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 , 2024

☐ 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 29, 2024, the aggregate market value of Walgreens Boots Alliance, Inc. common stock held by non-affiliates (based on the closing transaction price on Thursday, February 29, 2024) was approximately $ 15.2 billion. As of October 8, 2024, there were 864,617,130 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, 2024 are incorporated by reference into Part III of this Form 10-K as indicated herein.

Walgreens Boots Alliance, Inc.
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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 2024,” “fiscal 2023,” and “fiscal 2022” refer to our fiscal years ended August 31, 2024, August 31, 2023, and August 31, 2022, 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 $147.7 billion in fiscal 2024. Walgreens Boots Alliance has a presence in 8 countries and employs approximately 312,000 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 12,500 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 and Benavides 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 America Index in 2023, for the fourth 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 approximately 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, the continued development of cost-effective innovative drug therapies, and further brand innovation such as the rise and growth of Glucagon-Like Peptide-1s (also known as “GLP-1s”). 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. Another notable development in Europe came in January 2024, when the National Health Service ("NHS") announced the rollout of its Pharmacy First Service. Boots stores across England now offer access to advice and treatment, including some prescription-only medicines, for seven common conditions under the NHS initiative. 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. and State Medicaid programs are also expected to continue to seek reductions in reimbursements. In addition, the Inflation Reduction Act of 2022 (the "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 reimbursement, but the expansion of inflation-based rebates may further complicate pricing strategies, particularly with the availability of 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 a greater amount of 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 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 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 across critical patient touch points such as the post-acute care management journey. The U.S. Healthcare segment endeavors to improve health outcomes and 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 is positioned to leverage its core assets and competencies in pharmacy, retail and consumer engagement, along with a range of 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 16. 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 2024, our segment sales were: U.S. Retail Pharmacy $115.8 billion, International $23.6 billion and U.S. Healthcare $8.3 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 16. Segment reporting 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").

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 8,560 retail and healthcare locations in the segment as of August 31, 2024. 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, 2024, 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 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.

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 89,000 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, 2024, totaled approximately 124 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 2024	Fiscal 2023	Fiscal 2022
Pharmacy	77 %	74 %	74 %
Retail	23 %	26 %	26 %
Total	**100 %**	**100 %**	**100 %**

The Company filled 796 million prescriptions (including vaccinations) in the segment in fiscal 2024. Adjusted to 30-day equivalents, prescriptions filled were 1.2 billion in fiscal 2024. 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 2024 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 29% and 5%, respectively, of the segment's fiscal 2024 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 2024 as compared to 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 and the Benavides brand in Mexico. 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 3,688 retail stores and opticians locations in the segment as of August 31, 2024 (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 and Boots own label of health, beauty and baby 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 43,000 products online and collect the following day from approximately 77% 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, 2024, the number of active Boots Advantage Card members (members who have used their card in the last six months) totaled approximately 15 million.

In addition, Boots in the UK is one of the leaders in the optical market with 538 practices, of which 165 operated on a franchise basis as of August 31, 2024. Approximately 35% 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 30 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 2024	Fiscal 2023	Fiscal 2022
Pharmacy	15 %	17 %	17 %
Retail	34 %	33 %	32 %
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 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; as well as Shields, a specialty pharmacy integrator and accelerator for hospitals; and CareCentrix, a participant in the post-acute and home care management sectors, and the Walgreens Health organic business that contracts with different participants in the healthcare ecosystem to provide commercial and clinical healthcare services.

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

	Fiscal 2024	Fiscal 2023
VillageMD	75 %	70 %
Shields	7 %	7 %
CareCentrix	17 %	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.

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 with internally-generated funds, short term debt and monetization of investments and other assets.

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 2024, 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 34% of the Company's consolidated sales in fiscal 2024.

See Note 16. 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, cybersecurity, 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, 2024, the Company employed approximately 312,000 persons globally, of which approximately 119,000 were part-time employees working less than 30 hours per week. Employees based in the U.S. and the UK account for 245,000 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 13. 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 a 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.

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 2024, the Company scored 100% on the Disability Equality Index for disability inclusion.

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. Each operating segment is responsible for continuously demonstrating its management of health and safety. Monthly reports are provided to select WBA executives, offering insights into health and safety incidents across each operating segment. 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 15, 2024) and office(s) held by such person:

Name	Age	Office(s) held
Stefano Pessina	83	Executive Chairman of the Board
Tim Wentworth	64	Chief Executive Officer
Manmohan Mahajan	46	Executive Vice President and Global Chief Financial Officer
Ornella Barra	70	Chief Operating Officer, International
Mary Langowski	47	Executive Vice President and President, U.S. Healthcare
Lanesha Minnix	49	Executive Vice President and Global Chief Legal Officer
Elizabeth Burger	53	Executive Vice President and Global Chief Human Resources Officer
Neal Sample	50	Executive Vice President and Chief Information Officer
Tracey Brown	57	Executive Vice President and President, Retail and Chief Customer Officer
Rick Gates	53	Senior Vice President and Chief Pharmacy Officer
Beth Leonard	47	Senior Vice President and Chief Corporate Affairs Officer

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.

