printer equipment, external drives, wireless access equipment, telecom equipment and systems ("Company Equipment"), are and remain the sole and exclusive property of the Company and/or its clients, and must be returned to the Company upon separation or upon demand by the Company. I further agree that I will provide passwords to access such Company Equipment and I will not print, retain, copy, destroy, modify or erase Company U.S. data on Company Equipment or otherwise wipe Company Equipment prior to returning the Company Equipment.

8. Consideration and Acknowledgments. I acknowledge and agree that the covenants described in this Non-Compete Agreement are essential terms, and the underlying compensation and benefits would not be provided by the Company in the absence of these covenants. I further acknowledge that these covenants are supported by adequate consideration as set forth in this Non-Compete Agreement and are not in conflict with any public interest. I further acknowledge and agree that I fully understand these covenants, have had full and complete opportunity to discuss and resolve any ambiguities or uncertainties regarding these covenants before signing this Non-Compete Agreement, and have voluntarily agreed to comply with these covenants for their stated terms. I further acknowledge and agree that these covenants are reasonable and enforceable in all respects.

9. Enforceability: General Provisions.

(a) I understand that my non-compete and/or non-solicitation obligations in this Non-Compete Agreement shall not apply to me if I am covered under applicable state or local statutory law prohibiting non-competes or non-solicits on the basis of my income and/or position level at the time of enforcement.

(b) I agree that the restrictions contained in this Non-Compete Agreement are reasonable and necessary to protect the Company's legitimate business interests and that full compliance with the terms of this Non-Compete Agreement will not prevent me from earning a livelihood following the termination of my employment, and that these covenants do not place undue restraint on me.

(c) Because the Company is incorporated in the state of Delaware (i) this Non-Compete Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any conflict of law provisions, and (ii) I consent to personal jurisdiction and the exclusive jurisdiction of the state and federal courts of Delaware with respect to any claim, dispute or declaration arising out of this Non-Compete Agreement.

(d) In the event of a breach or a threatened breach of this Non-Compete Agreement, I acknowledge that the Company will face irreparable injury which may be difficult to calculate in dollar terms and that the Company shall be entitled, in addition to all remedies otherwise available in law or in equity, to temporary restraining orders and preliminary and final injunctions enjoining such breach or threatened breach in any court of competent jurisdiction without the necessity of posting a surety bond, as well as to obtain an equitable accounting of all profits or benefits arising out of any violation of this Non-Compete Agreement.

(e) I agree that if a court determines that any of the provisions in this Non-Compete Agreement is unenforceable or unreasonable in duration, territory, or scope, then that court shall modify those provisions so they are reasonable and enforceable, and enforce those provisions as modified.

(f) If any one or more provisions (including paragraphs, subparagraphs and terms) of this Non-Compete Agreement or its application is determined to be invalid, illegal, or unenforceable to any extent or for any reason by a court of competent jurisdiction, I agree that the remaining provisions (including paragraphs, subparagraphs and terms) of this Non-Compete Agreement will still be valid and the provision declared to be invalid or illegal or unenforceable will be considered to be severed and deleted from the rest of this Non-Compete Agreement. I further agree that if any court of competent jurisdiction finds any of the restrictions set forth in this Non-Compete Agreement to be overly broad and unenforceable, the restriction shall be interpreted to extend only over the maximum time period, geographic area, or range of activities or clients that such court deems enforceable.

(g) Notwithstanding the foregoing provisions of this Non-Compete Agreement, the non-competition provisions of paragraph 2 above shall not restrict Employee from performing legal services as a licensed attorney for a Competing Business to the extent that the attorney licensure requirements in the applicable jurisdiction do not permit Employee to agree to the otherwise applicable restrictions of paragraph 2.

(h) Waiver of any of the provisions of this Non-Compete Agreement by the Company in any particular instance shall not be deemed to be

a waiver of any provision in any other instance and/or of the Company's other rights at law or under this Non-Compete Agreement.

(i) I agree that the Company may assign this Non-Compete Agreement to its successors and assigns and that any such successor or assign may stand in the Company's stead for purposes of enforcing this Non-Compete Agreement.

(j) I agree to reimburse the Company for all attorneys' fees, costs, and expenses that it reasonably incurs in connection with enforcing its rights and remedies under this Non-Compete Agreement, but only to the extent the Company is ultimately the prevailing party in the applicable legal proceedings.

(k) I fully understand my obligations in this Non-Compete Agreement, have had full and complete opportunity to discuss and resolve any ambiguities or uncertainties regarding these covenants before signing this Non-Compete Agreement, and have voluntarily agreed to comply with these covenants for their stated terms.

(l) I agree that all non-competition, non-solicitation, non-disclosure and use, non-recruiting, and disclosure obligations in this Non-Compete Agreement shall survive any termination of this Non-Compete Agreement and no dispute regarding any other provisions of this Non-Compete Agreement or regarding my employment shall prevent the operation and enforcement of these obligations.

(m) I understand that nothing in this Non-Compete Agreement, including the non-disclosure and non-disparagement provisions, limit my ability to file a charge or complaint with the Equal Employment Opportunity Commission, Department of Labor, National Labor Relations Board, Occupational Safety and Health Administration, Securities and Exchange Commission or any other federal, state or local governmental agency or commission. I also understand that this Non-Compete Agreement does not limit my ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. Finally, I understand that nothing in this Non-Compete Agreement is intended to restrict my legally-protected right to discuss wages, hours or other working condition with co-workers, or in any way limit my rights under the National Labor Relations Act or any whistleblower act.

10. Relationship of Parties. I acknowledge that my relationship with the Company is "terminable at will" by either party and that the Company or I can terminate the relationship with or without cause and without following any specific procedures. Nothing contained in this Non-Compete Agreement is intended to or shall be relied upon to alter the "terminable at will" relationship between the parties. I agree that my obligations in this Non-Compete Agreement shall be binding upon my successors, heirs, executors and representatives.

11. Modifications and Other Agreements. I agree that the terms of this Non-Compete Agreement may not be modified except by a written agreement signed by both me and the Company. This Non-Compete Agreement shall not supersede any other restrictive covenants to which I may be subject under an employment contract, benefit program or otherwise, such that the Company may enforce the terms of any and all restrictive covenants to which I am subject. The obligations herein are in addition to and do not limit any obligations arising under applicable statutes and common law.

By signing this grant agreement, I acknowledge receipt of the employment agreement to which this Non-Compete Agreement is attached as Exhibit A, and I agree to the terms and conditions expressed in this Non-Compete Agreement.

Graham Date:

Signed: /s/ Ginger

September 20, 2023



October 6, 2022

Mr. John Driscoll
[Address]

Dear John,

We are pleased to offer you the position of Executive Vice President & President, U.S. Healthcare, reporting to Rosalind Brewer, Chief Executive Officer, Walgreens Boots Alliance. We look forward to you joining our team. As a U.S.-based team member working at the Walgreens Boots Alliance ("WBA") group level, your employer for payroll, benefits and tax (W-2) purposes will be within the Walgreen Co. U.S. family of companies. The terms of this offer are subject to the final approval of the Compensation and Leadership Performance Committee of the Board of Directors of WBA and are contingent on completion of the pending Amendment of the Membership Interest Purchase Agreement between NOES Holdings, LLC and WBA or one of its subsidiaries. Below are the terms of your offer:

Base Salary. Your salary will be at the annualized rate of \$900,000 less all applicable tax withholdings and benefit deductions - paid monthly in accordance with our salaried employee payroll cycle.

Annual Bonus Opportunity. Based on your position, you will be eligible for annual bonuses under the Walgreens Boots Alliance, Inc. (WBA) corporate bonus program, which is based on the Company's fiscal year running from September 1 through August 31. You will be eligible for a pro-rated bonus for the remainder of the current fiscal year. The current bonus target for your position is 125% of your eligible earnings. Your actual bonus each year is subject to Company performance and your individual performance, and all bonuses are subject to the discretion and approval of the Compensation and Leadership Performance Committee of the WBA Board of Directors.

Long-Term Incentives. You will also be eligible for long-term incentives granted under the terms and conditions of the WBA 2021 Omnibus Incentive Plan. You will be eligible for market-competitive award levels granted at the discretion of the Compensation and Leadership Performance Committee of the WBA Board of Directors. For your position, long-term incentives currently consist of the programs listed below and a combined target award equal in economic value to \$4,000,000 annually. You will receive your first awards on the next annual grant date following your hire date, subject to approval by the Compensation and Leadership Performance Committee of the WBA Board of Directors. As shown below, the current allocation among the two types of awards is roughly 50% in restricted stock units and 50% in performance shares. In making award decisions each year, this Committee considers target award levels, budget levels, relative individual performance, and other factors.

Restricted Stock Units: Restricted stock units (RSUs) are also awarded annually. RSUs provide you with units of stock that are converted to shares at vesting and appreciate in value as the stock price increases. Subject to continued employment, 1/3 of the award vests each year for three years after the



grant date, and the vested RSUs are settled in shares of WBA stock. RSUs currently make up 50% of your total annual target award value described above.

Performance Shares: Performance shares are stock awards that are contingent upon the performance of the Company. You are awarded a number of "contingent shares" on the date of grant, and then a percentage of these contingent shares are earned and settled in shares of WBA stock at the end of a three-year period, based on the performance of the Company over that period, and subject to your continued employment. Performance shares currently make up 50% of your total target award value described above.

The annual and long-term incentives described above, including program components and target award levels, are subject to adjustments over time, as we continually review our program features to align with market practices and other total rewards objectives.

Other Employee Benefits. You will be entitled to participate in the WBA Executive Severance and Change in Control Plan (with benefits tied to your Tier I EVP position level) and other benefit plans and programs that are generally applicable to U.S.-based senior executives of WBA/Walgreens, in all cases subject to changes of general application from time to time. Also see the attached "Overview of Management Benefits," briefly describing the Walgreens employee benefits that are applicable. You will also be granted prior service credit back to your start date with CareCentrix, consistent with (and subject to the details of) Company practices for granting prior service to acquired company team members including, without limitation, for the purposes of any applicable retirement vesting of awards granted under the WBA 2021 Omnibus Incentive Plan.

Termination of Employment for "Good Reason." Under the WBA Executive Severance and Change in Control Plan, good reason termination rights apply only following a change in control of WBA (all as defined in that Plan). As a further accommodation to you for accepting this offer of employment, for the 12-month period following your start date listed below, such good reason termination rights shall also apply to you outside the context of a change in control for purposes of your severance rights and benefits under that Plan (but not for purposes of any other Company benefits or awards). To provide for this good reason termination right, the following modifications of this Plan would be applied in your case during the 12-month period following your start date:

- The definition of "Involuntary Termination" in Section 2.22 shall be applied by deleting the words "During the Post-Change Period" from the second sentence thereof and by adding the parenthetical "(other than for Good Reason)" after the words "voluntarily resigns."
- The definition of "Good Reason" in Section 2.20 shall be applied by deleting the references to "during the Post-Change Period" from the introductory sentence.
- Section 4.01(a)(iii) shall be applied by adding the following phrase at the end of the first sentence thereof: "; provided, however, that any reduction in the Participant's Base Salary or Target Annual Incentive that would qualify as Good Reason shall be disregarded for this purpose."

Section 4.02 shall be applied by changing the phrase "whether or not for Good Reason" to "without Good Reason."

Work Location. It is understood that you will not be relocating to our Deerfield, IL Support Office, and your primary work location will instead be in Connecticut (your home address or a Company office location, as applicable). You and your supervisor will determine how often your presence is needed at the Deerfield support office. Travel between your primary work location and the support office will be considered a business expense. If this changes down the road, such that you are required to relocate to the Support Office, you would be given sufficient advance notice, and relocation assistance would be considered per then-applicable policy.



Other Compensation.

Special Restricted Stock Unit ("RSU") Award: You will receive a one-time award of RSUs equal in economic value to \$2,500,000. This special award will be granted on your date of hire and will vest 100% on the one-year anniversary of your start date, subject to your continued employment through that date, and subject to full achievement of the Fiscal Year 2023 Walgreens Health Segment overall sales target of \$5.261B, as determined by the Company. Just like the other Long-Term Incentives described above, this RSU award will be issued pursuant to an award agreement under the 2021 Omnibus Incentive Plan covering all terms and conditions, including any further terms related to the above sales target.

Non-Compete. As a condition to this offer of employment, and in consideration of your employment with the Company and certain compensation and benefits provided hereunder, you will be required to sign a Non-Competition, Non-Solicitation and Confidentiality Agreement when you begin employment. This is a standard agreement, with certain terms tailored to your area and position. A copy of this Agreement can be provided in advance upon request. A similar agreement may also be included as part of restricted stock unit agreements.

Your start date is scheduled for October 17, 2022. On your first day, please bring proof of your identity and eligibility for employment, a list of acceptable documents is enclosed.

Our offer of employment will remain open for seven days from the date of this letter, and is contingent on your passing a pre-employment applicant background check and a pre-employment drug screen under our Drug Free Work Place Policy. It is our policy that the pre-employment drug screen test be completed within 48 hours of receiving this offer packet. You can find your nearest drug testing location by calling 1-800-877-7484 or at questdiagnostics.com. Enclosed are the "Forensic Drug Testing Custody and Control Form" and the "Drug Test Consent/Release Form". Please complete and return the consent/release form with the offer letter. Please bring the Forensic Drug Testing Custody and Control Form with you to the drug test facility along with a valid photo I.D. accepted by the state.

If you want to accept this offer of employment, please sign your name on the line below, fill in the date, and return the signed letter in the enclosed envelope. The duplicate of this letter is for your records. By signing below, you are confirming that no actual breach, threatened breach or other violation of any past, current or contemplated oral or written contractual arrangement to which you are a party (including, but not limited to, any non-compete, non-solicitation or confidentiality agreement with any former employer) has or will occur by virtue of your acceptance of this offer of employment or your performing services for Walgreens. Failure to comply, or discovery by Walgreens of an actual or threatened breach or violation of any such contractual arrangement to which you are a party, can result in the rescission of this offer or termination of employment.

You should not consider our offer of employment to be a contract or guarantee of indefinite employment. Employment at the Company is at will, for no definite term, and is subject to Company policies, which can be changed from time to time.

Sincerely,



Walgreens Boots Alliance

Holly May
EVP, Global Chief Human Resources Officer
Walgreens Boots Alliance

Enclosures

cc: RB

I accept the offer of employment and understand that the offer is not intended to be a guarantee of continued employment.

Name: /s/ John P. Driscoll Date: 10/7/2022



Walgreens Boots Alliance

December 16, 2015

Manmohan Mahajan
[Address]

Dear Manmohan,

We are pleased to offer you the position of Vice President, Accounting Policy & Technical Advisory, in our Finance division, under the management of Kimberly Scardino. We hope you will find your employment with Walgreens Boots Alliance, Inc. ("WBA" or the "Company") both challenging and rewarding and we look forward to you joining our team. As a U.S.-based team member working at the WBA group level, your employer for payroll, benefits and tax (W-2) purposes will be within the Walgreen Co. U.S. family of companies. Below are the terms of your offer:

Base Salary. Your salary will be \$270,000, annually, less all applicable tax withholdings and benefit deductions.

Annual Bonus Opportunity. Based on your position, you will be eligible for annual bonuses under the WBA corporate bonus program, which is based on the Company's fiscal year running from September 1 through August 31. You will be eligible for a pro-rated bonus for the remainder of the current fiscal year. The current bonus target for your position is 45% of your eligible earnings. Your actual bonus each year is subject to Company performance and your individual performance, and all bonuses are subject to the discretion and approval of the Compensation Committee of our Board of Directors.

Long-Term Incentives. You will also be eligible for long-term incentives granted under the terms and conditions of the WBA 2013 Omnibus Incentive Plan. You will be eligible for market-competitive award levels granted at the discretion of the Compensation Committee of our Board of Directors. For your position, long-term incentives currently consist of the programs listed below and a combined target award equal in economic value to \$250,000 annually. As shown below, the allocation among the two types of awards is roughly 50% in stock options and 50% in performance shares. In making award decisions each year, the Compensation Committee considers target award levels, budget levels, relative individual performance, and other factors.

Stock Options: Stock options are currently awarded annually. They become vested three years after the grant date and may be exercised up to 10 years after the grant date. Stock options currently make up 50% of your total annual target award described above.

Performance Shares: The performance share program provides an award of contingent shares with each year's grant. Contingent shares are earned and settled in shares of WBA stock at the end of a three-year performance period, and the final award is based on the performance of the Company over that three-year period. Performance shares currently make up 50% of your total target award.

The annual and long-term incentives described above, including program components and target award levels, are subject to adjustments over time, as we continually review our program features to align with market practices and other total rewards objectives.

Other Employee Benefits. See the attached "Overview of Management Benefits," briefly describing the employee benefits that are applicable.

Relocation. You will be eligible for relocation benefits in accordance with Company policy for management employees. Upon offer acceptance, a member of our Employee Services Department will be in contact with you to walk you through the details and process.

Other Compensation. You will receive a one-time sign-on/retention bonus of \$150,000. This will be paid in two installments as follows: \$75,000 following your date of hire and \$75,000 following the first anniversary of your date of hire. Each installment will be paid as soon as practicable after the aforementioned dates and will be subject to normal tax withholding. These bonuses will be subject to the terms and conditions of a retention bonus agreement that you will be required to sign as a condition to this benefit. In particular, this agreement will spell out that your continued employment is required in order to receive the payment and if you voluntarily leave the Company or you are involuntarily terminated for cause within one year of the payment date you will be required to reimburse the Company for the full amount of the payment.