Mr. Wentworth has served as Chief Executive Officer and as a member of the Board since October 2023. Previously and prior to his retirement in December 2021, he served in multiple positions with The Cigna Group, a provider of healthcare insurance and related products and services, including as the founding CEO of Evernorth Health Services from September 2020 to December 2021, President, Health Services from February 2020 to December 2021 and President, Express Scripts and Cigna Services from December 2018 to February 2020. He also previously served as CEO of Express Scripts, a pharmacy benefit manager, from May 2016 to December 2018 and served in various other management positions from April 2012 to May 2018.

Mr. Mahajan has served as Executive Vice President and Global Chief Financial Officer since March 2024. He previously had served as Senior Vice President and Interim Chief Financial Officer from July 2023 to March 2024. Mr. Mahajan served as Senior Vice President, Global Controller and Chief Accounting Officer from July 2021 to July 2023, and as 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.

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 Officer of Global Wholesale and International Retail from December 2014 to June 2016. Previously, she served as the Chief Executive Officer, Wholesale and Brands of Alliance Boots from September 2013 to December 2014 and Chief Executive Officer 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. Langowski has served as Executive Vice President and President, U.S. Healthcare since March 2024. Ms. Langowski previously served as Chief Executive Officer of Solera Health, a preventive care benefits manager that connects patients, payers, and physicians with a new class of non-medical healthcare providers, from July 2020 to March 2024 and as Interim Chief Executive Officer from November 2019 to July 2020. She also served as chief executive officer of Rising Tide, LLC, a boutique consultancy working with leading health care and retail companies driving change in the health care marketplace, from June 2016 to January 2024. Prior to that, she served as Executive Vice President and Chief Strategy and Corporate Development Officer at CVS Health from 2014 to 2016.

Ms. Minnix has served as Executive Vice President and Global Chief Legal Officer since April 2024. Ms. Minnix previously served as Executive Vice President, General Counsel and Corporate Secretary for Ecolab Inc., a global leader in water, hygiene and infection prevention solutions, from June 2022 to April 2024. Prior to that, she served as Senior Vice President, General Counsel and Corporate Secretary at Flowserve Corporation, a global industrial manufacturer of engineered flow control systems, from 2018 to June 2022. Ms. Minnix joined Flowserve from BMC Stock Holdings, Inc., a construction supply company, where she served as Senior Vice President, General Counsel and Corporate Secretary from 2017 to 2018.

Ms. Burger has served as Executive Vice President and Chief Human Resources Officer since March 2024. Ms. Burger previously served as Senior Vice President, Chief Human Resources Officer at Flowserve Corporation, a global industrial manufacturer of engineered flow control systems, from 2018 to March 2024. She previously served as Chief Human Resources Officer of Hanesbrands Inc. from 2013 to 2017 and in various roles of increasing responsibility at Monsanto Company from 1995 to 2013, including as Senior Vice President, Global Business Operations from 2007 to 2013.

Mr. Sample has served as Executive Vice President and Chief Information Officer since October 2023. Prior to joining the Company, Mr. Sample was Chief Information Officer at Northwestern Mutual, a financial services mutual organization, from August 2019 to May 2022. He also served as Chief Operating Officer of Express Scripts, a pharmacy benefit manager, from January 2018 to March 2019 and as Chief Information Officer from February 2016 to January 2018. He also held several roles within the Enterprise Growth Business at American Express, a globally integrated payments company, from 2012 to 2016, including as Group President and Executive Vice President, Enterprise Growth Chief Information Officer and Chief Marketing Technologist. Mr. Sample previously held roles at eBay, Yahoo! Inc. and RightOrder, Inc.

Ms. Brown has served as Executive Vice President since January 2024 and as President of Retail and Chief Customer Officer since November 2021. She previously served as Senior Vice President from September 2022 to January 2024. Prior to joining the Company, she was Chief Executive Officer of the American Diabetes Association (“ADA”), a nonprofit organization focused on education and research related to diabetes, 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 where she was responsible for creating meaningful member experiences, directing member strategy, marketing and branding, go-to-market execution, data and analytics and membership operations. 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. Gates has served as Senior Vice President and Chief Pharmacy Officer 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”), Innovation Associates, Inc. and Pharmacy Quality Alliance (“PQA”).