Non-Compete. As a condition to this offer of employment, you will be required to sign a Non Competition, Non-Solicitation and Confidentiality Agreement when you begin employment. This is a standard agreement, with certain terms tailored to your area and position. A copy of this Agreement can be provided in advance upon request. A similar agreement may also be included as part of stock option award agreements.

Your start date is to be determined. On your first day, please bring proof of your identity and eligibility for employment, a list of acceptable documents is enclosed.

Please note that WBA, in an effort to maintain our strong sense of pride in the way we conduct our business, requires all employees to dress in business casual attire while at work or on travel representing the company.

Our offer of employment will remain open for seven days from the date of this letter, and is contingent on your passing a pre-employment applicant background check and a pre-employment drug screen under our Drug Free Work Place Policy. It is our policy that the pre-employment drug screen test be completed within 48 hours of receiving this offer packet. You can find your nearest drug testing location by calling 1- 800-877-7484 or at questdiagnostics.com. Enclosed are the "Forensic Drug Testing Custody and Control Form" and the "Drug Test Consent/Release Form". Please complete and return the consent/release form with the offer letter. Please bring the Forensic Drug Testing Custody and Control Form with you to the drug test facility along with a valid photo I.D. accepted by the state.

If you want to accept this offer of employment, please sign your name on the line below, fill in the date, and return the signed letter in the enclosed envelope. The duplicate of this letter is for your records. By signing below, you are confirming that no actual breach, threatened breach or other violation of any past, current or contemplated oral or written contractual arrangement to which you are a party (including, but not limited to, any non-compete, non-solicitation or confidentiality agreement with any former employer) has or will occur by virtue of your acceptance of this offer of employment or your performing services for WBA. Failure to comply can result in the rescission of this offer or termination of employment.



You should not consider our offer of employment to be a contract or guarantee of indefinite employment. Employment at WBA is at will, for no definite term, and is subject to WBA policies, which can be changed from time to time.

If you have any questions please call me at 847-315-2703.

Sincerely,

/s/ Elizabeth Adelman

Elizabeth Adelman
Executive Recruiter
Walgreen Co.

Enclosures

Kimberly Scardino

I accept the offer of employment and understand that the offer is not intended to be a guarantee of continued employment.

Name: /s/ Manmohan Mahajan Date: 12/18/2015

SEPARATION AND TRANSITION AGREEMENT

This Separation Agreement (this "Agreement") is made as of August 31, 2023, by and between Rosalind Brewer (the "Employee") and Walgreens Boots Alliance, Inc. (the "Employer").

WHEREAS, the Employer engaged the Employee to be an employee of the Employer;

WHEREAS, the Employee and the Employer are parties to an Offer Letter dated January 26, 2021 (the "Offer Letter") and the Employee is a participant in the Employer's Employee Severance and Change in Control Plan, amended and restated effective August 6, 2019 (the "Severance Plan");

WHEREAS, Section 9.01 of the Severance Plan provides that, as a condition to the receipt of certain benefits described in the Severance Plan, the Employee shall be required to execute a general release of claims in form satisfactory to the Employer;

WHEREAS, (i) the Employee and the Employer acknowledge and agree that the Employee has had a prominent role in the management of the business, and the development of the goodwill, of the Employer and its affiliates and has established and developed relations and contacts with certain employees and commercial counterparties of the Employer and its affiliates, all of which constitute valuable goodwill of, and could be used by the Employee to compete unfairly with, the Employer and its affiliates; (ii) in the course of the Employee's employment with the Employer, the Employee has obtained confidential and proprietary information and trade secrets concerning the business and operations of the Employer and its affiliates that could be used to compete unfairly with the Employer and its affiliates; (iii) the parties hereto acknowledge and agree that the covenants and restrictions contained in Appendix A to the Offer Letter and Exhibit A of the Employee's equity award agreements are intended to protect the legitimate interests of the Employer and its affiliates in their respective goodwill, trade secrets and other confidential and proprietary information; and (iv) the Employee desires to acknowledge and reaffirm that she is bound by such covenants and restrictions, as modified by this Agreement; and

WHEREAS, the parties wish to memorialize the separation of the Employee from employment with the Employer and set forth their agreement as to the manner in which the Employee's employment with the Employer will be completed;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the Employer and the Employee agree as follows:

1) Separation of Employment; Transition Arrangement.

(a) *Separation Date.* The parties hereto hereby agree that the Employee's employment with the Employer and its affiliates shall terminate as of August 31, 2023 (the "Separation Date"). The Employee hereby resigns, effective as of the Separation Date, all

positions, officer designations, board memberships, titles, duties, authorities and responsibilities with, arising out of or relating to her employment with the Employer and its affiliates (including as a member of the Board of Directors of the Employer (the “Board”)) and agrees to execute all additional documents and take such further steps as may be required to effectuate such resignation. For the avoidance of doubt, the Employee shall continue to receive all compensation and benefits in effect on the date hereof through the Separation Date.

(b) *Transition Period.* During the period between September 1, 2023 and February 29, 2024 (the “Transition Period”) Employee will serve as a consultant to the Employer and will have the title of Special Advisor, and will perform transition and advisory services consistent with this Agreement. While serving as Special Advisor, Employee will provide such support to the Employer’s Interim Chief Executive Officer (or then-current Chief Executive Officer) and other members of the Board, in pursuing the Employer’s business goals, facilitating business and relationship continuity, and otherwise facilitating a smooth leadership transition, in each case, as requested by the Employer’s Interim Chief Executive Officer (or then-current Chief Executive Officer) and/or the Lead Independent Director and mutually agreed with Employee (collectively, the “Services”). Employee agrees and acknowledges that she will dedicate meaningful time (not to exceed 20% of the time worked on a monthly basis during the Employee’s employment with the Employer) and attention to performing any agreed services as Special Advisor.

2) Certain Payments and Benefits.

(a) *Accrued Obligations.* On the first regular payroll date following the Separation Date, the Employer shall pay the Employee all base salary accrued and payable through the Separation Date, any annual incentive earned in a year ended before the Separation Date, but not yet paid to the Employee as of the Separation Date, any accrued but unpaid paid time off, vacation pay, and unreimbursed business expenses accrued and payable in accordance with the Employer policy, reduced by any required tax withholdings.

(b) *Annual Incentive.* Subject to Section 5 herein, on the first regular payroll date not to exceed sixty (60) days following, and subject to, the Release Effective Date, the Employer shall pay the Employee the annual bonus opportunity earned in respect of the fiscal year running from September 1, 2022 through August 31, 2023 (the “Annual Bonus Payment”), with such determination made on a reasonable and good faith basis and consistent with the annual bonus program in effect on the date hereof. The Annual Bonus Payment shall be reduced by any required tax withholdings.

(c) *Separation Payment.* Subject to Section 5 herein, the Employer agrees to pay the Employee \$9,000,000 (the “Separation Payment”) in substantially equal installments in accordance with the Employer’s ordinary course payroll practices beginning with the first regularly scheduled payroll period following the Separation Date and concluding twenty-four (24) months thereafter (such period, the “Severance Period”); *provided, that*, any portion of the Separation Payment that would otherwise become payable prior to the Release Effective Date shall be delayed and shall be payable in a single payment in the payroll period that immediately follows the Release Effective Date. The Separation Payment shall be reduced by any required tax withholdings. The Separation Payment shall not be taken into account as compensation and

no service credit shall be given after the Separation Date for purposes of determining the benefits payable under any benefit plan, program, agreement or arrangement of the Employer or its affiliates. The Employee acknowledges that, except for the Separation Payment and Annual Bonus Payment agreed to herein, she is not entitled to any payment in the nature of severance or termination pay from the Employer or its affiliates, and that the Separation Payment and Annual Bonus Payment are in full satisfaction of all obligations owed to her by the Employer or its affiliates, except as otherwise set forth in this Agreement.

(d) *Equity Awards.* Any portion of the Special Long-Term Incentive Award (as defined in the Offer Letter) that remains unvested as of the Separation Date will vest in full upon the Separation Date, with (i) the time-vesting Restricted Stock Unit Award settled as soon as reasonably practical (not to exceed five (5) business days) following the Release Effective Date (and if the Release Effective Date does not occur for any reason, then as soon as reasonably practical following the Separation Date) and (ii) the performance-vesting Restricted Stock Unit Award settled at the same time such awards are settled for other similarly situated employees of the Employer, and in each case, no later than two and one-half months after the last day of the calendar year in which the Separation Date occurs. All of the Employee's outstanding equity-based awards shall otherwise be settled in accordance with the terms of the award agreements pursuant to which they were granted. All options to purchase stock of the Employer and/or any other equity-based awards granted to the Employee and outstanding immediately prior to the Separation Date shall be effected by the termination of the Employee's employment with the Employer as provided in the agreements evidencing those options and equity-based awards and otherwise in accordance with their terms.

(e) *Retirement Plans/COBRA.* The Employee shall be entitled to all her vested benefits under the Employer's Employee Deferred Plan and any tax qualified retirement plan of the Employer or its affiliates and continuation of health insurance benefits, at the Employee's cost, to the extent provided in Section 4980B of the Internal Revenue Code of 1986 and Section 601 of the Employee Retirement Income Security Act of 1974, as amended (which provisions are commonly known as "COBRA"). Subject to the terms and conditions of this Agreement, including the occurrence of the Release Effective Date, for the period beginning on the Separation Date and ending twenty-four (24) months thereafter, the Employer shall reimburse (or pay to the provider directly) the Employee for the portion of the COBRA premiums paid by the Employee that exceed the premiums payable for similar employer-provided coverage by active employees. Notwithstanding the foregoing, such reimbursement (or direct payment) shall cease if and when the Employee becomes eligible for medical, vision, prescription or dental coverage from a subsequent employer, or for Medicare.

(f) *Transition Fee.* Subject to the terms and conditions of this Agreement (including Section 10), the Employee's satisfactory provision of the Services and the Employee's compliance with the other terms and conditions of this Agreement, during the Transition Period, the Employer will pay the Employee a monthly rate of \$375,000, prorated for partial months served (the "Monthly Service Fee"). Any Monthly Service Fee earned will be paid within ten (10) business days following the conclusion of the applicable service month to which it relates. In addition, the Employer will reimburse the Employee for any actual, reasonable and documented expenses incurred in connection with the Employee's provision of Services hereunder, but only to the extent that such expenses are approved in advance by the Interim

Chief Executive Officer (or then-current Chief Executive Officer) and incurred in accordance with the Employer's travel and expense policy, a copy of which has been provided to the Employee. In no event will the Employer be responsible for taxes on the Employee's Monthly Service Fee payable hereunder, or the Employer's internal administrative costs or other costs of doing business.

(g) *Termination of Offer Letter.* Effective on the Separation Date, the Employee shall no longer be employed by the Employer and all of the rights and obligations under the Offer Letter of the Employer and the Employee will terminate, except (i) as provided in this Section 2 and (ii) all of the rights and obligations of the Employer and the Employee under Appendix A to the Offer Letter shall survive the Employee's termination of employment, the expiration of the Employment Period and the termination of the Offer Letter, and incorporated by reference and shall continue in full force and effect, in each case, except as modified by this Agreement.

3) Release and Waiver

(a) *Released Actions/General Release.* With the sole exceptions described in this paragraph, the Employee (on behalf of herself and all her heirs, assigns, legal representatives, successors in interest, or any person claiming through the Employee) hereby releases the Employer and each of its divisions, subsidiaries, benefit plans and all other affiliated entities, as well as all their current and former employees, officers, directors, agents, shareholders, attorneys, accountants, partners, insurers, advisors, partnerships, assigns, successors, heirs, predecessors in interest, joint venturers, and affiliated persons of all those entities, each in their respective official capacities as such (collectively "Released Parties"), from all liabilities, causes of action, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorney's fees, expenses, bonds, bills, penalties, fines, liens, and all other legal responsibilities of any form or nature whatsoever, in law or equity, fixed or contingent, whether known or unknown or suspected or unsuspected to exist by the Employee, which the Employee has or had or may claim to have by reason of any and all matters from the beginning of time to the present, including but not limited to those arising from the Employee's employment and separation from the Employer (including the termination of the Offer Letter), arising under any plan or policy of the Employer or its affiliates, or pursuant to any federal, State, or local laws, regulations, the Employer orders or other requirements, including, but not limited to, federal, state and local wage and hour laws, federal, state and local whistleblower laws, federal, state and local fair employment laws, federal, state and local anti-discrimination laws, federal, state and local labor laws, Section 1981 of the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act, the Americans with Disabilities Act, the Employment Retirement Income Security Act of 1974, the Vietnam Era Veterans Readjustment Assistance Act, the Fair Credit Reporting Act, the Fair Labor Standards Act, the Age Discrimination in Employment Act ("ADEA"), as amended by the Older Workers Benefit Protection Act, the Worker Adjustment and Retraining Notification Act of 1988, the Occupational Safety and Health Act, the Sarbanes-Oxley Act of 2002, the Genetic Information Nondiscrimination Act of 2008 as each has been or may be amended from time to time. Hereinafter, all such matters will be collectively referred to as "Released Actions". This release does not (i) extend to rights the Employee may have to enforce the provisions of this Agreement, (ii) waive or release claims that cannot be released as a matter of law (including, but

not limited to, claims under applicable State law for workers' compensation benefits and/or indemnification) or any claims arising solely after the Effective Date of this Agreement, (iii) waive or release claims for any reimbursable business expenses appropriately incurred at or prior to the Separation Date that have not been paid to the Employee in full as of such date, (iv) waive or release claims the Employee has as of the date hereof relating to any rights of indemnification, advancement and/or defense arising under the Employer's (or any affiliate's) certificate (or articles) of incorporation, bylaws, shareholders agreements, operating agreements or other organizational or governance documents in effect on the date hereof, or any indemnification, advancement and/or defense rights under any contract the Employee has with the Employer (or any affiliate) in effect on the date hereof, or (v) waive or release claims relating to any right the Employee may have as of the date hereof as an insured under any director and officer, committee member, management, employment practices, general liability or other insurance policy or excess policy.

(b) *Knowing and Voluntary Release of Statutory Claims, Including Claims of Discrimination, Harassment, and Retaliation.* The Employee specifically intends to include, as a Released Action, any and all claims relating to any violation of the statutes referenced herein (e.g., for discrimination, harassment, or retaliation), including claims related to actual or perceived race, religion, creed, color, national origin, ancestry, citizenship, age, physical disability, mental disability, medical condition, genetic information, marital status, family status, caregiver status, sex (including pregnancy status, childbirth, breastfeeding, and related medical conditions), gender, gender identity, gender expression, sexual orientation, sexual and reproductive health choices, hair texture or hairstyles, military or veteran status, political affiliation, arrest or conviction record, union membership, unemployment status, credit history, status as a victim of domestic violence, stalking, or sexual offenses, or any other legally protected characteristic, or for having engaged in any protected activity, under Title VII of the 1964 Civil Rights Act, the Equal Pay Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Family and Medical Leave Act, Section 1981 of the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Employment Retirement Income Security Act of 1974, the Vietnam Era Veterans Readjustment Assistance Act, the Fair Credit Reporting Act, the ADEA, as amended by the Older Workers Benefit Protection Act, the Worker Adjustment and Retraining Notification Act of 1988, the Occupational Safety and Health Act, the Sarbanes-Oxley Act of 2002, the Genetic Information Nondiscrimination Act of 2008, or any other law, regulation or ordinance that may have arisen before the effective date of this Agreement, including but not limited to those arising from the Employee's employment and separation from the Employer.

(c) *ADEA. Age Discrimination Is Specifically Intended to Be Included As a Released Action:* The Employee acknowledges that the Employee specifically intends that Released Actions shall include the ADEA, except for any allegation that a breach of the ADEA occurred following the effective date of this Agreement. This provision does not extend to any rights the Employee may have to challenge the validity of the release of claims arising under the ADEA.

(d) *No Claims.* The Employer represents that as of the date the Employer executes this Agreement, none of the members of the Board are aware of any claims, causes of actions, charges, judgments or similar that it or any Released Party (as defined above) has

against Employee (other than any derivative actions against the Board and officers of the Company that may be pending as of the date hereof).

(e) *No Pending Charges or Lawsuits.* The Employee represents that, as of the date the Employee executes this Agreement, the Employee has not filed any complaints or charges (e.g., with the Equal Employment Opportunity Commission) or lawsuits against the Employer or, with respect to the Employer, any other Released Party with any governmental agency or in any court. The Employee agrees that the Employee will not file in any court any lawsuits against the Employer or any other Released Party regarding any Released Action at any time in the future; *provided, however*, this shall not limit the Employee from pursuing any claim or lawsuit not released by the Employee under this Agreement (e.g., claims that the Employee may not release as a matter of law). The Employer represents that, as of the date the Employer executes this Agreement, the Employer has not filed any complaints or charges or lawsuits against the Employee or, with respect to the Employee, against any of her heirs, agents, executors, successors, assigns and administrators, individually or in their official capacities, with any governmental agency or in any court (other than any derivative actions against the Board and officers of the Company that may be pending as of the date hereof). Nothing in this Agreement shall be construed to prevent the Employee from filing a complaint or charge with, providing information to, and/or from participating in any investigation or proceeding conducted by the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the National Labor Relations Board, or any other Federal or state government agency. However, the Employee agrees that by signing this Agreement, the Employee is fully waiving the Employee's right to obtain all monetary or other relief that could otherwise be recoverable in any legal proceeding brought by the Employee against the Employer or any Released Party.