Ms. Leonard has served as Senior Vice President and Chief Corporate Affairs Officer since January 2024. Ms. Leonard served as Senior Vice President and Chief Communications Officer from June 2023 to January 2024. She was previously Senior Vice President and Chief Corporate Affairs for EmblemHealth, one of the United States’ largest nonprofit health plans, from December 2020 to May 2023 and was Senior Vice President and Chief Marketing and Communications Officer from May 2016 to December 2020. Prior to EmblemHealth, Ms. Leonard served in various roles of increasing responsibility with America’s Health Insurance Plans, a political advocacy and trade association of health insurance companies, from 2008 to 2016, including as Executive Vice President of Public Affairs. Prior to that, she served in leadership roles holding key state leadership roles in presidential campaigns in 2004 and 2008, and having managed the re-election campaign for Boston Mayor Thomas Menino. She also served as the Chief of Staff at the City of Boston’s Redevelopment Authority and Economic Development Agency.

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, 51, has served as Senior Vice President, Global Controller and Chief Accounting Officer since March 2024. Prior to that Mr. Heckman served as Vice President, Interim Global Controller and Chief Accounting Officer from July 2023 until March 2024 and 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 result in pricing pressures and 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, reputation 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, cybersecurity and other international business risks.
- Our business is subject to existing and increasing interest in ESG-related values from current and future employees, customers and stockholders. We may be unable to meet expectations or meet our ESG goals.
- Our business is subject to evolving ESG and climate-related regulatory requirements. We may be unable to meet standards.

Risks Related to Our Operations

- Disruption in our global supply chain could negatively impact our ability to provide products and services to our customers and could impact financial performance.
- 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, such as the impact of extreme weather on the continuity of our global operations.

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 and integrate 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 that we may be unable to anticipate or navigate.

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.
- We have a substantial amount of goodwill and other intangible assets that have become impaired and could, in the future, become further impaired, resulting in material non-cash charges to our results of operations.
- Our quarterly results may fluctuate significantly based on seasonality and other factors.
- 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.

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, rising interest 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 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 overall gross margin. For example, inflation has impacted consumer demand in our U.S. Retail Pharmacy segment and has led to lower margins. In addition, inflation 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. We continuously attempt to manage reimbursement rates with PBMs through contract negotiation, but the outcomes of this negotiation may vary in the level of success achieved. 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 have done so previously 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. Recent changes in National Average Drug Acquisition Cost (“NADAC”) pricing have driven increased volatility in an already dynamic pricing environment. 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 has adversely affected, and may adversely affect, our results of operations by reducing our gross profit. 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. We may not be able to 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, and potentially in the long-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, we may not be able to achieve any particular level of business on any particular pace, and it is possible that not 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 that are somewhat offset by 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, changes in drug prices have been, and in the future could be, significantly different than our expectations.

Consolidation and strategic alliances in the healthcare industry could result in pricing pressures and 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.

Successful medical malpractice 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, such as senior-focused care, for talent;
- Dependence on a concentrated number of key health plan customers and ability to attract Medicare-eligible patients;
- 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;
- Health reform initiatives and changes in the rules governing government healthcare programs, including rules related to the use of in-home health risk assessments;
- 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. For example, certain recent changes in Medicare reimbursement models have negatively impacted our U.S. Healthcare segment;
- 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 Form 10-K, 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 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 we would expect, in turn, to 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 are periodically subject to audits by such payors, including governmental audits of our Medicare claims, and from time-to-time are 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, 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 approved a plan to implement the Footprint Optimization Program described in Management’s discussion and analysis of financial condition and results of operations in Part II, Item 7 of this Form 10-K as part of an initiative to reduce costs and increase operating efficiencies. In addition, our Board previously approved the Transformational Cost Management Program described in Management’s discussion and analysis of financial condition and results of operations in Part II, Item 7 of this Form 10-K, which was substantially concluded at the end of fiscal 2024, as part of an initiative to reduce costs and increase operating efficiencies. We may not realize, in full or in part, the anticipated benefits of these programs and these programs have resulted, and may result, in significant cumulative pre-tax charges.

Our financial goals assume a level of productivity improvement, including those reflected in the Footprint Optimization Program, 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 if 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.