(f) *No Current Work-Related Injuries.* The Employee acknowledges and warrants that she does not currently suffer from any work-related injuries, and that the Employee is fully recovered from any previous work-related injuries the Employee may have sustained during her employment, if any.

(g) *Additional Consideration Provided.* The Employee acknowledges that certain of the payments and benefits described in Sections 2(b), 2(c) and 2(e) are in addition to anything of value to which the Employee already is entitled from the Employer and its affiliates and constitutes good and valuable consideration for the release contained in this Section 3.

(h) *Consultation with Attorney and Attorney's Fees.* The Employee is hereby advised to consult with the Employee's attorney prior to signing this Agreement because the Employee is giving up significant legal rights. The Employee acknowledges that the Employee has been so advised and has, in fact, consulted fully with the Employee's attorney prior to the Employee's signing this Agreement. The Employer agrees to bear all reasonable and documented out of pocket fees and expenses (including legal fees and expenses) incurred by the Employee in connection with the execution and negotiation of this Agreement; *provided* that the Employer shall not be responsible for and shall not bear any fees or expenses (a) in excess of \$50,000 or (b) that are not submitted within thirty (30) days following the execution of this Agreement.

4) Covenants of Employee and Employer

(a) *Statements Regarding Relationship with Employer.* From and following the Separation Date, the Employee shall no longer project or create a circumstance which permits others to conclude she is an employee, director, officer or other service provider of the Employer.

(b) *Restrictive Covenants.* Prior to entering into this Agreement, the Employee entered into the restrictive covenants (including non-solicitation, non-competition, and confidential information covenants) contained within Appendix A of the Offer Letter and Exhibit A of the Employee's equity award agreements (collectively, the "Restrictive Covenants"). For the avoidance of doubt, the restrictive period of any Restrictive Covenant that contains a period of time during which it applies post-termination of employment shall commence on the Separation Date. The Employee hereby specifically acknowledges and affirms her commitments to the Employer and its affiliates pursuant to the Restrictive Covenants as modified by this Agreement, which are incorporated by reference into this Agreement; *provided, however*, that the non-competition term in Section 2 of the Restrictive Covenants and the customer restrictions in Section 3(a) of the Restrictive Covenants shall only apply from the date hereof for a period of six months.

(c) *Cooperation with Litigation.* The Employee agrees to reasonably cooperate (including attending meetings) with respect to any claim, arbitral hearing, lawsuit, action or governmental or internal investigation relating to the business of the Employer or its affiliates prior to the Separation Date. The Employee agrees to provide full and complete disclosure in response to any inquiry in connection with any such matters. The Employee agrees and acknowledges that the Employee has disclosed to the Board any and all information relating to any current or potential claims, arbitral hearings, lawsuits, audits, actual or alleged impropriety, actions or governmental or internal investigations relating to the business or employees of the Employer or its affiliates that the Employee knows as of the date hereof. To the extent that the Employer's legal counsel is unable to represent the Employee in connection with any matter as to which the Employee's cooperation is requested pursuant to this Section 4(c), the Employer shall reimburse the Employee for the Employee's reasonable attorneys' fees and expenses incurred to obtain separate counsel on such matter (or shall release the Employee from the Employee's obligations under this Section 4(c) in respect of such matter). The Employer shall (i) pay the Employee an hourly rate of \$750.00 for the Employee's time spent following the conclusion of the Transition Period and (ii) reimburse the Employee for other pre-approved out-of-pocket expenses reasonably incurred in connection with such cooperation, upon the presentation by the Employee of an itemized accounting of such expenditures, with supporting receipts. Nothing in this Agreement shall be construed to require the Employee's cooperation in any internal or external claims, investigations, proceedings, arbitrations, lawsuits or other legal, internal or business matters in a manner that would require the Employee to cooperate on issues legally adverse to any then-current employer of the Employee or adverse to the Employee's own legal interests.

(d) *No Disparagement.* The Employee shall not make any statements, encourage others to make statements or release information that would or is reasonably expected to disparage or defame the Employer, any of its affiliates or any of their respective directors or

officers. The Employer will not issue any press release or make any formal pronouncements, and will direct the members of its Board and executive officers not to make any statements, encourage others to make statements or release information that would or is reasonably expected to disparage or defame the Employee. Notwithstanding the foregoing, nothing in this Section 4(d) shall prohibit any person from making truthful statements when required by order of a court or other body having jurisdiction or as required by law or defending any person in connection with any litigation or investigation.

(e) Employer Property. The Employee agrees to return within seven (7) business days following the Separation Date all the Employer's property in the Employee's custody, possession or control, including but not limited to any security access cards, car transponders or decals for access to the Employer's parking lot, keys, computer disks, cellular telephones, DVDs, CDs, memory cards, hard drives, flash drives, laptops, pdas, work files, memoranda, notes, passwords, access to digital files, access to social media accounts, records and other documents made or compiled by the Employee or made available to the Employee during the term of the Employee's employment and related to that employment (other than de minimis items).

5) Certain Forfeitures in Event of Breach. The Employee acknowledges and agrees that, notwithstanding any other provision of this Agreement, in the event the Employee materially breaches any of her obligations under this Agreement (including, but not limited to, Sections 4(b) through (d) hereof), or Appendix A to the Offer Letter and Exhibit A of the Employee's equity award agreements (in each case as modified hereby) and such breach is not cured (if capable of cure) within a reasonable period following the Employee's receipt of written notice by the Employer describing the alleged breach, then the Employee will forfeit her right to receive the payments and benefits set forth in Section 2(b), 2(c), and 2(e) of this Agreement to the extent not theretofore paid to her as of the date of such breach.

6) Agreement Part of Settlement Discussions/No Admission of Liability. This Agreement does not constitute an admission of liability or wrongdoing of any kind by the Employer or its affiliates or by the Employee.

7) Public Statements. Except as otherwise required by applicable law, regulation, or listing exchange on which the Employer's securities are traded, from and after the date hereof, the Employer and the Employee, and their respective representatives and affiliates (as applicable), shall (i) issue the agreed upon disclosure contained in the communication message set forth in Exhibit A attached hereto, and (ii) consult with each other before issuing, and give each other the opportunity to review, comment upon and approve (such approval not to be unreasonably withheld, conditioned or delayed), the portion of any press release or other public statement that relates to the matters contemplated by this Agreement that are not substantially consistent with Exhibit A attached hereto.

8) General Provisions

(a) Integration. This Agreement constitutes the entire understanding of the Employer and the Employee with respect to the subject matter hereof and supersedes all prior understandings, written or oral, including without limitation the Offer Letter and the Severance

Plan and any other applicable plan or policy of the Employer or its affiliates. The terms of this Agreement may be changed, modified or discharged only by an instrument in writing signed by the parties hereto. A failure of the Employer or the Employee to insist on strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision hereof. In the event that any provision of this Agreement is determined to be so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

(b) *Heirs and Assigns.* This Agreement is binding on and is for the benefit of the parties hereto and their respective successors, assigns, heirs, executors, administrators and other legal representatives. Neither this Agreement nor any right or obligation hereunder may be assigned by the Employee.

(c) *Choice of Law.* This Agreement shall be construed, enforced and interpreted in accordance with and governed by the laws of the State of Illinois, without regard to its choice of law provisions.

(d) *Construction of Agreement.* The parties hereto acknowledge and agree that each party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties hereto and not in favor or against either party.

(e) *Counterparts.* This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterpart, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

(f) *Notice.* Any notice or other communication required or permitted under this Agreement shall be effective only if it is in writing and shall be deemed to be given when delivered personally or via electronic mail, or four days after it is mailed by registered or certified mail, postage prepaid, return receipt requested or one day after it is sent by a reputable overnight courier service and, in each case, addressed as follows (or if it is sent through any other method agreed upon by the parties):

If to the Employer:
Walgreens Boots Alliance, Inc. 108 Wilmot Road
Deerfield, Illinois 60015 Attn.: General Counsel

With a copy to:

Cleary Gottlieb Steen & Hamilton LLP One Liberty Plaza
New York, NY 10006
Attn: Matthew P. Salerno; Julia L. Petty

msalerno@cgsh.com; jlpetty@cgsh.com

If to the Employee:

The address on file with the Employer or to such other address as the Employee may designate by notice to the Employer

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP 2001 K Street, NW
Washington, DC 20006-1047
Attn: Karen Dunn; Liza Velazquez KDunn@paulweiss.com; LVelazquez@paulweiss.com

(g) *Severability*. The parties hereto intend that the validity and enforceability of any provision of this Agreement shall not affect or render invalid any other provision of this Agreement.

(h) *Disputes*. Any dispute or controversy arising under, out of, or in connection with this Agreement, other than claims for interim, emergency or provisional equitable relief (including specific performance or injunctive relief) with respect to the covenants under Section 4 of this Agreement, shall be finally determined and settled by binding arbitration in Deerfield Illinois, in accordance with the rules and procedures of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction thereof. The arbitration shall be conducted by a panel of three arbitrators in a tripartite arbitration. The Employer and the Employee shall each name one arbitrator who shall be neutral and independent of the appointing party. The parties shall agree on, or, in the absence of agreement, the two chosen arbitrators shall designate, a third arbitrator, who shall serve as the chairperson of the arbitration panel. Unless the parties agree otherwise in writing, any arbitration proceeding shall be conducted in such manner so as to be concluded within 60 days after the commencement of the arbitration. Any and all decisions by the panel of arbitrators shall be accompanied by a written decision. Any claims under this paragraph that are not determined by the panel of arbitrators shall be heard in the state or federal courts in Cook County, Illinois.

9) Knowing and Voluntary Waiver.

(a) *Execution of this Agreement*. The Employee understands that she was advised that she may consider whether to agree to the terms contained herein for a period of twenty-one (21) days after the date hereof and nonetheless determined to agree to such terms and execute and deliver this Agreement on the date hereof. The Employee may rescind her release in Section 3 hereof at any time prior to the eighth (8th) day following the date on which the Employee executes this Agreement by sending an email stating the Employee's decision to so rescind to the Company and its counsel in accordance with Section 8(f) of this Agreement before the Release Effective Date. In the event of such a rescission, the Employee shall irrevocably forfeit her right to receive any of the payments or benefits set forth in clause (b), (c) and (e) of Section 2 hereof.

(b) *Re-Execution of the Release*. The Employer's obligations under Sections 2(b), 2(c) and 2(e) of this Agreement are strictly contingent upon the Employee's re-execution and non-revocation of this Agreement within twenty-one (21) days following the Separation Date. The date of the Employee's re-execution of this Agreement is referred to herein as the

“Re-Execution Date”. By re-executing this Agreement, the Employee advances to the Re- Execution Date the Employee’s general waiver and release of all claims against the Released Parties and the other covenants set forth in this Agreement. The Employee acknowledges the Employee has seven (7) calendar days from the Re-Execution Date to revoke her re-execution of the Agreement. In the event of such revocation, the date of the releases and covenants set forth in this Agreement shall not be advanced, but shall remain effective up to and including the date upon which the Employee originally signed this Agreement. Provided that the Employee does not revoke her re-execution of this Agreement within such seven (7) day period, the “Release Effective Date” shall occur on the eighth (8th) calendar day after the date on which the Employee re-executes it.

10) Transition Period Terms.

(a) *Independent Contractor.* During the Transition Period, the Employee is an independent contractor, and the Employer will not have any actual, potential or other control over the Employee except as otherwise expressly set forth in this Agreement. Except pursuant to Section 2(e), the Employee is not entitled to any benefits provided by the Employer to its employees. The Employee will be solely responsible for the filing and payment of all taxes imposed on the Employee’s receipt of the Monthly Service Fee by any governmental authority, including but not limited to, unemployment compensation and insurance, social security taxes and worker’s compensation. The Employee will be responsible for, and will indemnify the Employer against, all such taxes or contributions, including penalties and interest. The Employee will not have the right or authority to assume or create any obligation or responsibility whatsoever, express or implied, on the Employer’s behalf or in the Employer’s name or to bind the Employer in any respect whatsoever, nor will the Employee represent that the Employee has such right or authority.

(b) *Termination.* The Employee will have the right to terminate the Transition Period upon ten (10) days’ prior written notice to the Employer. The Employer will only have the right to terminate the Transition Period with Cause (as defined in the Severance Plan).

IN WITNESS WHEREOF, the Employer has caused this Agreement to be signed by its duly authorized representative and the Employee has signed this Agreement as of the day and year first above written.

WALGREENS BOOTS ALLIANCE, INC.

/s/ Stefano Pessina

By: Stefano Pessina
Title: Executive Chairman

IN WITNESS WHEREOF, the Employer has caused this Agreement to be signed by its duly authorized representative and the Employee has signed this Agreement as of the day and year first above written.

/s/ Rosalind Brewer

ROSALIND BREWER

This Agreement is re-executed as follows:

EMPLOYEE

Dated: 8/31/2023

By: /s/ Rosalind Brewer



Walgreens Boots Alliance

Walgreens Boots Alliance

Long Term Global Assignment Policy Effective

November 1, 2021

(Updated Sep 2023)

Contents

Introduction	4
Policy Governance and Changes	4
Principles	5
Assignment Eligibility and Approval	5
Dependents	6
Domestic Partner Relationship	6
Qualifying Partner is also an Assignee	6
Family Size Changes	7
Assignee Conduct	7
Diversity, Equity and Inclusion	7
EXECUTIVE SUMMARY – CORE BENEFITS	8
EXECUTIVE SUMMARY – FLEXIBLE BENEFITS	15
PRE-ASSIGNMENT	18
Review and Agreement of Terms and Conditions of Assignment	18
Assignment Briefing (CORE)	18
Immigration and Travel Documents (CORE)	18
Immunizations, Physical Examinations, and Testing (CORE, where required)	19
Global Safety and Security Services (CORE)	19
Cultural Orientation Program (FLEXIBLE)	20
RELOCATION	22
Home Location Housing	22
Homeowner	22
Renter (CORE)	22
Loss on Sale of Automobile(s) (FLEXIBLE)	22
Automobile(s) Lease Cancellation (FLEXIBLE)	22
Destination Services (CORE)	23
School Search Assistance (FLEXIBLE)	23
Temporary Accommodations (FLEXIBLE)	23
Shipment of Household Goods (FLEXIBLE)	23
Excess Baggage (FLEXIBLE)	24
Household Pet Relocation (FLEXIBLE)	24
Paid Time-Off to Relocate (CORE)	25
Settling-in Time (CORE)	25
TAX	25

Pre-Departure Tax Briefing (CORE)	25
Tax Equalization (CORE)	25
Tax Return Preparation (CORE)	27
Social Security / National Insurance – UK (CORE)	28
ASSIGNMENT COMPENSATION AND ALLOWANCES	29
Salary (CORE)	29
Incentive Bonus (CORE)	29
Long-Term Incentive Awards (CORE)	29
Other Compensation and Benefits	30
Relocation Expense Lump Sum Payment (CORE)	30
Cost of Living Allowance (CORE, where applicable)	30
Host Country Housing and Utilities (CORE)	31
Host Country Home Ownership	32
Dependent Education (CORE)	32
Primary and Secondary Education	33
Post-Secondary Education	33
Host Country Transportation (FLEXIBLE)	33
Hardship Allowance (CORE)	34
Healthcare Benefits (Core)	34
TIME OFF BENEFITS (CORE)	35
Working Hours and Public Holidays (CORE)	35
Home Leave (CORE)	35
Emergency Leave (CORE)	36
Medical Emergency (Core)	36
Evacuation and Safety (CORE)	36
Employee Assistance Program ("EAP") (CORE)	37
ASSIGNMENT STATUS CHANGES	37
Extension of Assignment	37
Sequential Assignments	38
Conversion from a Short Term Assignment	38
Conversion to the Permanent International Transfer Policy	38
Death on Assignment	38
End of the Assignment	38
REPATRIATION	39
Departure Services (CORE)	39
Repatriation Expense Lump Sum Payment (CORE)	39

Automobile Lease Cancellation - Repatriation (FLEXIBLE)	40
Cultural Re-integration Assistance (FLEXIBLE)	40
Temporary Accommodations - Repatriation (FLEXIBLE)	41
Return Shipment of Household Goods (FLEXIBLE, when provided outbound at beginning of the assignment)	41
<i>Repayment Agreement</i>	41
TERMINATION	41
Involuntary Termination	41
Voluntary Termination	42
Appendix A - Terminology	43
Appendix B - Shipment Exclusions	45

(Updated Sep 2023)

Introduction

As Walgreens Boots Alliance, Inc. (The Company, or WBA) continues to expand our business to be the premier global pharmacy-led, health and well-being enterprise, some of our team members live and work in a "host country," other than their "home country" in a cross-continental relocation as an "assignee." WBA has designed this policy to facilitate the assignment experience and increase understanding that taking on a global assignment can be an exciting change, but also can be disruptive to work and family life. WBA's intent is to provide assignees with assistance throughout the assignment process and to provide market-competitive compensation and benefits. It also ensures that WBA remains compliant, particularly from a tax and immigration perspective.

Other key considerations are the requirements around obtaining work permits and/or entry visas and following immigration requirements while considering and preparing for the assignment. It is a shared responsibility to communicate openly and honestly and to work collaboratively to ensure the highest level of motivation, morale, and productivity during the relocation process.

This document explains the Long Term Global Assignment Policy of WBA and its entities (collectively referred to as "WBA") and the associated benefits. The long term global assignment policy and totality of the assignment processes are managed by WBA's Global Mobility team ("Global Mobility)."

The Company would like to make the relocation process a positive experience for assignees and their families. Therefore, reasonable and necessary expenses that might be incurred during the move have been addressed.

Policy Governance and Changes

The statements contained in this policy do not create or constitute a contract, or an implied contract of employment or any other kind of binding agreement between the Company and a team member. Likewise, team members have no contractual rights to any relocation benefits in this policy, as the actual benefits provided to each team member are as set forth in the individual's secondment or assignment letter. In addition, nothing in this policy constitutes a contract or guarantee of indefinite employment. As business practices and company needs change, the policies are subject to revision and may be modified or discontinued at the Company's discretion. If there is any inconsistency between the provisions of the policy and any secondment or assignment letter, the provisions of the letter shall take precedence, subject to all required approvals of such letter.

This policy shall be governed by the applicable laws of the U.S. and the state of Illinois, as well as the applicable laws and regulations of the home and host countries for each assignment.

This policy is administered by the Senior Director Health, Retirement Benefits and Global Mobility. The Company reserves the right to change this policy at any time or to amend it, without notice or obligation to anyone. Any intentional misrepresentation on the part of a team member who is receiving benefits under this policy may result in disciplinary action and/or the termination of all benefits being provided. Further, in these circumstances, the Company has a right to recover any and all expenditures made or intended for the assignee.

Questions about the interpretation or applicability of this policy should be directed to Global Mobility.

ASSIGNEES WILL BE RESPONSIBLE FOR ANY EXPENSE INCURRED OUTSIDE THIS POLICY, UNLESS APPROVED IN WRITING BY THE SENIOR DIRECTOR HEALTH, RETIREMENT BENEFITS, AND GLOBAL MOBILITY .

Principles

Each Business must have in place local Policies and Procedures for the management of all HR issues and this policy sits alongside that policy to manage any international moves.

Each Business must manage its international assignees in close partnership with Global Mobility.

It is the Businesses' responsibility to inform Global Mobility as early as possible in the process of a potential assignment. Early discussions provide Global Mobility the time necessary to assess the viability of the proposed assignment, tax implications, and immigration-related matters and to advise the business of the steps to take to ensure compliance. Early discussion also provides Global Mobility the opportunity to explore any potential tax planning opportunities and put these in place where appropriate. Finally, early discussions provide the business the opportunity to consider alternatives should an assignment not be possible.

All taxation compliance as advised by Global Mobility must be properly controlled and managed to meet the Company's legal obligation to fulfil its duties under the taxation laws of each jurisdiction in which its businesses operate.

Assignment Eligibility and Approval

The selection process will be a key part of the global assignment process in ensuring the most qualified talent is selected for any cross-continental assignment based on business needs. This policy applies to full-time assignees who are transferred from their home country to another cross- continent country at the request of WBA or one of its entities and who are expected to remain in the host country from one to three years. Any other type of assignment is covered under separate Company policies.

Where citizens or nationals of one country are seconded or assigned by the Company to work in another country, the country where the assignee is hired/currently working is considered the home country for the purposes of this policy. Team members not eligible for this policy include:

- Team members who voluntarily request a transfer; and/or
- Team members with a recent performance rating below 3.0 ("Achieves Expectations") or equivalent in the local area

All proposed global assignments must be submitted in writing to Global Mobility and approved by the following leaders before any offer or commitment concerning a global assignment is extended:

- Senior Director Health, Retirement Benefits and Global Mobility;
- SVP or above responsible for relevant business or function;
- CHRO / HR Director for relevant business;
- EVP & Global Chief Human Resources Officer

For roles at the Senior Vice President or above, all proposed global assignments must first be reviewed and approved by the following leaders and then, if applicable, approved by the Compensation and Leadership Development Committee of the Board of Directors:

- EVP & Global Chief Human Resources Officer
- CEO

Prior to commencement of the assignment, a Letter of Assignment shall be prepared by Global Mobility, reviewed and agreed by:

- HR Director or above responsible for relevant business or function
- SVP or above responsible for relevant business or function
- Assignee

Please Note: Eligibility for assignment is subject to medical clearances, foreign government entry documents, work permits, or entry visas, and the acceptance of the terms and conditions as outlined in the Letter of Assignment.

Dependents

For purposes of determining eligibility for the relocation provisions of this policy, and for such assignment benefits as home leave, host country services, etc., a dependent is (unless otherwise defined):

- Qualifying partner which includes spouse or other partner (including same and opposite- sex domestic partners), in all cases as defined under home country laws and policies
- Natural born children
- Unmarried minors as defined by the home country for whom the assignee has legal custody or guardianship and who are dependent upon the assignee for financial support (or, if full-time undergraduate university student who is 18 years of age or younger, as appropriate in the home country), including:
 - o Legally adopted minor children or minor children in the process of legal adoption and who are living with the assignee;
 - o Disabled dependent family members;
 - o Minor stepchildren living with the assignee

Domestic Partner Relationship

A domestic partner as defined in the applicable business benefits policy may accompany the assignee only when the domestic partner relationship is not in conflict with immigration regulations or other regulations in the host country.

Qualifying Partner is also an Assignee

If both the assignee and qualifying partner are on global assignments for the Company in the same location, the qualifying partner's assignment-related benefits will be adjusted to ensure the qualifying partner does not receive duplicate benefits.

Family Size Changes

If the family size changes during the assignment (either an increase due to marriage, birth or adoption, or a decrease due to divorce/separation, a child ceasing to be a dependent or ceasing to reside at the host country, or the qualifying partner and/or eligible accompanied dependents electing to depart the host country early), all benefits calculated on number of eligible accompanied dependents will be updated accordingly. It is the assignees responsibility to notify Global Mobility within 10 days of the change. Failing to notify Global Mobility of a change within the 10-day period may result in an escalation to senior leadership for review.

In the event of a family death while on assignment, the Company will provide support and the time to address the loss in line with the home country bereavement policy. If the situation results in an early termination of the assignment, the Company will remove any liability the assignee may have as a result of that decision.

Assignee Conduct

Continued adherence and compliance with, amongst all other policies, the Company's Code of Conduct and Business Ethics and the Company's Anti-Bribery and Anti-Corruption policy is required during the international assignment. The assignee shall not engage, directly or indirectly, in any other employment, services, or business whatsoever, including a personal business endeavor, during the assignment.

The assignee, and their eligible accompanied dependents, will be required to respect and observe local laws and customs while on assignment. Activities that cause or could be deemed to cause embarrassment to the Company or any related entity will be grounds for recall and possible termination of employment.

Diversity, Equity and Inclusion

The Company is committed to fostering a fair, inclusive and equitable culture where all team members feel respected, valued, and excited to drive superior business performance.

EXECUTIVE SUMMARY – CORE BENEFITS

Core benefits are defined as essential mobility support elements based on business and individual requirements. In summary, the following **core** benefits will be provided to the assignee as part of a long-term global assignment:

Assignment Briefings (CORE)	Upon initiation on a global assignment, assignee will receive assistance from global mobility, immigration, and/or relocation providers, and tax consultants. Assistance will be provided after the assignee completes all necessary paperwork.
Immigration (CORE)	The Company will manage the application, filling, and associated administrative steps necessary to secure the work permit and/or entry visa in advance of the assignment. Please be aware that jurisdictional administrative processes may influence the formal date for initiation of the assignment.
Immunizations, Physical Exams, and Testing (CORE, where required)	Assignee and eligible accompanied dependents may be required to undergo medical consultations and/or health/medical related examinations and tests prior to assignment initiation. Assignee will be required to demonstrate compliance with the COVID vaccination per Company policy and may be required to show compliance with other immunizations. Eligible accompanied dependents will need to comply with host country requirements for the COVID vaccination and other immunizations for temporary residents.
Global Safety and Security (CORE)	Assignee is required to undergo a safety and security briefing with the Global Security team prior to leaving the home country and starting the assignment. Throughout the international assignment, the Global Security team provides assignees and eligible accompanied dependents 24/7 safety, security, and medical information and support, as well as enhanced monitoring services. Assignee and eligible accompanied dependents have a corresponding responsibility to exercise sensible safety and security precautions.
Base Salary (CORE)	Base salary will remain the same as it was in the home country and assignee will be eligible for annual merit increases per the home country practice. Salary will continue to be paid in home country currency and through home country payroll.
Incentive Bonus (CORE)	Bonus eligibility and practices is according to the home country policies and guidelines and denominated in the home country currency. Bonus is calculated based on host country performance while on assignment.
Long Term Incentive Awards (CORE)	If eligible, assignee will receive long term incentive awards under the same programs as in the home country. Prior to a stock distribution, assignee's taxes will be reviewed by the Company's designated international tax provider to determine the tax effect of the distribution in the home country and the host country. If assignee is interested in exercising stock options, please advise the Company's designated international tax provider prior to exercising the options.
Relocation Expense Lump-Sum Payment (CORE)	After agreeing to the terms of the assignment and signing the Repayment Agreement, the assignee will receive a relocation expense net payment designed to cover relocation expenses not covered by the policy.

	<p>The lump-sum expense payment is provided to cover expenses such as, but not limited to: vehicle registrations and driver's license, banking fees/charges for currency exchange, house cleaning, services for international mobile devices, mail forwarding, small appliances, tips and gratuities, transformers and electrical adapters, curtains, blinds, etc.</p> <p>The payment is designed to reduce record-keeping requirements for expenses, simplify administrative processes, and provide the maximum flexibility to manage cash flow during relocation. If actual expenses are less than the payment, the assignee may retain the unused portion. Conversely, if expenses exceed the payment, the assignee will be responsible for these costs. No receipts are required to obtain this payment.</p> <p><i>Refer to the Travel to/from the Host Country section for guidance on booking travel and Temporary Accommodations section for further guidance.</i></p>
Cost of Living Allowance (COLA) (CORE)	Assignee may receive a monthly COLA based on any difference between the costs of goods and services in the home country versus the host country. This will be added to the normal payroll and will be grossed-up to cover the additional tax liability. COLA calculation is performed by the data provider.
Hardship Allowance (CORE)	An allowance may be paid in certain assignment locations, to recognize any difficult living, working, climatic conditions and physical hardships experienced while on assignment.
Healthcare Benefits (CORE)	The Company will arrange for global healthcare insurance coverage at no premium cost to the assignee and eligible accompanied dependents. Prior to returning to the home country, the assignee will be enrolled or permitted to enroll in a home country coverage, if applicable.
Employee Assistance Program ("EAP") (CORE)	The Company maintains a Global Employee Assistance Program (EAP) for assignees as part of the medical benefit, which provides confidential professional assistance involving personal situations for the assignee and eligible accompanied dependents. The assignee is encouraged to use the Employee Assistance Program for counseling and assistance if needed.
Other Compensation and Benefits	Relocation reimbursements, allowances and other "additional income" paid to the assignee will not be considered as earnings for determining compensation awards, bonus, benefits coverage, or deductions.
Home Location Housing – Renter (CORE)	If the assignee must break a lease for the primary residence in the home country location as a result of accepting a global assignment, the Company and the host country will provide assistance with the early termination of a rental agreement.
Travel to/from the Host Country (CORE)	<p>With prior approval from the Host Leader <u>and</u> Global Mobility, the assignee and eligible accompanied dependents, may be reimbursed for costs associated with travel to/from the host country for: pre-assignment trip, final relocation trip to the host country, emergency or medical leave (when necessary), and repatriation trip to the home country.</p> <ul style="list-style-type: none"> • Roundtrip air travel (or one-way, whichever is most economical) must be pre-approved by the Host Leader and Global Mobility prior to booking, • Book assignee travel in accordance with the Home Country business travel policy and guidelines.

	<ul style="list-style-type: none"> • (BUSINESS MAY OPT TO APPROVE SAME TRAVEL BENEFITS. CHANGE SECTION IF SO) Assignee will be reimbursed for your eligible accompanied dependents' travel limited to economy class (proof of airfare cost at time of booking is required). Since travel miles are accumulated, assignee has the option to upgrade seats using travel miles or at the assignee's cost, <ul style="list-style-type: none"> • Book approved travel (reschedule travel, if applicable) via the Company designated travel provider, • Use of a preferred airline (or their preferred international airline partners). <i>Most economical travel fare may result in booking with a non-preferred airline.</i> • Travel booking must be paid by your corporate credit card or directly to your cost center based on business requirements. <p>It is incumbent upon the assignee to record and obtain valid receipts for all expenses that will be submitted for reimbursement based on the instructions provided by Global Mobility.</p>
Destination Services (CORE)	<p>The Company may provide destination services, where applicable, to assist with area orientation, settling into the host country environment and complying with local requirements.</p>
Host Housing and Utilities (CORE, applicable) Country and where	<p>A housing budget is calculated by the Company's designated market data provider which includes rent and utilities costs for a rental property in the host country that is reasonable to the work location and number of eligible accompanied dependents. It is not the intent of the company to replicate home country housing, or a particular standard or lifestyle. If the assignee chooses to exceed the approved housing budget, the excess spending is the assignee's responsibility.</p> <p>Due to the complexities of seeking residential rentals in foreign countries, unaccompanied home finding visits and lease offers without the Company's designated destination services provider are not approved and such costs will not be covered or reimbursed.</p> <p>The Company will pay the cost of required finder's fees, tax stamps, and security deposit. Renter's content insurance (personal standard household items), maintenance charges such as lawn care and snow removal, and basic utilities (water, gas, heat, and electricity) are covered as long as they are within the approved housing budget and may be included in the monthly rent. These benefits will be grossed-up to cover the additional tax liability.</p> <p>Host country home ownership can result in significant tax and legal consequences. The purchase of a residence in the host location is strongly discouraged due to the temporary nature of the international assignment. Should the assignee choose to purchase a residence; a housing benefit will no longer be provided. The assignee is required to notify the Company's designated relocation provider prior to purchasing a property so that the housing support can be terminated. Should the assignee not notify the Company's designated relocation provider in advance, there will be a requirement to reimburse any duplicative housing payments immediately to the Company.</p>

	<p>In addition, no assistance will be provided for the purchase, sale, or operation of an owned residence in the host location. Any costs arising from such home ownership will be borne by the assignee including payment of any utilities and maintenance. The Company accepts no responsibility for losses resulting from the purchase of housing in the host location; including but not limited to losses as the result of market conditions, exchange rate fluctuations, taxes, or other causes, including early termination of the assignment. In addition, should the purchase of housing increase individual tax liability in the host location, the assignee will be responsible for this increased cost.</p>
Taxes (CORE)	<p>The Company's designated tax provider will assist with the tax implications of a global assignment. This includes preparing a hypothetical tax calculation, annual, federal, and state tax return(s), when applicable for both the home and host countries and a home country tax equalization calculation for each year affected by your assignment.</p> <p>In addition, the Company will pay the additional tax liability associated with the global assignment, incremental to what the assignee would have paid in the home country on work related income received.</p>
Social Security / National Insurance – UK (CORE)	<p>Assignees will normally remain in their home country Social Security (National Insurance in the UK) system while on assignment, and standard employee-paid contributions will be withheld from the home country payroll. Employer contributions will continue to be made by the employer. The Company will generally arrange for the form A1/Certificate of Coverage applications, if appropriate. An A1/Certificate of Coverage can enable the assignee to continue to participate in their home country system while on assignment and the Company will arrange for the A1/Certificate of Coverage to application and any appropriate extensions to be made.</p>
Pension – not applicable to the U.S. (CORE)	<p>To the extent applicable and possible, the assignee will remain an active participant in the home country pension scheme. In order to remain a participant, the assignee's current position will be reviewed as the assignee may need to join the pension scheme prior to accepting the overseas assignment. Any contributions made to the pension scheme will be included in the hypothetical tax and tax equalization calculations. The Company will tax equalize employee contributions at its absolute discretion.</p> <p>No compensation to the assignee will be made for any loss of future pension / retirement benefits arising from having to opt out of a current company or personal pension plan due to accepting the assignment.</p>
Dependent Education (CORE)	<p>The designated destination service provider may provide assistance in locating appropriate schooling for minor eligible accompanied dependent(s) who are of the country's required minimum age to attend through the end of normal secondary education, based on the Home Country educational system, while on assignment. Although it is encouraged to use public schools in the Host location, the Company recognizes that there may be situations where private education is necessary.</p> <p>It is the Assignee's responsibility to understand and plan in advance of the dependent's grade-level advancement upon return to the Home Country at the end of the assignment. Assignee is responsible for the cost and arrange for eligible accompanied dependent care when school is not in session; including but not limited to holidays, teacher's institutes, and school breaks.</p>