If we do not continuously develop and maintain a relevant omni-channel experience for our customers, our businesses, reputation 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. We periodically reevaluate our merchandising strategy in order to offer a refreshed assortment of products. After such reevaluation, we may revise our strategy; for example, recent initiatives include increasing selectiveness with national brands and expanding our owned brands in select categories. Even with planned adjustments to our merchandising approach, it is difficult to predict consistently and successfully the products and services our customers will demand. It is also difficult to respond to value-seeking consumer behavior, which in turn has led and may in the future lead to decreased margins. 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, cybersecurity 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 China, and other countries; fluctuations in currency exchange rates; operating in jurisdictions which are subject to the General Data Protection Regulation (like the U.K. and Germany) and other data privacy regulations, which differ from U.S. data privacy policies, making it difficult to maintain uniform and efficient data privacy practices; the risks associated with cross-border data transfers which we conduct daily due to the international segment of our business; the impact of recessions and economic slowdowns in economies outside the U.S.; impact of war (such as the conflict in Ukraine or the conflict in the Middle East) and foreign conflict, such as the Red Sea crisis, 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 delivery routes, payors, vendors and customers in international markets, which in turn can negatively impact our businesses. One or more of these factors may have a material adverse effect on our business operations, results of operation and financial condition.

Our business is subject to existing and increasing interest in ESG-related values from current and future employees, customers and stockholders. We may be unable to meet expectations or meet our ESG goals.

We recognize the 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 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 such 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. In addition, we may face criticism as a result of “anti-ESG” sentiment among certain stakeholders, including governmental authorities, regulators, stockholders and customers. 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 which would have an adverse effect on our reputation.

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, which would have an adverse effect on our human capital. With increased interest from certain stockholders, 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.

Our business is subject to evolving ESG and climate-related regulatory requirements. We may be unable to meet standards.

We are subject to evolving ESG rules and regulations, including the SEC’s recently adopted climate-related reporting requirements, if such reporting requirements survive pending judicial review, and finalized regulations established by other international regulatory bodies, such as the Corporate Sustainability Reporting Directive (“CSRD”) in the European Union. 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. We 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 Related to Our Operations

Disruption in our global supply chain could negatively impact our ability to provide products and services to our customers and could impact financial performance.

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 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 the conflict in the Middle East) and foreign conflict (such as the Red Sea crisis), 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. As amended in June 2021, 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 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, an acquisition or related strategic transaction, 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, we or Cencora may not be willing or able 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 expect that alternative sources of supply for most generic and brand-name pharmaceuticals would be available and that we could obtain alternative sources, which may include self-distribution in some cases, for substantially all of the prescription drugs we sell on an acceptable basis. However, we may not 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 and new members of our senior management team. The ability of the Chief Executive Officer and other new members of our senior management team to further adapt to and better 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, particularly when there is more than one transition occurring within the senior management team within a fiscal year, 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, we may be unable to mitigate the risk through a robust management succession planning process, and we may be unable to attract and retain qualified candidates in a timely manner. If we are unable to retain other 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 have in the past and may in the future 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, such as the impact of extreme weather on the continuity of our global operations.

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). These risks are expected to be widespread and unpredictable. Over time these changes may affect, for example, the availability and cost of products, commodities and energy, 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. This includes utilities we use, like natural gas, diesel fuel, gasoline and electricity in our operations, resources which are particularly vulnerable to climate change effects. 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.

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 may not be able to successfully execute these strategic initiatives, or these initiatives may result in additional unanticipated costs or changes in strategy. 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 2023 and 2022, the Company directly and indirectly acquired controlling equity interests in VillageMD, WP CityMD TopCo ("Summit"), 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 need to infuse additional capital into acquired businesses, joint ventures and other investments, 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 business, 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 acquisitions, 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 or dilute our current stockholders' percentage ownership if we issue common stock to pay for an acquisition or investment or subsequent capital infusion, 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 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. For example, our acquisition of a majority stake in VillageMD has resulted in additional capital infusions and substantial ongoing and future cash requirements that were not necessarily expected at the time of the transaction.

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, 2024, we beneficially owned approximately 10.2% of the outstanding Cencora common stock and had designated one nominee for election to Cencora's board of directors. All Cencora common stock owned by the Company is pledged under variable prepaid forward ("VPF") derivative contracts. 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, 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. The VPF derivative contracts limit the Company's economic exposure to decreases and increases in the price of Cencora common stock. 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. We have recently divested of a portion of our interests in Cencora and BrightSpring Health Services, and completed the sale of the Farmacias Ahumada business in Chile and may choose to divest more of our investment interests in the future.

In addition, as previously announced on June 27, 2024, we initiated a strategic and operational review towards simplifying and focusing our U.S. Healthcare portfolio, including the assessment of our investment in VillageMD. We are currently evaluating a variety of options with respect to VillageMD in light of ongoing investments in VillageMD's businesses and VillageMD's substantial ongoing and expected future cash requirements. These options could include a sale of all or part of the VillageMD businesses, possible restructuring options and other strategic opportunities.