	<p>Authorization to select an alternative fee-based school will be considered after all factors have been evaluated. In these circumstances, at the Company's discretion, it may make a partial contribution towards *required education expenses at a private school.</p> <p>If the eligible accompanied dependent(s) attended a private, fee-based school in the Home Country, it is expected that the Assignee will contribute the equivalent amount for private school education in the Host Country. Any remaining *required education expense balance may be covered by the Company up to a cap of \$15,000 (USD) or the local currency equivalent per minor eligible accompanied dependent per academic year.</p> <p>* Reimbursable education expenses include tuition, registration, and application fees that are defined as an expense that results from requirements to complete secondary education. Examples of expenses not covered are mandatory off-campus classroom work, field trips, meals, private lessons (language, music, tutoring), school uniforms, tutoring, daycare, extra-curricular activities, sports, summer camps, etc.</p>
Time Off Benefits (CORE)	Annual paid time off will be in accordance with the Company's policies and procedures in the home country and practice in the host country. Time off requests should be approved by the Host Leader and recorded in the home country time off system.
Paid Time Off to Relocate (CORE)	Assignee may be given up to two days paid leave to be used for relocation purposes to the host country in accordance with home and host country management discretion. Assignee should discuss taking time off at the end of the assignment with the relevant managers, and this should be taken into account when setting the return dates. Consideration must be given to the expiration of work permits and visas as the Company will not pay for extensions to cover a period of time off.
Paid Time Off - Settling In (CORE)	Assignee may be granted a reasonable period of paid time-off to settle into host country housing, in accordance with the Host Leader's discretion.
Home Leave (CORE)	<p>Assignees and eligible accompanied dependents are eligible for one home leave trip per assignment year to travel to the home country by direct reimbursement (for airline, rail and travel costs to/from the airport or train station only). Home leave should not be taken within three months of the start and end of the assignment.</p> <p>Temporary accommodations, car rental, and meals while on home leave are the responsibility of the assignee. Absence from work during this leave is to be counted as paid time-off.</p> <p>While on home leave, the assignee should not be engaged in work in support of the host country business while physically present in the home country. Infrequent incidental business activities (responding to an occasional email or occasional phone call) are permitted, however, engaging robustly is prohibited. Should the assignee have questions about what activities are acceptable while on home leave, the assignee should contact Global Mobility prior to confirming plans to take home leave.</p>

	<ul style="list-style-type: none"> • Unused home leave may not be carried over nor is the monetary equivalent of unused home leave paid out. • Home leave travel is non-transferrable. • Home leave travel is a reimbursable benefit after airfare is booked and will not be paid as a cash allowance. • Home leave travel is a reimbursable benefit when the approvals and rules set forth are strictly adhered to. <p>The Company will provide or reimburse the following expenses associated with travel to/from the Host Country based on:</p> <ul style="list-style-type: none"> • Roundtrip air travel (or one-way, whichever is most economical) must be pre-approved by the Host Leader and Global Mobility prior to booking, • Book in accordance with the Home Country travel policy and process. You will be reimbursed for your qualifying partner's travel limited to economy class (proof of airfare cost at time of booking is required). Since travel miles are accumulated, you have the option to upgrade seats using travel miles or at his/her own cost, • Book (reschedule travel, if applicable) via the Company's designated travel provider, • Use of a preferred airline (or their preferred international airline partners). <i>Most economical travel fare may result in booking with a non-preferred airline.</i> • Flexibility of flight schedules by you and your spouse are required to allow for selection of the most economical travel fare when booking. • Travel booking must be paid by your corporate credit card or directly to your cost center based on business requirements. <p>Ground transportation to/from the Home Country and Host Country airports are eligible for reimbursement. Ground transportation (i.e. car rental and/or public transportation), lodging, and meals while on home leave are not reimbursable.</p> <p>It is incumbent upon the employee to record and obtain valid receipts for all expenses that will be submitted for reimbursement based on the instructions provided by Global Mobility.</p> <p>Each home leave trip must be recorded in the Home country time off system and reported to Global Mobility and the Company relocation provider, where applicable.</p>
Working Hours and Public Holidays (CORE)	The assignee is subject to host country rules regarding working hours and practices, as well as the local public holiday schedule of the host country.
Emergency Leave (CORE)	<p>As a result of a serious illness or death of an immediate eligible dependent (refer to the home country policy), provisions will be made for the assignee and eligible accompanied dependents to return to the home location.</p> <p>Reasonable paid time-off is at the discretion of the Host Leader. Reimbursement of a round-trip airfare or rail with the designated travel provider, up to five days of reasonable rental car expenses (excluding gas,</p>

	<p>oil, tolls, and parking), as well as transportation to and from the airport, airport taxes, and other direct route transportation costs all in accordance with home country travel policy.</p> <p>The Company will support assignee and eligible dependent needs while dealing with this difficult situation and encourages use of the company's EAP (employee assistance program) where available.</p> <p><i>Refer to Travel to/from the Host Country section for guidance on booking travel</i></p>
Medical Emergency (Core)	Should the assignee or an eligible accompanied dependent suffer critical illness and cannot be treated effectively for the condition locally, the Company's designated healthcare administrator will provide support, and if necessary, the Company will reimburse travel expenses to the nearest center of competent medical knowledge and facilities for the individual to be treated.
Repatriation (CORE)	<p>When the global assignment ends in accordance with policy, the Company and the sponsoring entity will assist with the transition back to the home country or to a new global assignment. This assistance may include return travel, a period of continued tax assistance, a relocation allowance, and air shipment of select personal belongings.</p> <p>The Assignee and eligible accompanied dependents must repatriate from the Host Country to their Home Country no later than 7 days following the assignment end date or when the period of authorized stay per the terms of the employment visa expire, whichever is earlier.</p>
Departure Services (CORE)	Services to assist the assignee and eligible accompanied dependents upon conclusion of the global assignment may include, but not limited to: lease termination and return of security deposit, coordination of end of tenancy cleaning, final walk-through/inspection of rental, household service cancellations, and bank account closures.
End of Tenancy – Assignee Responsibilities	<p>The assignee is required to use a professional end of tenancy cleaning service. The cost of the cleaning services shall be at the assignee's expense.</p> <p>Assignee's responsibility to return the rental property in the same state in which it was received (taking into account normal wear and tear). Assignee is responsible for reimbursing the Company of any unreturned security deposit due to damage, unauthorized alterations or dilapidation to the property.</p>

EXECUTIVE SUMMARY – FLEXIBLE BENEFITS

Flexible benefits are optional offerings determined by business' budget and individual circumstance. In summary, the following flexible benefits may be provided as part of a long-term global assignment:

Loss of Sale on Automobile(s) (FLEXIBLE)	The Company will not ship or store personal automobiles. The assignee may choose to sell an automobile(s) prior to assignment. The Company may reimburse the assignee for any resulting loss based upon the lesser of the difference between the actual sales price and the retail price or a maximum \$2,500 (USD) or the local currency equivalent per automobile (one if unaccompanied and up to two if accompanied by qualifying partner)
Automobile(s) Lease Cancellation (FLEXIBLE)	The Company will not ship or store personal automobiles. If the assignee is leasing an automobile at the time of the assignment and the lease contains a cancellation clause, The Company may reimburse the assignee for lease cancellation fees up to a maximum of \$2,500 (USD) or local currency equivalent per automobile (one if unaccompanied and up to two if accompanied by qualifying partner).
Cultural Orientation (FLEXIBLE)	Through a Company designated service provider, assignees and eligible accompanied dependents may participate in cultural orientation and language instruction programs to understand local customs and culture associated with the host country.
Language Training (FLEXIBLE)	Assignee and eligible accompanied dependents may receive language training as needed. In select jurisdictions, language training instruction is required for the accompanied qualifying partner to obtain the entry visa. The Company- designated provider or the host country HR Manager will assist the qualifying partner with enrollment.
Pre-Assignment Trip (FLEXIBLE)	The Company may provide a trip to the host country for the assignee and qualifying partner to assess the host location, procure host country housing, and determine education options. Eligible accompanied school age dependents may need to accompany due to school admission requirements. Pre-approval is required. When possible, the trip should be combined with a business-related <i>visit</i> to the host country office, totaling two visits as part of pre-relocation support. Until appropriate work authorization is secured in the host country, the assignee shall not engage in productive work during the pre-assignment trip(s) and/or visiting the host country office/location. <i>Refer to Travel to/from the Host Country section for guidance on booking travel</i>
School Search Assistance (FLEXIBLE)	The Company may provide specialized assistance with school search, guidance, information for accompanied dependents of school age, beyond the standard services included from a Destination Services Provider (DSP).
Shipment of Household Goods (FLEXIBLE)	The Company may provide an air and/or surface shipment for household goods at both the beginning of the assignment and upon completion of the assignment if the host country home does not come furnished and/or purchasing furniture in this host country is prohibitive.

	<p>Insurance is included on the shipment of household goods. Insurance value determined by estimated replacement values of goods.</p> <p>When repatriating, the assignee will be responsible for additional shipping costs and any import duty payable on furniture and goods purchased during the assignment, as well as any shipment costs for items outside of the limits outlined above, however, the Relocation Expense Lump Sum Payment included in this policy is designed for this purpose.</p> <p>The Assignee is required to prepare inventories of those goods shipped, including replacement values and full item descriptions. The Company provides moving insurance through its shipping providers based on estimated replacement values of goods. The Company assumes no direct liability for the damage of goods during shipment.</p>
Storage of Household Goods (FLEXIBLE)	<p>The Company may cover the costs of storage and insurance at a capped amount for Assignee's household goods in the Home Country in line with assignment duration as stated in the original assignment letter. The insurance value is determined by the estimated replacement value of goods as agreed upon by the Company.</p> <p>The Company will support packing, loading, and delivery into and out of the primary residence in the Home Country and into and out of the designated storage facility or warehouse as approved by the Company.</p>
Furniture Allowance (FLEXIBLE)	<p>In lieu of a household goods sea shipment, the Company may provide, at its discretion, a one-time furniture allowance at the beginning of the assignment if the Host Country home does not come furnished.</p> <p>Furniture and household goods purchased via the Company's designated monies shall be donated to one of the Company's preferred charitable organizations at the conclusion of the assignment. Global Mobility and the relocation provider shall coordinate the donation.</p>
Excess Baggage (FLEXIBLE)	<p>The Company may provide 1 (one) piece of luggage/baggage fee in line with airline weight allowance per approved passenger for the beginning of the assignment and upon completion of the assignment.</p>
Household Pet Relocation (FLEXIBLE)	<p>The Company may reimburse the transportation only expense up to \$2,500 (USD) or local currency equivalent per household pet for up to two (2) pets. Pet carriers, kenneling, customs, quarantine, licenses, and required health exams and immunizations are excluded from reimbursement. The assignee is responsible for organizing transport and any liability associated with the pet(s) relocation.</p>
Host Country Transportation (FLEXIBLE)	<p>The assignee may dispose of personal automobile(s) at both the beginning and end of the assignment. Lease cancellation assistance may be provided. Refer to the Automobile(s) Lease Cancellation section for details.</p> <p>While on assignment, the assignee may receive a monthly transportation allowance or benefit to assist with public transportation or the cost with automobile leasing and insurance based on host country practices. Gas and maintenance is the assignee's responsibility. Eligibility is determined by host country practice and home country car benefit eligibility (will not receive both).</p>
Temporary Accommodations	<p>The assignee may be eligible for temporary accommodations in the home and/or host locations. The Company will reimburse the costs of temporary</p>

(FLEXIBLE)	<p>accommodations, in accordance with the Company's business travel policy for assignee and any eligible accompanied dependents. The assignee should make every effort to minimize the number of temporary living days.</p> <p>Global Mobility will provide instruction on the expense reimbursement process. It is incumbent upon the assignee to record and obtain valid receipts for all expenses that will be submitted for reimbursement.</p>
Family Assistance (FLEXIBLE)	<p>The Company and the sponsoring entity may provide a reimbursement to further accompanied family member's personal and career development in the host country and upon returning to the home country.</p> <p>Assignee must obtain pre-approval by Global Mobility prior to use of the benefit and reimbursement.</p>

PRE-ASSIGNMENT

Review and Agreement of Terms and Conditions of Assignment

Prior to accepting a global assignment, the assignee will be provided with the following information to become familiar with the Company mobility policies and compensation programs:

- **Long Term Global Assignment Executive Summary** outlining general information of how the Company will support the assignment.
- **Letter of Assignment** outlining assignment terms and explaining the method of compensation. The assignee must return a signed copy of the WBA Assignment Letter, acknowledging their understanding and agreement with terms and conditions of the assignment. After the assignment letter is fully signed by the assignee and the Company, preparation for the relocation process to the host country may begin.

Assignment Briefing (CORE)

IMPORTANT: The assignee should not take any action toward the assignment, including, but not limited to, booking travel, reserving accommodations, shipping goods, etc. until the consultation has taken place and the assignee has been directed to do so.

Accepting a global assignment may be one of the most important decisions one makes during a career at the Company. WBA Global Mobility and its relocation providers will provide assistance with all aspects of this decision and transition.

An important part of the global assignment will be the process of moving to/from the host country. In partnership with WBA Global Mobility, the assignee and qualifying partner (optional) may receive an introductory briefing from the Company's designated global assignment counselor (when applicable) in concert with Global Mobility. The assignment briefing is designed to ensure the support that will be offered, as well as an opportunity to discuss any unique circumstances that may exist which require special handling. Thereafter, the Company's designated global relocation provider may be designated to assist with details associated with living and working in the host country. The global relocation provider will contact the assignee within 24-48 business hours of initiating the global assignment.

Throughout the assignment process, the global relocation provider will act as the Company's agent. Therefore, it is critical that the assignee provide to the Company any feedback on our designated relocation provider so we can assess and continue to provide high service levels.

Immigration and Travel Documents (CORE)

IMPORTANT: The assignee is not permitted to travel or relocate to the host country and begin the assignment until all necessary entry visas and work permits are obtained. Should the host country border agents refuse to grant leave to enter/remain in line with the visa application, the Company will have no choice but to withdraw its offer of assignment. Please be aware that jurisdictional administrative processes may influence the formal date for initiation of the assignment.

The assignee may receive an introductory briefing with the immigration legal representative. The purpose is to provide an overview of the process, an understanding of the travel documents necessary to proceed, and the proposed timescales to obtain the work permit. A work permit provides the legal authorization to a non-citizen to work in another country. Immigration laws that

govern the terms and conditions of employment are complex and vary by country and situation. It is important that employees are legally authorized to enter another country and perform work, regardless of where the work is performed.

Eligibility for a long-term global assignment is contingent upon the assignee providing all relevant documentation in a timely manner and completing all required immigration forms. The Company's designated immigration legal representative will manage the application filling and associated administrative steps necessary to secure the work permit and/or entry visa in advance of the assignment. At a minimum, a valid passport is required for a non-resident to apply for a work permit or entry visa to the host country. In some countries, it may be considered a criminal offense to engage in work without the necessary travel documentation.

The accompanied qualifying partner and eligible accompanied dependents will receive assistance from the Company in order to obtain the appropriate immigration-related documentation. The assignee will be compensated for any directly related fee(s) for work and/or residence permits and visa entry documents. If a visa does not allow an assignee's qualifying partner to work in the host country, the qualifying partner will not be compensated for this loss of income.

The assignee is to make both home and host country HR, and the provider completing the documentation for their application, aware of any dependent issues that may affect their visa application. These could be a variety of circumstances; therefore, it is important they are considered early on in the application process so that any potential issues can be considered well in advance.

Immunizations, Physical Examinations, and Testing (CORE, where required)

The availability of medical care in the host country may differ from the medical facilities available in the home country. If not already required to enter the host country, assignees are strongly encouraged to undergo a medical consultation and/or examination before the assignment to address any medical needs and/or receive or demonstrate compliance with immunization, vaccinations, and testing requirements. The assignee may incur expenses (if not covered by insurance) for legally required examinations, testing, and immunizations/vaccinations for the assignee and eligible accompanied dependents. The Company will coordinate the payment and delivery of these services.

Assignee and eligible dependents may be required to undergo medical consultations and/or health/medical related examinations and tests prior to assignment initiation. Assignee will be required to demonstrate compliance with the COVID vaccination per Company policy and may be required to show compliance with other immunizations. Eligible accompanied dependents will need to comply with host country requirements for the COVID vaccination and other immunizations for temporary residents.

Global Safety and Security Services (CORE)

Assignees are required to undergo a safety and security briefing, including location-specific content and standard recommendations, with the Company Global Security team prior to leaving the home country and starting their assignment. Throughout the international assignment, the Global Security team provides assignees and eligible accompanied dependents 24/7 safety, security, and medical information and support, as well as enhanced monitoring services.

Accompanying the services provided by the Global Security team, assignees and eligible accompanied dependents have a corresponding responsibility to exercise sensible safety and security precautions.

Cultural Orientation Program (FLEXIBLE)

To help better understand local customs and policies associated with the assignment location, the assignee and eligible accompanied dependents may be eligible to attend an in-person or online cultural orientation program through the Company's designated service provider. A specialist will conduct a needs analysis and work with the individuals to tailor the level of training.

The types of assistance that may be provided include an introduction and understanding of:

- The country, its politics, and its history
- The cultures, customs, and etiquette of the country
- The impact of the culture's customs and values on work and social life
- Preparing to work with new colleagues in the host location
- How to adapt and deal with cultural differences

Language Training (FLEXIBLE)

Considering the importance of local language competence in attaining desired business results, language instruction may be necessary to support success of the assignment. Based on the location, length, and objective of the assignment, the Company will identify the language training best suited to make the transition to the host country.

In select jurisdictions, language training instruction is required for the accompanied qualifying partner to obtain the entry visa. The Company-designated provider or the host country HR Manager will assist the qualifying partner with enrollment. Where language training is not required, language instruction may be provided to the assignee and eligible accompanied dependents (subject to approval by Global Mobility) by a Company-designated provider. The length of the training may vary depending upon the location, length, and objective of the assignment and may be provided for up to 100 hours in total.

US outbound assignees to Switzerland, language proficiency is required for the accompanied qualifying partner. Enrollment in an approved course is required to pursue the spousal work/resident permit. If the business agrees to extend the work/resident permit of the assignee and qualifying partner, the qualifying partner must provide a certificate of language proficiency.

Family Assistance (FLEXIBLE)

The Company and the sponsoring entity may provide a reimbursement to further accompanied family member's personal and career development in the host country and upon returning to the home country.