In the second quarter of fiscal 2024, we recorded $12.4 billion of non-cash impairment charges related to VillageMD goodwill. Further impairments may occur and may have a material impact on our financial condition and results of operations. We will continue to monitor the fair values of the VillageMD reporting unit and related intangible assets and the impacts of any strategic transaction to determine if there is any further impairment in future periods.

In the future, we may launch a process for the sale of other businesses or contemplate other opportunities to monetize our interest in these businesses. 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 that we may be unable to anticipate or navigate.

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, reputation 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. There are also substantial risks associated with our continued integration of artificial intelligence and machine learning within our technology systems. 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 and related reporting requirements 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, adversely impact the experience of our customers, 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, cybersecurity 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 since 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 significant outstanding debt and other financial obligations. As of August 31, 2024, we had approximately $9.5 billion of outstanding indebtedness, including short-term debt. Our debt level and related debt service obligations has had, and could continue to 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.

For example, in part as a result of dedicating significant cash flow to amounts payable on our debt, our Board suspended our stock repurchase program in July 2020 and it may never resume or may not resume on a particular timeline. 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. 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 has, and could continue to, 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, has and 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. Our Board may, at its discretion, decrease or entirely discontinue our quarterly dividend payment at any time. In the second quarter of fiscal 2024, as part of an evaluation of strategic and operational options, including those related to capital allocation, the Company announced a 48 percent reduction in its quarterly dividend payment. Any further 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.

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

As of August 31, 2024, we had $15.5 billion of goodwill and $13.0 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 when and 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 have and 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. In the second quarter of fiscal 2024, we recorded $12.4 billion of non-cash impairment charges related to VillageMD goodwill. In the fourth quarter of fiscal 2024, we recorded $332 million of non-cash impairment charges related to CareCentrix goodwill. Further impairments may occur and may have a material impact on our financial condition and results of operations. We will continue to monitor the fair value of our reporting units, investments and other intangible assets, as well as our market capitalization and the impact of any economic downturn on our business, to determine if there is any further impairment in future periods.

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

Our operating results have historically varied on a quarterly basis 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 pandemics; the timing of the introduction of new generic and brand name prescription drugs; inflation, including with respect to generic drug procurement costs; changes or rates of change in payor reimbursement rates and terms; the timing and amount of periodic contractual reconciliation payments; fluctuations in inventory, costs of energy, transportation, labor, healthcare among 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.

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

We operate and 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. Fluctuations in foreign currency exchange rates may 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 insurance contracts 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. The impact on the statement of earnings relating to these pension plans is also influenced by these factors.

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. Additionally, any changes to reimbursement policies in China, for example, adjustments in reimbursement rates or coverage, could also have a material impact on the profitability of our investment in the region, thereby reducing the value of our investment.

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

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 the Multistate Settlement Agreement (the "Multistate Agreement"). The Company has now resolved its litigation with all states, territories, tribes and 99.7% of litigating subdivisions within participating states and political subdivisions included in the Multistate 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 10. 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 active and future legal proceedings and other contingencies, and the costs incurred in litigation can be substantial, regardless of the outcome. Substantial unanticipated verdicts, awards, fines and rulings have occurred and may occur in the future. 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, and have caused, and may again cause, reputational harm.

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. In addition, the IRA includes policies that are designed to have a direct impact on drug prices and reduce drug spending by the federal government. 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.

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. Further, investigations by regulatory agencies have been increasing and, therefore, it may become increasingly costly and time consuming to maintain proper internal controls in the highly regulated industries we operate. 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, as well as our reputation.

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.

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. There have been instances where the IRS has not agreed with our determination of our income tax provision and other tax liabilities which resulted in an ongoing investigation. 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. Additionally, the Company's assessment of deferred tax assets requires significant judgment to determine whether a deferred tax asset is recoverable, and additional negative evidence available over time could result, and has resulted, in us recognizing valuation allowances against our deferred tax assets, adversely affecting our financial condition. For example, in fiscal 2024, as a result of recent cumulative losses in the U.S., the Company recognized an additional $2.3 billion of valuation allowance against certain U.S. and state deferred tax assets primarily related to opioid settlements reached in fiscal 2023. There is no certainty that sufficient positive evidence will become available to reverse any such valuation allowances in the future. 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, 2024, 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, dated as of August 2, 2012 (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.

Item 1B. Unresolved staff comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

The Company recognizes the critical importance of safeguarding sensitive information and responding effectively to cybersecurity threats or incidents. As a part of the Company's overall risk management strategy, the Company implements a lines-of-defense model for protecting the enterprise against cybersecurity related threats. The Chief Information Officer ("CIO") has first line responsibility for the protection of the Company against cybersecurity related threats, which includes evaluating potential threats and determining the appropriate responses. The Chief Information Security Officer ("CISO"), who reports to the CIO, is the executive accountable for the monitoring, continuous development and improvement of the Company's Information Security program. This program, which is aligned to the National Institute of Standards and Technology Cybersecurity Framework, (i) provides strategic oversight with respect to cybersecurity controls for the Company's technology, (ii) identifies potential risks in the Company's supplier ecosystem and (iii) outlines threat intelligence and incident response coordination for current and emerging cybersecurity risks. Additionally, the CISO and CIO continually evaluate and make updates to the Information Security program to align with regulatory requirements and industry best practices to keep company-wide training initiatives related to cybersecurity risks robust and up to date.

As part of the second line of defense, the Company maintains a Technology, Risk and Compliance ("TRC") function and a Company-wide Enterprise Risk Management ("ERM") program for which the WBA Chief Ethics and Compliance Officer provides oversight. The TRC function is responsible for reviewing and updating the Company's Information Security policy and manages compliance with critical security related regulatory requirements, including those related to HIPAA and the Payment Card Industry - Data Security Standard. The ERM program systematically identifies and reports enterprise-wide risks and the related risk mitigation recommendations, including the consideration of cybersecurity risk relative to other top risks, to executive management. The TRC and ERM teams work collaboratively with the Information Security team to support the Company's risk mitigation efforts.

The CISO partners closely with the Legal, Privacy and TRC teams, allowing for coordination with respect to policy design and providing domain expertise for incident response, as well as setting strategy. The CISO's updates to the overall risk management strategy and policy incorporate real-time operating metrics from the Company's technology environment as well as industry knowledge from team members and consultants, internal and external auditors, participation in professional peer networks, membership in Information Sharing and Analysis Centers, and commercial threat intelligence. Additionally, on a regular basis, the CISO briefs the CIO and other executive management committee members on emerging threats.

The Company has established a comprehensive Data Security Event Plan ("DSEP") which formalizes how the Company and management identify, investigate, respond to and report incidents involving unauthorized access to sensitive data. The DSEP is co-managed by the CISO, the Chief Privacy Officer and the Vice President of Technology Risk. The DSEP assists with establishing a repeatable process for management to identify the relative significance of incidents and defines internal and external reporting obligations. Response strategies are tailored to the circumstances of each incident, considering technical, business, legal and regulatory factors. Thorough documentation and data preservation are paramount throughout the investigation process. Once incidents are properly identified and assessed under the DSEP, communications are coordinated internally and escalated accordingly to the Audit Committee and the Board, as well as externally, to allow for timely dissemination of accurate information while adhering to legal and regulatory requirements.

The Company engages outside experts as needed to supplement in-house expertise with industry-leading experts for incident response and recovery, digital forensics, penetration testing, and outside counsel specializing in cybersecurity matters. To mitigate cybersecurity risks and threats arising from the Company's use of third-party service providers, the Company conducts proactive diligence on certain service providers' information security programs to help meet the Company's baseline cybersecurity standards as set by the CISO under the Information Security program.

In evaluating cybersecurity incidents, management considers the potential impact to customer privacy as well as results of operations, controls, and financial condition, as well as the potential impact, if any, to the Company's business strategy or reputation. As of the date hereof, we are not aware of any risks from cybersecurity threats, including risks from any past cybersecurity threats, that have materially affected our business or results of operations. However, future cybersecurity threats could materially affect us, including our business strategy, results of operations, or financial condition. For more information on risks associated with cybersecurity threats, see the risk factor titled "Cybersecurity, Data Privacy and Information Security Risks" in Item 1A-Risk factors.

Governance

The Audit Committee, whose members include seasoned technologists and technology consultants, has been delegated responsibility for overseeing the Company’s management of strategy with respect to data, privacy and cybersecurity risks.

The Audit Committee receives briefings from the CISO related to ongoing cybersecurity-related initiatives and cybersecurity risks, including emerging threats, at least quarterly. The Audit Committee then determines whether any such matters need to be presented to the full Board. Additionally, the Audit Committee regularly reviews and discusses with management, no less than annually, the Company’s enterprise risk assessment and key enterprise risks in connection with the larger ERM program, which includes matters related to information security and technology risks, including cybersecurity. The CISO also provides an update directly to the full Board no less than annually regarding the overall health of the cybersecurity program.

The Company’s CIO and CISO have over 40 years of combined experience in technology leadership roles for large, multinational corporations, including extensive experience in enterprise cybersecurity strategy, policy, incident response and controls.