Assignee must obtain pre-approval by Global Mobility prior to use of the benefit and reimbursement.

Travel to/from the Host Country (CORE)

With prior approval from the Host Leader and Global Mobility, the assignee and eligible accompanied dependents may be reimbursed for costs associated with travel to/from the host

country for: pre-assignment trip, final relocation trip to host country, emergency or medical leave, and repatriation trip to home country.

Airfare or rail travel must be in accordance with the Company business travel policy and guidelines.

The Company may provide or reimburse the following expenses associated with travel to/from to the host country based on the following guidelines:

- Roundtrip air or rail travel (or one-way, whichever is most economical) is to be pre- approved by the Host Leader and Global Mobility, booked (or rescheduled travel when necessary) in accordance with the home country travel policy and process, i.e. book (reschedule travel, if applicable) via the Company designated travel provider, use of a preferred airline or rail, select most economical roundtrip travel fare (or one-way for relocation/ repatriation travel to/from home location).
- Roundtrip travel (or one-way travel, whichever is most economical) and ground transportation cost reimbursements are limited to the lowest available direct route to/from the host location in line with the home country travel policy and approval via the normal authorization procedures.
- Reasonable cost of lodging (room rate plus tax), if necessary. En-route lodging limited to one night may be due to travel delays or layovers, if applicable.
- Reasonable cost of meals while en route from the assignment location to the home location. Standard per diem is USD 60 per person per day or local currency equivalent.

It is incumbent upon the employee to record and obtain valid receipts for all expenses that will be submitted for reimbursement based on the instructions provided by Global Mobility.

Pre-Assignment Trip (FLEXIBLE)

A pre-move visit to the host country may be offered pending immigration requirements to assist the assignee and qualifying partner in making arrangements prior to the assignment. The Company may provide one trip to the host country with prior approval from Global Mobility. The Company's designated destination services provider will assist with the process of home search and, if applicable, school selection and/or school admission requirements with school-aged eligible accompanied dependents during the visit in the host location.

The trip should not exceed five days for cross continental trips excluding travel time; moves within Europe, the visit is up to three days in length inclusive of travel time. When possible, the trip should be combined with a business-related *visit* to the host country office, totaling up to two visits as part of pre-relocation support.

Until appropriate work authorization is secured in the host country, the assignee shall not engage in productive work during the pre-assignment trip(s) and/or visiting the host country office/location.

Refer to the [Travel to/from the Host Country section](#) for guidance on booking travel.

RELOCATION

Home Location Housing

Homeowner

The Company encourages the retention of home country home for ease of repatriation. An assignee who is a homeowner is free to manage his or her principal residence as the assignee sees fit. If the assignee decides to sell or rent the residence, careful consideration should be given to the financial and tax implications of selling or renting the primary residence in both the home and host location. The Company does not provide any type of home sale or rental income support. The Company will not reimburse capital gains tax levied on the sale of residential property, or reimbursement of any other expenses related to property ownership in either the home or the host location.

Renter (CORE)

If the assignee must break a lease for the primary residence in the home country location as a result of accepting a global assignment, the assignee will be reimbursed for fees or rental loss charges levied by the landlord, for the remainder of the lease for up to a maximum of 2 months.

Loss on Sale of Automobile(s) (FLEXIBLE)

The Company will not ship or store personal automobile(s). Should the assignee choose to sell or dispose of an automobile(s) prior to assignment, The Company may reimburse the assignee for any resulting loss based upon the difference between the actual sale price and the retail value based on the home country's automobile valuation resources used by the Company, with a maximum based on **the lesser of the difference** between the actual sales price and the retail price or a maximum \$2,500 (USD) or the local currency equivalent per automobile (one if unaccompanied and up to two if accompanied with qualifying partner). Proof of sale will be required. This policy does not apply to recreational, antique or commercial automobiles or automobiles sold to family members. The Company will pay the actual tax on this reimbursement. An example of the reimbursement calculation for loss on the sale of the Home Country vehicle is provided below.

	One Automobile (USD)
1. Retail Value	\$10,000
2. Sale Price	(\$6,000)
3. Loss on Sale (Line 1 less Line 2)	\$4,000
4. Reimbursement Loss on Sale (Lesser of 3 and \$1,000)	\$2,500

Automobile(s) Lease Cancellation (FLEXIBLE)

If the assignee is leasing an automobile at the time of the assignment and the lease contains a cancellation clause, the Company may reimburse the assignee for lease cancellation fees up to a maximum of \$2,500 (USD) or local currency equivalent per automobile (one if unaccompanied and up to two if accompanied with qualifying partner) from the time the dealership is notified that the assignee is relocating. The following must be supplied to receive lease cancellation reimbursement:

- Payment documentation of any cancellation charge
- The lease
- A legal document from the dealership releasing the assignee from all lease obligations, including cancellation charges

Destination Services (CORE)

The assignee may be provided destination services in the host location, to assist the assignee with settling into the new environment and complying with local requirements.

This typically includes:

- Home-finding assistance and lease negotiation;
- Transportation advice;
- Telecommunication and utility installation guidance;
- Area orientation;
- Assistance with opening bank accounts, obtaining driver's licenses, local government paperwork, etc.;
- Health care and leisure activity guidance;
- Move in and move out procedures, as required;

School Search Assistance (FLEXIBLE)

The relocation company support services may be extended to include specialized assistance for eligible accompanied dependents (i.e., the selection of schools for accompanying children) beyond the standard services included from destination services. Pre-approval from the Host Leader and Global Mobility is required.

Temporary Accommodations (FLEXIBLE)

The assignee may be eligible for up to a maximum of 30 days of temporary accommodations in the home and/or host locations in the event the home country residence needs to be vacated prior to departure and/or a long term rental property is not secured and/or your household goods have not arrived in the host location concurrent to your assignment start date. The assignee should make every effort to minimize the number of temporary living days.

The Company will reimburse the costs of temporary accommodations, in accordance with the Company's business travel policy for you and any eligible accompanied dependents. Global Mobility will provide instruction on the expense reimbursement process. It is incumbent upon the assignee to record and obtain valid receipts for all expenses that will be submitted for reimbursement.

Shipment of Household Goods (FLEXIBLE)

The Company will only pay for shipping household goods from/to the home country and to/from the host country when a furnished or (easily furnished locally) home option is not feasible. In this case, the most effective method of shipment(s) will be used. Covered expenses include the cost of packing, shipping, standard import or customs fees, and unpacking the household goods. Both the collection (in the home country) and delivery (in the host country) of goods is limited to one location (the principal residence). Weight and volume limits for shipments are outlined below.

Shipping Method	Assignee Only	Accompanied Assignee* (Assignee and eligible accompanied dependent(s))
Air Shipment	D Container, approximately 1.8 cubic meters / 62 cubic feet gross (typically holds 300-400 lbs.)	LDN Container, approximately 2.7 cubic meters / 95 cubic feet gross (typically holds 400-500 lbs.)
Surface Shipment **	20 foot / 3 meter container (Typically holds 6,000-7,000 lbs. or equivalent to a 2-3 bedroom apartment)	Up to 40 foot / 6 meter container (Typically holds 14,000-16,000 lbs. or equivalent to a 3-4 bedroom home)
<p>*For each additional eligible accompanied dependent, air shipment is increased by 150 lbs / 70 kg., subject to space limits within appropriate containers</p> <p>**Where movement is possible by truck as an overland move, no air shipments will be made, and additional surface shipment will be permitted to include the volume of the air-shipment not utilized.</p>		

A list of excludable items that applies to all types of shipping and insurance is detailed in Appendix B.

The assignee may be provided with a basic shipment of family items when renting a semi- furnished property in the host country) via the most cost economical shipping method.

When repatriating, the assignee will be responsible for additional shipping costs and any import duty payable on furniture and goods purchased during the assignment, as well as any shipment costs for items outside of the limits outlined above, however, the Relocation Expense Lump Sum Payment included in this policy is designed for this purpose.

The assignee is required to prepare inventories of those goods shipped, including replacement values and full item descriptions. The Company provides moving insurance through their shipping providers based on estimated replacement values of goods. The Company assumes no direct liability for the damage of goods during shipment.

Excess Baggage (FLEXIBLE)

The Company may provide 1 (one) piece of luggage/baggage fee in line with airline weight allowance per approved passenger for the beginning of the assignment and upon completion of the assignment.

Household Pet Relocation (FLEXIBLE)

Domestic pets are defined as those normally found living in a house with the family members, such as dogs and cats. Costs of transport only (not including pet carriers, kenneling, customs, quarantine, licenses, and required health immunizations) may be reimbursed for up to two (2) pets up to \$2,500 or the local currency equivalent per pet. Any expenses above this amount are to be covered by the assignee. The Relocation Expense Lump Sum Payment is provided for these purposes.

The assignee is responsible for making any arrangements regarding the shipment of pets and must take full responsibility for the safe arrival of the pets. *Note: the designated service provider can assist the assignee become educated on the costs, customs, importation and quarantine restrictions, and requirements for bringing animals into the host country and for returning animals to the home country and may provide a resource to coordinate the various components of the pets' move.*

Paid Time-Off to Relocate (CORE)

Assignees may be given up to two days paid leave to be used for relocation purposes to the host country in accordance with home and host country management discretion. Assignees should discuss taking time off at the end of their assignment with the relevant managers, and this should be taken into account when setting the return dates. Consideration must be given to the expiration of work permits and visas as the Company will not pay for extensions to cover a period of time off.

Settling-in Time (CORE)

The assignee may be allowed up to three days of paid time off to settle into host country housing, in accordance with host country management discretion for services listed in the Departure Services section.

TAX

Pre-Departure Tax Briefing (CORE)

It is important that the assignee is familiar with the Company's tax equalization program, including how they are taxed while on assignment and their home and host country tax filing requirements.

To facilitate this, the Company will arrange a meeting with the designated international tax provider to review the tax equalization program and to discuss tax-effective planning in relation to the global assignment and related Company compensation. Tax planning in respect of personal income is outside of the scope this meeting.

Meetings will be arranged in both the home and host country at both the start and end of the assignment to review and clarify the assignee's residency position and tax, social security and reporting obligations in relation to the assignment in both locations. In addition, they will provide assistance in relation to completing the relevant registration and deregistration forms in each location.

Tax Equalization (CORE)

As a consequence of the assignment, the income and social taxes due by the assignee will differ from the amount due in their home country prior to the assignment. This can be due to a number of factors which include:

- Income taxes and sometimes social security in the host country becoming due and at different rates when compared to the home country.
- Assignment compensation and allowances becoming liable to taxes in the host and also sometimes the home location.

To address the differences in tax and social security as a result of the assignment, the Company will neutralize the tax and social security impact of the assignment in relation to the Company related income by applying tax equalization.

Tax equalization aims to ensure that the individual is neither advantaged or disadvantaged, from a tax and social security perspective, as a result of the assignment and seeks to ensure that variances in taxes do not influence an individual when considering an international assignment.

Through tax equalization, the assignee is held to their home country tax and social security rates on their normal WBA compensation. To do this, a hypothetical tax calculation is prepared each year based on the assignees non-assignment compensation items. The hypothetical tax is then deducted from the assignee each pay period in their home country payroll in place of actual tax. The company is then responsible for settling the actual host, and where required, home country taxes on behalf of the assignee.

If the host country taxes are higher than the hypothetical tax withheld from the assignee, the company will assume the difference and likewise, where the host country liability is less than the hypothetical tax withheld, the company will retain the balance.

The hypothetical tax calculation is an estimate of the taxes due by the individual and while every effort is made to ensure that the calculation is accurate, there may be instances where additional taxes may be due by the assignee or the hypothetical tax was overstated and a repayment is due to the assignee.

To ensure therefore that the assignee and the Company have paid the correct amount of actual and hypothetical taxes, the designated international tax provider will prepare a reconciliation calculation, known as a Tax Equalization Calculation (TEC), after the end of each tax year. The TEC is based on the individual's **non-assignment** related WBA income and personal income.

If the TEC shows an underpayment, the assignee will be required to make an additional payment to the Company within 30 days of a refund issued by the tax authorities and likewise if the TEC shows an overpayment, the Company will make a payment to the assignee. Personal income tax liabilities resulting from non-WBA income in home and host country tax jurisdictions will be the employee's responsibility. Tax credits resulting from taxes paid by the assignee on personal income belong to the assignee.

A copy of the TEC will be shared with the assignee by the designated international tax provider, who will also notify the Company of the result of the TEC. As the TEC may include details of personal income, a full copy of the TEC is not shared with the Company.

The principles of tax equalization apply to the assignee and do not extend to the qualifying partner or any dependents. The qualifying partner and dependents are therefore responsible for their own tax and social security liabilities in the home and host locations.

In cases where the assignee has dual citizenship or there is a tax obligation in more than two jurisdictions, the application of tax equalization will be reviewed on a case-by-case basis by the Company.

The application of hypothetical tax, the TEC and basis of host country taxation can be shown as:

Host Country taxes paid by WBA			Total basis for host country tax calculation
Assignment Allowances and Benefits e.g. COLA, housing, schooling, relocation expenses			
Personal Income e.g. Investment income, rental income		Basis for Tax Equalization Calculation (TEC)	
WBA Regular Income e.g. Base salary, home country allowances and benefits, bonus	Basis for Hypothetical Tax Calculation		

Tax Return Preparation (CORE)

To help the assignee meet their filing and reporting requirements as a result of their global assignment, the Company will authorize the designated international tax advisor to provide assistance in preparing both home (if required) and host country income tax returns.

Such assistance will relate to the years in which the assignee is physically on assignment, years in which trailing income relating to the assignment period is received and any other year as required to recover or address assignment related tax credits or payments.

It is the assignee's responsibility to comply with any (home and) host filing requirement in a timely manner and comply with deadlines set by the tax authorities or the designated international tax provider.

The assignee is responsible for providing full and complete information in respect of personal income in the requested format. Any penalties or interest which arise as a result of the assignee

failing to provide full and complete personal income information may be for the assignees account. The payment of personal income taxes and compliance with personal income tax requirements in both the home and host countries is the responsibility of the assignee.

Tax return amendments required as a result of the assignee providing additional personal details or income after the tax return has been prepared are likely to incur additional charges from our designated international tax provider and will be for the assignee's account.

In addition to providing assistance with preparing and filing the relevant tax returns, the designated international tax provider will also provide assistance in respect correspondence or enquiries from the tax authorities to the extent that they relate to the assignment period and company paid income or reimbursed expenses.

Social Security / National Insurance - UK (CORE)

Assignees will normally remain in their home country Social Security (National Insurance in the UK) system while on assignment, and standard employee-paid contributions will be withheld from the home country payroll. Employer contributions will continue to be made by the employer. The Company will generally arrange for the form A1/Certificate of Coverage applications, if appropriate. An A1/Certificate of Coverage can enable the assignee to continue to participate in their home country system while on assignment and the Company will arrange for the A1/Certificate of Coverage application and any appropriate extensions to be made.

In the event the assignee is required to participate in the host country's social tax system, the employer will initially make payment of all employer and employee contributions on the assignee's behalf. Dependent upon any home country social tax liability, the employee contributions may ultimately become the assignee's responsibility.

Where employee contributions are no longer due to the authorities in the home country, i.e. because the host country is not a reciprocal agreement country to the home country, the assignee will continue to receive a deduction in their hypothetical tax and tax equalization calculations equal to the stay at home position.

Pension (CORE) – not applicable to the U.S.

To the extent applicable and possible, the assignee will remain an active participant in the home country pension scheme. In order to remain a participant, the assignee's current position will be reviewed as the assignee may need to join the pension scheme prior to accepting the overseas assignment. Any contributions made to the pension scheme will be included in the hypothetical tax and tax equalization calculations. The Company will tax equalize employee contributions up to a maximum of 8% at its absolute discretion.

No compensation to the assignee will be made for any loss of future pension / retirement benefits arising from having to opt out of a current company or personal pension plan due to accepting the assignment.

ASSIGNMENT COMPENSATION AND ALLOWANCES

It is intended that the assignee does not gain or lose purchasing power as a result of the international assignment. For this reason, the Company uses a "compensation worksheet" approach in the form of a cost estimate. Under this approach, compensation and living expenses are calculated using standardized market data, which compares a comprehensive "market basket" at the home country work location to the host country work location.

Expenses such as housing, the cost of goods and services, and income taxes are normalized to ensure that, in principle, your out-of-pocket net income is approximately the same amount had the assignee remained in the home country. This methodology helps to ensure the assignee is not financially disadvantaged due to the change in living costs in the host country. To achieve this, the Company protects the home country salary against host country living costs through adjustments, allowances, and benefit provisions.

The Company reserves the right to deliver various elements of global assignment compensation, adjustments, and/or reimbursements in the most tax efficient manner, pursuant to the laws and regulations of each country. Where the global assignment policy and other Company-provided benefits have inconsistent applications, the assignment policy and local law will determine the final benefit provided. All benefits are provided as stated throughout this policy and as detailed in the Letter of Assignment.

Salary (CORE)

Base salary is determined according to the home country compensation policies and guidelines and denominated in the home country currency. It is therefore expected that while on assignment, the base salary will not change other than for typical merit and promotional increases. Eligibility for these types of recognition remains subject to the standard company processes and practices.

Merit and promotional increases for assignees are reviewed and awarded according to normal home country practice for all assignees and will be based on the performance of agreed upon goals with the host country assignment.

Incentive Bonus (CORE)

Bonus eligibility and practices is according to the home country policies and guidelines and denominated in the home country currency. Bonus is calculated based on host country performance while on assignment.