Item 2. Properties

The following information regarding the Company's properties is provided as of August 31, 2024 and does not include properties of unconsolidated, partially-owned entities. The Company's properties are suitable and adequate for its current business operations.

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]	8,454
Puerto Rico	105
U.S. Virgin Islands	1
	8,560
International:	
United Kingdom [2]	2,164
Mexico	1,183
Thailand	246
The Republic of Ireland	95
	3,688
U.S. Healthcare - healthcare locations	464
Walgreens Boots Alliance total	**12,712**

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 140 million square feet. The Company owned approximately 3% 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 4. Leases, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Distribution centers and other facilities

The Company operated 19 retail distribution centers covering approximately 11 million square feet of space, of which 2 locations were owned. Geographically, 15 of these retail distribution centers were located in the U.S. and 4 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 11 prescription micro-fulfillment centers, 1 prescription mail service facility and 1 manufacturing facility, covering approximately 858 thousand, 110 thousand, and 115 thousand square feet, respectively.

The Company's International segment operated 30 pharmaceutical distribution centers in Germany, of which 7 were owned. The pharmaceutical distribution centers in Germany covered approximately 3 million square feet.

Office facilities

The Company operated 45 principal office facilities, covering approximately 2.1 million square feet, of which 3 were owned. Geographically, 30 of these principal office facilities were located in the U.S. and 15 were located outside of the U.S.

Item 3. Legal proceedings

The information in response to this item is included in Note 10. 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 October 8, 2024, there were approximately 41,140 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, changes in 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, 2024 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.

	Issuer purchases of equity securities			
Period	**Total number of shares purchased by month**	**Average price paid per share**	**Total number of shares purchased by month as part of publicly announced plans or programs[1]**	**Approximate dollar value of shares that may yet be purchased under the plans or programs[1]**
6/1/24 - 6/30/24	—	$ —	—	$ 2,003,419,960
7/1/24 - 7/31/24	—	—	—	2,003,419,960
8/1/24 - 8/31/24	—	—	—	2,003,419,960
	—		—	

1 On June 28, 2018, Walgreens Boots Alliance announced 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 Part I, Item 1A, Risk factors, 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.

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-related claims and 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"); the financial performance of our consolidated subsidiaries in the United States ("U.S.") Healthcare segment; the amount of goodwill impairment charges (which are based in part on estimates of future performance); the influence of certain holidays; seasonality; foreign currency rates; changes in National Average Drug Acquisition Cost ("NADAC") benchmark pricing; 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 and regulations, including the tax law changes in the U.S. and the United Kingdom ("UK"); changes in recoverability of deferred tax assets; 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 expected execution and effect of our business strategies, including the breadth, timing and impact of the actions related to our strategic review; the timing and magnitude of cost reduction initiatives, including under our Transformational Cost Management Program and Footprint Optimization Program (each, as defined below); 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; shifts in consumer behavior and buying preferences; 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 attract and retain qualified associates in the markets in which the Company operates.

Strategic Initiatives

In fiscal 2024, the Company initiated a strategic and operational review of its business and strategy. In connection with the strategic review, the Company expects to focus on areas that build its core retail and specialty pharmacy business, leverage its current assets through capital-efficient businesses, and expand its relationships with business partners. As such, the Company is analyzing opportunities that may impact the future results of operations and cash flows, including the Company's recently approved plan to implement a significant multi-year U.S. Footprint Optimization Program to close certain underperforming stores, primarily in the U.S.; launching a U.S. Retail Pharmacy action plan to invest in and deliver an improved customer and patient experience across channels, including broadening and deepening our services by assessing provider status and exploring other new payment arrangements, responding to an anticipated challenging retail environment by adjusting pricing and promotional strategies; re-evaluating the U.S. Retail Pharmacy sales strategy, including the merchandising strategy, in an effort to offer a refreshed assortment of products, with a planned focus of being more selective with national brands and expanding owned brands in key categories; stabilizing pharmacy margins by collaborating and negotiating with pharmacy benefit managers ("PBMs") in an attempt to bring more stability and predictability to retail pharmacy reimbursement models; aligning U.S. Pharmacy and Healthcare organizations for enhanced go-to-market capabilities; re-evaluating capital allocation priorities, including an assessment of our dividend policy; continuing to focus on monetizing non-core assets to generate cash flow and harvesting gains from our portfolio of investments, such as Cencora and BrightSpring Health Services; and simplifying and focusing the U.S. Healthcare portfolio. The Company continues to evaluate its overall portfolio of assets and investments and may take action in line with the Company's strategic direction.