Long-Term Incentive Awards (CORE)

Assignees will receive long term incentive awards under the same programs as in the home country. Prior to a stock distribution, your taxes will be reviewed by the Company's designated international tax provider to determine the tax effect of your distribution in your home country and your host country. If you are wanting to exercise stock options, please advise the Company's designated international tax provider prior to exercising your option.

Other Compensation and Benefits

Relocation reimbursements, allowances and other "additional income" paid to the assignee will not be considered as earnings for determining compensation awards, bonus, benefits coverage, or deductions.

Relocation Expense Lump Sum Payment (CORE)

After agreeing to the terms of the assignment and signing the Repayment Agreement, the assignee will receive a relocation expense exception net payment designed to cover relocation expenses not covered by the policy. The payment is designed to reduce record-keeping requirements for expenses, simplify administrative processes, and provide the maximum flexibility to manage cash flow during relocation. If actual expenses are less than the payment, the assignee may retain the unused portion. Conversely, if expenses exceed the payment, the assignee will be responsible for these costs. No receipts are required to obtain this payment.

The relocation expense exception payment in the amount of \$4,000 (USD) / 3,000 GBP or the local currency equivalent is provided to cover the following expenses but not limited to:

Vehicle registrations and driver's license	Mail forwarding
Banking fees/charges for currency exchange	Small appliances
House cleaning	Tips and gratuities
Childcare expenses	Transformers and electrical adapters
	Curtains, blinds, etc.

The Company will cover the miscellaneous relocation expenses associated with home finding, meals, and ground transportation to the host country when applicable. The payment will be calculated based on factors such as number of eligible accompanied dependents and destination.

- **Meals:** Meals for pre-assignment trip (if applicable), home-finding, and final move to the host country.
- **Transportation to/from Airport:** To be used for transportation to/from the airports in the home and host countries.
- **Rental Car:** For pre-assignment (if applicable) and home-finding trip only
- **Hotel:** For pre-assignment (if applicable) and home-finding trip, based on average rates in the host location

Airfare or rail travel costs and temporary accommodations are excluded.

Refer to the [Travel to/from the Host Country section](#) for guidance on booking travel and [Temporary Accommodations](#) section for further guidance.

Cost of Living Allowance (CORE, where applicable)

A Cost of Living Allowance (COLA) may be provided to ensure that the equivalent purchasing power of goods and services in the host country as in the home country. This allowance covers the differences in all living costs except housing, vehicle, taxes, and education, which are addressed separately in this policy up to a salary amount of \$300,000 (USD) or 250,000 GBP or the local currency equivalent. Eligibility for the COLA begins on commencement of assignment in the host country. Payment of the allowance will cease once assignment ends, or to assume a new global assignment, or is localized.

The Company's designated market data provider will determine the data necessary to calculate any difference in the cost of a comparable market basket of goods and services between the home and host locations. A market basket, or a sample representation of goods and services, is priced in both the home country and the host country in order to determine the differential. The market basket includes, but is not limited to, the following categories: food at home (meat, fish, dairy; groceries; fruits and vegetables), tobacco and alcohol, personal care, furnishings and household operations, clothing, recreation, domestic service and food away from home.

While it is possible for the COLA to be negative in some home-host country combinations, reflecting much lower costs in the assignment location, negative COLA will not be deducted in the assignment salary calculation (i.e., it will be zero).

The assignee is responsible for the portion of costs that would have been used to purchase those goods and services in the home country. The Company will then provide an allowance which represents the difference for goods and services between the host location and the home location and is remitted on a monthly basis. Exchange rates will periodically be monitored. The host country allowance will be reviewed upon the following changes:

- Change in home country base salary
- Movement in exchange rate, up or down 5% or greater over a period of three consecutive months
- Change in number of eligible accompanied dependents in the host country

The allowance may be adjusted, either upward or downward, to reflect changes in the economic tables. Differentials between home and host countries will vary by salary, number of eligible accompanied dependents (full-time university dependents living away from host country residence for a period up to three months in a calendar year will be excluded from COLA calculation), and work location. Therefore, it is unlikely that assignees in the same assignment location will receive identical COLA. COLA will typically be paid in the home country on an on-going basis based as a net payment through payroll in the home country. Any tax and social security liability on this payment will be met by the company.

Host Country Housing and Utilities (CORE)

A host location housing budget is calculated by the Company's designated market data provider. The housing budget is designed to help with the expense of rent and utilities costs for a rental property in the host country that would be reasonably expected according to the work location and number of eligible accompanied dependents. It is not the intent of the company to replicate home country housing, or a particular standard or lifestyle.

The housing budget reflects standard housing in the assignment location. Local real estate agents identify appropriate living communities for assignees based on safety and convenience. Housing budgets are based on work location and number of eligible accompanied dependents are established by a Company designated market data provider from actual cost surveys in these communities.

If the assignee chooses to exceed the approved housing budget, the excess spending is the assignee's responsibility.

The Company's designated destination services provider will assist the assignee with identifying appropriate rental properties, property visits, lease negotiation, lease review and execution according to the Company's requirements.

Due to the complexities of seeking residential rentals in foreign countries, unaccompanied home finding visits and lease offers without the Company's designated destination services provider are not approved and such costs will not be covered or reimbursed.

In certain countries it is most tax effective for the Company to pay housing costs directly to the landlord. In those cases, the lease will be in the Company's name and the Company will pay the rent directly to the landlord.

The Company will pay the cost of any required finder's fees, tax stamps, and security deposit, as well as any other normal and reasonable costs related to the lease agreement. The Company will also pay for renter's content insurance (personal standard household items) and for specific maintenance charges such as lawn care and snow removal as long as they are within the approved rent budget included in the monthly rent.

Host Country Home Ownership

Host country home ownership can result in significant tax and legal consequences. The purchase of a residence in the host location is strongly discouraged due to the temporary nature of the international assignment. Should the assignee choose to purchase a residence; a housing benefit will no longer be provided. The assignee is required to notify the Company's designated relocation provider prior to purchasing a property so that the housing support can be terminated. Should the assignee not notify the Company's designated relocation provider in advance, there will be a requirement to reimburse any duplicative housing payments immediately to the Company.

In addition, no assistance will be provided for the purchase, sale, or operation of an owned residence in the host location. Any costs arising from such home ownership will be borne by the Assignee including payment of any utilities and maintenance. The Company accepts no responsibility for losses resulting from the purchase of housing in the host location; including but not limited to losses as the result of market conditions, exchange rate fluctuations, taxes, or other causes, including early termination of the assignment. In addition, should the purchase of housing increase individual tax liability in the host location, the Assignee will be responsible for this increased cost.

Dependent Education (CORE)

If the assignee has authorized eligible accompanied dependents, assistance with minor dependent schooling may be provided for these dependents who are of the country's required minimum age to attend through the end of normal secondary education, based on the home country educational system.

Eligible accompanied dependents should attend the local, no-fee schools if their academic needs can adequately be met. If, due to a specific educational need or advancement concern, the dependents academic success cannot be met by the academic curriculum of the local school, the assignee may request a review. Authorization to select an alternative fee-based school will be considered after all factors have been evaluated. Assignee should be mindful of the dependent's grade-level advancement upon return to the home country at the end of the assignment.

Examples of situations where academic needs would not be met are:

- After the local educational system branches into a two-tier system (university preparation versus vocational or trade school preparation; higher/lower or shorter/longer stream); or
- When it is devoted to passing a special test connected with a two-tier system (e.g. in the British system when a child's education is directed towards the passing of the "GCSE" or "Advanced" level examinations).

In the event that no-fee local host country schools are deemed to be inadequate as outlined above, assignees will be compensated for reasonable actual expenses of educating their eligible accompanied dependent children in an alternative fee-based school (for example, an international, private or special education needs school). To be compensated for costs of attending an alternative school, the school must be selected with prior approval of Global Mobility and the Host Leader.

If the eligible accompanied dependents attended private, fee-based schools in the home country, it is expected that the assignee will contribute the equivalent amount for private school education in the host country. Any remaining balance may be covered by the Company up to a cap of \$15,000 (USD) or the local currency equivalent per minor eligible accompanied dependent per academic year.

Primary and Secondary Education

The definition of primary and secondary education is based on that of the home country. In the event eligible accompanied dependent children have not yet completed secondary education (normally by age 18), the assignee will be reimbursed on an annual basis for each year the assignee are on assignment for the following educational expenses:

- Tuition, registration, and applications fees*
- Required textbooks

*Tuition, registration, and application fees are defined as any required expense that results from requirements to complete secondary education. Examples of acceptable reimbursable expenses include are semester/term tuition and registration fees, not covered are mandatory off-campus classroom work, field trips, language trips, music lessons, school uniforms, tutoring, extra-curricular activities, sports, summer camps, etc.

Educational reimbursements or allowances will be grossed-up to account for the additional tax liability.

Post-Secondary Education

Post-secondary education is defined as any education undertaken after the end of secondary education (see section entitled "Primary and Secondary Education"). Costs for post-secondary education (such as university) will not be reimbursed.

Host Country Transportation (FLEXIBLE)

The assignee may dispose of personal automobile(s) at both the beginning and end of the assignment. Lease cancellation assistance may be provided. Refer to the [Automobile\(s\) Lease Cancellation](#) section for details.

Depending on the host country's local practices and requirements, the Company may cover transportation costs (grossed-up for the additional tax liability) in the host country by one of the

following methods. However, no additional amount will be provided if the assignee is receiving a car benefit or allowance as part of the terms and conditions of his/her employment in the home country. A dual transportation benefit is not permitted.

- Pay a transportation allowance for public transportation needs.
- Pay a transportation allowance or direct payment to the leasing company to recognize costs needed to lease/own, insure, and operate (not including gas and standard maintenance costs) one personal vehicle in the host country.
- The provision of a company car for use in the host country. If provided the employee is expected to comply with host country and company rules and policies regarding the use of a company car.
- In hardship locations, the Company may provide a car with a driver if it is local custom or warranted based on security concerns (limited to one car with driver).

In accordance with local practice and policy in the host country, the assignee may be able to participate in the host country's company car program. There is no guarantee that the assignee will be provided a car of the same or similar home country standard in the host country and no compensation or upgrade for this will be provided. If a car is provided, the assignee's hypothetical tax calculation will be adjusted to reflect the car provision, in line with home country tax treatment of car benefits, where this is not already included.

Assignees must ensure they comply with local driving regulations and have the correct driving license and insurance. All applicable tests must be taken within the required time limits. The Company will not accept responsibility for the failure of an assignee to comply with local road transport regulations. The assignee may also be required to personally visit the car dealership or vehicle provider to pick-up and formally accept the vehicle for use during the assignment.

Local practice in the host country may not be customary to drive a personal vehicle, then either a transportation allowance or a company driver may be available to the assignee. This decision will be made by Global Mobility at its absolute discretion. If the assignee is provided with a company driver, information on how this provision may be utilized will be provided by Global Mobility.

If the assignee receives a cash allowance in lieu of a company car, then this allowance will be factored into the assignee hypothetical tax calculation.

Hardship Allowance (CORE)

The hardship allowance is paid in assignment locations established by the Company's designated market data provider from actual cost surveys in these communities. The allowance is to recognize any difficult living, working, climatic conditions and physical hardships experienced while on assignment. The market data provider monitors periodically due to changing world conditions and competitive developments.

Healthcare Benefits (Core)

The Company will provide the assignee and eligible accompanied dependents International Health Insurance while on assignment. The premiums paid for these services will be covered while on assignment. Prior to returning to the home country, the assignee will be enrolled or permitted to enroll in any home country coverage, if applicable.

The assignee and the number of eligible accompanied dependents if covered by the medical plan and will have available medical, dental and vision coverage comparable to that in existence at the

home country. The assignee may be required to complete an application for coverage. Benefit cards will be provided along with a briefing for International Health coverage prior to relocation.

Host country medical coverage, or private international medical insurance coverage, will be arranged for the period of the assignment to cover the assignee and any eligible accompanied dependent. This will depend on home country medical benefit provision currently in place including state provision.

It is the assignee's responsibility to make sure they are aware of the process for obtaining healthcare including what to do if they or any eligible accompanied dependents has an accident and need emergency medical treatment.

TIME OFF BENEFITS (CORE)

During the global assignment, time off benefits will be in accordance with the Company policy of the home country and practice in the host country. Time off requests should be approved by the Host Leader and recorded in the home country time off system. Exceptions to this general rule as stated in other sections of this policy, (settling-in-time, public holidays, and emergency leave).

Working Hours and Public Holidays (CORE)

The assignee is subject to host country rules regarding working hours and practices, as well as the local public holiday schedule of the host country.

Home Leave (CORE)

The Company strongly encourages the assignee and eligible accompanied dependents to take up to two home leaves each assignment year so that they will have the opportunity to visit relatives, maintain business relationships, and attend to personal business. Home leave should not normally be taken within three months of the start and end of the assignment.

If the assignee elects not to travel to the home location or does not take a home leave, he/she will not be entitled to reimbursement or cash in lieu of home leave. Unused home leave may not be carried over.

While on home leave, the assignee should not be engaged in work in support of the host country business while physically present in the home country. Infrequent incidental business activities (responding to an occasional email or occasional phone call) are permitted, however, engaging robustly is prohibited. Should the assignee have questions about what activities are acceptable while on home leave, the assignee should contact Global Mobility prior to confirming plans to take home leave.

Airfare or rail travel must be in accordance with the Company business travel policy and guidelines.

The Company may provide or reimburse the following expenses associated with travel to/from to the host country based on the following guidelines:

- Roundtrip air or rail travel (or one-way, whichever is most economical) is to be pre- approved by the Host Leader and Global Mobility, booked (or rescheduled travel when necessary) in accordance with the home country travel policy and process, i.e. book

(reschedule travel, if applicable) via the Company designated travel provider, use of a preferred airline or rail, select most economical roundtrip travel fare (or one-way for relocation/ repatriation travel to/from home location)

- Roundtrip travel (or one-way travel, whichever is most economical) and ground transportation cost reimbursements are limited to the lowest available direct route to/from the host location in line with the home country travel policy and approval via the normal authorization procedures.

It is incumbent upon the employee to record and obtain valid receipts for all expenses that will be submitted for reimbursement based on the instructions provided by Global Mobility.

Ground transportation (i.e. car rental, taxi, and subway), lodging and meals while on home leave are not reimbursable.

Each home leave trip must be recorded in the home country time off system and reported to Global Mobility and the Company relocation provider, where applicable.

Emergency Leave (CORE)

As a result of a serious illness or death of an eligible dependent (refer to the home country policy), provisions will be made for the assignee and eligible accompanied dependents, living at the host location to return to the location as agreed upon by the Company.

The assignee will be allowed reasonable paid time off at the discretion of the Host Leader to attend to a personal emergency. The assignee will be reimbursed for up to five days of reasonable rental car expenses (excluding gas, oil, tolls, and parking), meals and lodging in accordance with home country travel policy, as well as transportation to and from the airport, airport taxes, and other direct route transportation costs in the home country.

The Company will support the assignee and eligible dependents needs while dealing with this difficult situation and encourages use of the company's EAP (employee assistance program) where available.

Refer to the [Travel to/from the Host Country section](#) for guidance on booking travel.

Medical Emergency (Core)

Should the assignee, qualifying partner or an eligible accompanied dependent suffer critical illness and cannot be treated effectively for the condition locally, the Company's designated healthcare provider will provide support, and if necessary, the Company will reimburse travel expenses to the nearest center of competent medical knowledge and facilities for the individual to be treated.

Evacuation and Safety (CORE)

In the event of an emergency evacuation, the Company will assist the assignee and eligible accompanied dependents. The assignee and eligible accompanied dependents will be compensated for all transportation and living expenses while placed at the evacuation site. Should safe return to the host country in a reasonable period be unlikely, the Company will arrange for return to the home country.

The assignee should be familiar with the Company emergency and evacuation plan at the host location, as well as with the general safety and security guidelines for the host location. The assignee also should check with the medical insurance carrier as there may be additional services provided as part of the benefits.

If the assignee's property is seized, destroyed, or substantially damaged through one or more emergencies as defined by the Company and the assignee cannot secure full reimbursement via their private insurance coverage, then the Company, at its discretion, may reimburse some of the losses of essential items.

In the event that Global Security decides it is not safe for the assignee and eligible accompanied dependents to return to the host country, the assignment will end.

Employee Assistance Program ("EAP") (CORE)

The Company maintains a Global Employee Assistance Program (EAP) as part of the home country medical benefit which provides confidential professional assistance involving personal situations for the assignee and eligible accompanied dependents. The assignee is encouraged to use the Employee Assistance Program for counseling and assistance if needed.

ASSIGNMENT STATUS CHANGES

Extension of Assignment

Extension to one's assignment is not a guarantee. At least six months prior to the anticipated assignment end date, the assignment will be formally reviewed by the home and host country HR managers who, in consultation with business leadership and Global Mobility, may decide one of the following outcomes at the conclusion of the assignment based on business needs:

- end of the assignment and repatriation to the home country;
- localization to the host country on local terms and conditions of employment;
- transfer to a new position/location in the host country, or to a new/other host country, on either local or international assignment terms; or
- extension of the assignment to a new timeframe as required by the business.

A decision to extend an assignee's assignment status will result in a review of assignment benefits, terms, and work permits. An extension will include the issuance of an updated assignment letter which may include changes to the terms of the initial assignment based on policies in effect at the time of the extension. An assignment extension beyond a total of three years (with a further extension to a fourth year by exception) in either one or more countries must be submitted in writing and approved by the following leaders before any extension commitment:

- Senior Director Health, Retirement Benefits and Global Mobility;
- SVP or above responsible for relevant business or function;
- CHRO / HR Director for relevant business or function;
- EVP & Global Chief Human Resources Officer (CHRO)

Sequential Assignments

If the assignee is sent on a sequential temporary assignment, under the terms of this policy or other international assignment policies, the assignee may be subject to the terms and conditions relating to the new assignment, based on the relevant policy in place at that time. All benefits related to the current assignment cease. The terms and conditions granted for the new assignment will be derived from the relevant policy.

Should an international assignee accept a new international assignment any time after repatriation to the home country, he or she will be eligible for the provisions of the international assignment policy in place at the time of the new assignment.

Conversion from a Short Term Assignment

If such a change in status is approved, the assignee will be subject to the terms of the relevant long term assignment policy in place at the time of the conversion. Short term assignment benefits will terminate.

Conversion to the Permanent International Transfer Policy

If such a change in status is approved, the assignee will be placed on the local payroll and receive local compensation and benefits. Depending on the immigration policies of the host country government or authorities, immigration sponsorship on a long-term basis should be carefully evaluated prior to the conversion. Assignment benefits will terminate.

Death on Assignment

If the assignee dies while on assignment, the eligible accompanied dependents will be entitled to the benefits as outlined in the Repatriation section in the policy and, at the Company's discretion, any other assistance that is deemed appropriate.

End of the Assignment

The assignment ends when the assignee, in agreement with the Company:

- Repatriates to the home country to take up a new position with the Company;
- Begins a new assignment with the Company;
- Becomes a local hire at the host location or transfers permanently to a new location; or
- Ends employment with the Company.

On the assignment end date, the Company ceases all global assignment adjustments and benefits.

REPATRIATION

The Company is committed to providing successful repatriation assistance at the conclusion of the assignment. The assignee and eligible accompanied dependents are authorized to return to the home country under the provisions of the policy that are in effect on the date of the most current assignment terms, including items as outlined below. All provisions will be approved by the Company in advance of the move.

Departure Services (CORE)

Departure services and support may be provided to the assignee and eligible accompanied dependents. The Company will reimburse the assignee for the costs to move out of the host country rental property in accordance with local standards. This may include: disconnection of utilities/telephone in the rental property and automobile lease termination costs (refer to the [Automobile Lease Cancellation – Repatriation](#) section). Departure services may include, but are not limited to, assistance with the following:

- Lease termination and return of security deposit
- Final walk through / inspection of rental
- Rental furniture pick-up
- Household service cancellations (e.g. utilities, yard, pool, etc.)
- Advise on insurance cancellations
- Closure of bank accounts
- Coordination of final housecleaning
- Advise on sale/disposal of car, major appliances, etc.

End of Tenancy – Assignee Responsibilities

The assignee is required to use a professional end of tenancy cleaning service. The cost of the cleaning services and any damage resulting from negligence is at the assignee's expenses.

If the Company paid the security deposit upon securing the residential rental lease at the beginning of the assignment, the assignee is required to return the full security deposit the Company paid on the assignee's behalf. It is the assignee's responsibility to return the rental property in the same state in which it was received (taking into account normal wear and tear). The assignee will be responsible for the loss of any security deposit or additional costs due to neglect, damage, unauthorized alterations, or dilapidation to the rental property.

Repatriation Travel Expenses (CORE)

The assignee and eligible accompanied dependents will be reimbursed for costs associated with return air or rail travel to the home country in accordance with the Company business travel policy and guidelines provided for the trip to the host country at the beginning of the assignment.

Refer to the [Travel to/from the Host Country section](#) for guidance on booking travel.

Repatriation Expense Lump Sum Payment (CORE)

The assignee will receive a repatriation expense lump sum payment designed to cover normal and customary relocation expenses not covered by the policy. The payment is designed to reduce

record-keeping requirements for expenses, simplify administrative processes, and provide the maximum flexibility to manage cash flow during relocation. If actual expenses are less than the payment, the assignee may retain the unused portion. Conversely, if expenses exceed the payment, the assignee will be responsible for these costs. No receipts are required to obtain this allowance.

The following items are included in the net lump sum payment:

- **Miscellaneous Allowance:** \$4,000 (USD) or the local currency equivalent is provided to cover expenses such as:
 - Vehicle registrations and driver's license
 - Banking fees/charges for currency exchange
 - House cleaning
 - Childcare expense
 - Mail forwarding
 - Small appliances
 - Tips and gratuities
 - Transformers and electrical adapters
 - Curtains, blinds, etc.

It is expected to cover the miscellaneous relocation expenses associated with repatriation travel, meals, and ground transportation to the home country when applicable. The payment will be calculated for the assignee based on factors such as number of eligible accompanied dependents and destination.

- **Meals:** Meals for repatriation trip to the home country.
- **Transportation to/from Airport:** To be used for transportation to/from the airports in the home and host countries.
- **Rental Car:** For up to 4 weeks (if applicable)
- **Hotel:** For repatriation trip (if applicable), based on average rates in the home location

Airfare or rail travel costs and temporary accommodations are excluded. Refer to the [Travel to/from the Host Country section](#) for guidance on booking travel and [Temporary Accommodations](#) section for further guidance.

Automobile Lease Cancellation - Repatriation (FLEXIBLE)

If the assignee is leasing an automobile at the time of the assignment and the lease contains a cancellation clause, the Company may reimburse the assignee for lease cancellation fees up to a maximum of \$2,500 (USD) or local currency equivalent from the time the dealership is notified that the assignee is repatriating. The following must be supplied to receive lease cancellation reimbursement:

- Proof of payment of any cancellation charge
- The lease
- A legal document from the dealership releasing the assignee from all lease obligations, including cancellation charges

Cultural Re-integration Assistance (FLEXIBLE)

To facilitate the process of moving back to the home country, the Company may provide a one- day program in efforts to prepare the assignee and eligible accompanied dependents for the differences that may be experienced in living, work, and school surroundings. The program is

designed to assist in setting realistic expectations about returning home and adapting to daily living in the home environment.

Temporary Accommodations - Repatriation (FLEXIBLE)

The Company may provide temporary accommodations according to similar provisions outlined at the beginning of the assignment up to 30 days.

Return Shipment of Household Goods (FLEXIBLE, when provided outbound at beginning of the assignment)

Repayment Agreement

As an indication of the assignee's understanding of the global relocation program, the assignee is required to sign an agreement ("Repayment Agreement") to repay certain relocation allowances, costs, and reimbursements should the assignee voluntarily resign and end the employment relationship or should the Company involuntarily (except in the event of a permanent reduction in force or job elimination or as deemed by the Company) separate the individual's employment within a specific time period after the assignment begins. Regardless of the circumstances of the involuntary separation, the Company will pay for reasonable expenses incurred for return to the home country (inclusive of eligible accompanied dependents and household goods), but not to a secondary location. An assignee who voluntarily resigns their employment at any time during the assignment will not receive reimbursement for expenses incurred to return to the home country to include travel expense for assignee and eligible accompanied dependents and expenses incurred to ship any household goods.

The Company will provide the assignee with the Repayment Agreement which the assignee must sign and return as soon as he/she has agreed to the assignment. Funds associated with this assignment policy will not be disbursed until the Repayment Agreement has been signed and is on file.

Retention of any payments made under the relocation program is expressly conditioned on continued employment with the Company. It is understood that nothing in this policy guarantees that the Company will employ the assignee for any specified period of time.

TERMINATION

The assignee will be required to repay expenses paid according to the terms of the Repayment Agreement should the assignee voluntarily resign from the Company or is terminated for cause as defined in the applicable local plan or policy.

Involuntary Termination

In the event that the assignee is involuntarily terminated for cause or otherwise, the assignee will receive the following limited benefits:

- Return airfare classified as the most economical class airfare (in accordance with the Company business travel policy) to the original home country location for the assignee and the eligible accompanied dependents; and
- Shipment of household goods to the original home country location in the manner and weight as described in this policy.

If an assignee is involuntarily terminated, the assignee is not eligible for any other benefit inclusive of repatriation benefits. The assignee may be required to repay any host housing lease cancellation as part of the Repayment Agreement.

To be eligible for air or rail transportation and shipping benefits, they must occur within a period of 30 days after the effective date of termination or earlier as required by immigration regulations (assignee and eligible accompanied dependents must depart the country by a date certain if employment has ended). Should the assignee choose not to exercise the option of transportation and moving expense outlined above, no substitute payment will be made nor extensions authorized.

All other provisions are pursuant to the applicable home country program or agreement.

Voluntary Termination

If the assignee voluntarily terminates employment while on a global assignment, the assignee is required to give notice in writing to Global Mobility and the host and home country leader at least 60 days in advance of the effective separation date.

The assignee is solely responsible for incurring the expense of return travel for self and eligible accompanied dependents and the return shipment of household goods.

Please note that the work permit/visa status may immediately be impacted upon termination of employment with the Company. Therefore, it is the recommendation of the Company that the assignee contact the local Consulate or Embassy in order to discuss status prior to the effective termination date.

The assignee is required to repay expenses paid according to the terms of the Repayment Agreement.

All other provisions are pursuant to the applicable home country program or agreement.

Appendix A – Terminology

Base Salary	Standard monthly salary (excluding adjusted compensation, bonuses, deferred compensation, adjustments, reimbursement, etc.) as determined by established salary administration policies in the home country.
Compensation Worksheet	An international compensation tool used to initiate payroll changes between the home/host compensation worksheet is also used to determine the distribution of compensation between the home/host countries.
Dependents	Dependents are defined as the members of immediate family sharing the residence with the assignee in a bona fide dependency status; e.g., legal qualifying partner, minor children, or other relatives whose status qualifies as dependency under tax/legal statutes in the home country and the Company. A legal qualifying partner is one who has legal qualifying partner recognition/rights from the home-country government. This does not include common-law marriage unless the home country recognizes it (usually with a certificate) as a legal marriage.
Destination Services	Provider hired by our service provider, in host country to assist the assignee and eligible accompanied dependents with home finding, schools, and other desires to ensure settling in to a productive and successful assignment in host country using skill, legitimacy, and resources.
EAP	"Employee Assistance Program." Confidential telephonic and face-to-face counseling and referrals, as well as unlimited web-based resources for mental health and work life issues.
Gross-Up	Eligible relocation and assignment expenses that are added to earnings as taxable income. The Company will make a "Tax Gross-Up" payment on to cover some of the additional taxes that are due.
Home Country	The country where employment and payroll resides.
Host Country	The country where the international assignment is located.
Hypothetical Tax	A negative compensation item (deduction), which is contribution to the overall tax liability (the balance of which is paid by the Company). It is based on the tax (and social security) liability that the assignee would have paid if the assignment did not take place.
International Assignee	The assignee who, at the request of the Company, undertakes an assignment outside of the home country with the intention of returning.
Assignment Letter	Statement of the terms and conditions that are to apply for the duration of the assignment. The letter is an amendment to your current terms and conditions (company offer letter) but is not either an explicit or implied contract of employment.
Primary Residence	The location in which the assignee resides full-time prior to the assignment. Must be occupied by the assignee and eligible accompanied dependents, or was being purchased, in the home location prior to the assignment. Must be within normal commuting distance from the home office location and is a year-round home (i.e., not a vacation property).
Property Management	A third-party vendor hired by the Company to manage your property in the home country while on assignment in the host country. Services include, but are not limited to, leasing and tenant relations, financial management, and field services.
Relocation	The physical movement of the assignee and eligible accompanied dependents and their household goods from the home country to the host country.

Repatriation	Assignee and eligible accompanied dependents return to the home country.
Repayment Agreement	A Repayment Agreement that specifies repayment of specific relocation expenses should your employment status with the Company change while on assignment must be signed before the assignment can be initiated or any relocation allowances paid.
Tax Equalization	Approach through which the combined home/host country tax liability on WBA income is no greater than the normal home country tax liability the assignee would have incurred on that same income. The Company will pay the difference, if any.

Appendix B - Shipment Exclusions

If the assignee wishes to ship and/or store any of the items listed in the sections below, all related charges and expenses (including insurance) would be the individual's responsibility. The Company will not accept any loss or damage claims for these items. In addition, the assignee may not be allowed to ship or store such items due to relevant legislation and procedures:

Shipping Exclusions (This list is only a guideline and the Company reserves the right to exclude other items from time to time)

- All flammable items such as paints, varnishes, aerosol cans, combustible liquids, corrosives, and explosives; liquid propane tanks and scuba tanks;
- Ammunition, firearms, and fireworks;
- Illegal substances;
- Pornographic material;
- Automobiles, motorcycles, recreational vehicles, airplanes and gliders, boats, canoes/kayaks, boat kits, inboard marine engines, jet skis, snowmobiles, outboard motors, drones, and related automotive equipment;
- Riding mowers and tractors;
- Food stuff, other perishable items; drinking alcohol;
- Animals not allowed into host country (per host country regulations);
- Plants, shrubs, and trees;
- Bulky/heavy low value to weight ratio items such as cordwood, brick, sand, lumber and other building materials, and utility sheds;
- Bulky/heavy wood working shop equipment or other hobby equipment of similar nature;
- Swing sets, climbing gyms, and playhouses;
- Satellite television/radio receiving discs/dishes and related equipment;
- Hot tubs, spas, whirlpool baths, and saunas;
- Major household appliances (e.g., refrigerators, freezers, stoves, washers, and dryers) except for overland moves within a continent;
- Antiques, collector's items, pianos and musical instruments, valuable works of art, jewelry, and other items of high value;
- Any item intended for resale or private business use; and
- Personal and household effects, furniture, or other articles, not for the assignee's (or eligible dependents') own use.
- Drones will not be shipped.

No dismantling or reassembling of the following although the Company reserves the right to exclude others from time to time:

- Swimming pools, swing sets, tool sheds, playground equipment, game tables, and basketball equipment
- No removal of draperies, carpets, satellite dishes, venetian blinds, permanently affixed mirrors, cornices, or valences.
- No house cleaning, mail or debris removal, no snow removal.

DISCLAIMER: This list may not include all host-country-specific exclusions. The designated provider can review all exclusions in detail upon request. It is the responsibility of the assignee to understand the exclusions and ensure that they are followed. Any fines that result from not following the exclusions and packing requirements are the responsibility of the assignee.

Certain subsidiaries of Walgreens Boots Alliance, Inc. as of August 31, 2023 and their respective state of incorporation or organization are listed below. The names of certain other subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute, as of August 31, 2023, a “significant subsidiary” as that term is defined in Rule 1-02(w) of Regulation S-X.

Name	State or Country of Incorporation
Walgreens Arizona Drug Co.	Arizona
Village Practice Management Company, LLC	Delaware
Walgreen Investments Co	Delaware
Walgreens Boots Alliance Holdings LLC	Delaware
Walgreens Specialty Pharmacy, LLC	Delaware
WBA Investments, Inc.	Delaware
WBA US 26 LLC	Delaware
Summit CityMD Midco, LLC	Delaware
Bond Drug Company of Illinois, LLC	Illinois
Walgreen Co.	Illinois
Walgreen National Corporation	Illinois
Duane Reade	New York
Walgreen Eastern Co., Inc.	New York
Alliance Boots Holdings Limited	England & Wales
Boots Management Services Limited	England & Wales
Boots UK Limited	England & Wales
Superior Acquisitions Limited	England & Wales
Superior Holdings Limited	England & Wales
The Boots Company PLC	England & Wales
Walgreens Boots Alliance UK 3 Limited	England & Wales
WBAD Holdings 2 Limited	England & Wales
WBAD Holdings Limited	England & Wales
Weybright UK 1 Limited	England & Wales
Boots Retail (Ireland) Limited	Ireland
WBA Jersey Limited	Jersey
WBA Luxembourg 6 S.à r.l.	Luxembourg
WBA Luxembourg 7 S.à r.l.	Luxembourg
Farnacias Benavides S.A.B. de C.V.	Mexico
AB Acquisitions Nederland Holdco 1 B.V.	Netherlands

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-201327, 333-198768 and 333-252782 on Form S-8 and Registration Statement No. 333-261730 on Form S-3 of our reports dated October 12, 2023 related to the consolidated financial statements of Walgreens Boots Alliance, Inc. (the “Company”) and the effectiveness of the Company’s internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended August 31, 2023.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

October 12, 2023

CERTIFICATION

I, Ginger L. Graham, certify that:

1. I have reviewed this Annual Report on Form 10-K of Walgreens Boots Alliance, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/

Ginger L. Graham

Interim Chief Executive Officer

Date: October 12, 2023

Ginger L. Graham

CERTIFICATION

I, Manmohan Mahajan, certify that:

1. I have reviewed this Annual Report on Form 10-K of Walgreens Boots Alliance, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/

Manmohan Mahajan
Manmohan Mahajan

Interim Global Chief Financial Officer

Date: October 12, 2023

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report of Walgreens Boots Alliance, Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended August 31, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Ginger L. Graham, Interim Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ginger L. Graham
Ginger L. Graham
Interim Chief Executive Officer
Dated: October 12, 2023

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report of Walgreens Boots Alliance, Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended August 31, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Manmohan Mahajan, Interim Global Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Manmohan Mahajan
Manmohan Mahajan
Interim Global Chief Financial Officer
Dated: October 12, 2023

A signed original of this written statement required by Section 906 has been provided to Walgreens Boots Alliance, Inc. and will be retained by Walgreens Boots Alliance, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.