The Company is currently evaluating a variety of options with respect to Village Practice Management Company, LLC ("VillageMD") in light of ongoing investments by the Company in VillageMD's businesses and VillageMD's substantial ongoing and expected future cash requirements. These options could include a sale of all or part of the VillageMD businesses, possible restructuring options and other strategic opportunities.

In fiscal 2023, we provided VillageMD senior secured credit facilities (the "VillageMD Secured Loan") in the aggregate amount of $2.25 billion, consisting of (i) a senior secured term loan in an aggregate principal amount of $1.75 billion and (ii) a senior secured credit facility in an aggregate original committed amount of $500 million. On August 2, 2024, the Company and VillageMD acknowledged the existence of defaults under the VillageMD Secured Loan. On August 6, 2024, we entered into a forbearance agreement whereby the Company has agreed not to exercise certain remedies available to it under the terms of the VillageMD Secured Loan, subject to VillageMD's compliance with the conditions set forth in the forbearance agreement. The Company is actively engaged in discussions with VillageMD's stakeholders and other third parties with respect to the future of its investment in VillageMD.

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.

Opioid litigation settlements

On December 9, 2022, the Company entered into a Multistate Settlement Agreement (the "Multistate Agreement") which resolved 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. The Multistate Agreement, which became effective on August 7, 2023, included no admission of wrongdoing or liability by the Company. As of August 31, 2024, the Company has accrued a total of $6.6 billion liability associated with the Multistate Agreement and other opioid-related claims and litigation settlements. The cost of the settlements is reflected in the Consolidated Statements of Earnings within Selling, general and administrative expenses as part of the U.S. Retail Pharmacy segment.

See Note 10. Commitments and contingencies, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

COVID-19

Since 2020, COVID-19 has impacted global economies, including the U.S., the UK, and other countries, causing public health concerns, economic and supply chain disruptions and volatility in financial markets. The Company has been pivotal in combating COVID-19 by collaborating with the Centers for Disease Control and Prevention, the U.S. Department of Health and Human Services, and the U.S. government to administer vaccines. The federal Public Health Emergency for COVID-19 expired on May 11, 2023. Fiscal 2022 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 and 2024, the Company has seen significantly lower COVID-19 vaccine and testing volume. The Company continues to monitor the potential impacts of COVID-19. The financial and operational impacts of COVID-19 on the Company and its operating results, cash flows, and financial condition are discussed throughout this Form 10-K. The Company's current expectations are forward-looking statements and actual results may differ due to various factors, as discussed under "Cautionary note regarding forward-looking statements" below and in Item 1A, Risk factors.

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.

RECENT DEVELOPMENTS

Change of Executive Leadership

On October 10, 2023, the Company announced that its board of directors (the "Board of Directors") appointed Timothy C. Wentworth as Chief Executive Officer ("CEO") of the Company and a member of the Board of Directors, effective as of October 23, 2023. Mr. Wentworth 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 February 6, 2024, the Company announced that its Board of Directors appointed Manmohan Mahajan as Executive Vice President and Global Chief Financial Officer ("CFO"), effective as of March 1, 2024. Mr. Mahajan has previously served as the Company's Interim Global CFO since July 2023. Prior to such interim appointment, Mr. Mahajan served as the Company's Senior Vice President, Global Controller and Chief Accounting Officer from July 2021 to July 2023.

Boots Plan Annuitization

On November 23, 2023, with financial support from the Company, Boots Pensions Limited ("Trustee"), in its capacity as trustee of the Boots Pension Plan (the "Boots Plan"), entered into a Bulk Purchase Annuity Agreement ("BPA") with Legal & General Assurance Society Limited ("Legal & General") to insure the benefits of all 53,000 of its members.

See Note 13. Retirement benefits to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

Sale of Farmacias Ahumada

On October 31, 2023, the Company completed the sale of the Farmacias Ahumada business in Chile.

Sale of Cencora common stock

On November 9, 2023, the Company entered into the variable prepaid forward ("VPF") derivative contracts with third-party financial institutions and received prepayments of $424 million related to the forward sale of up to 2.7 million shares of Cencora common stock.

In fiscal 2024, the Company sold shares of Cencora common stock for total consideration of approximately $2.7 billion.

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

Prescription files and pharmacy inventory acquisitions

On May 8, 2024, the Company executed an asset purchase agreement to acquire prescription files and related pharmacy inventory. On August 26, 2024, the Company completed the acquisition for $293 million.

$750 million Note Issuance

On August 12, 2024, the Company issued, in an underwritten public offering, $750 million of 8.125% notes due 2029.

See Note 7. Debt, to the Consolidated Financial Statements included in Part II, Item 8 for further information

Footprint Optimization Program

On October 14, 2024, the Company's Board of Directors approved a plan to optimize its footprint and close approximately 900 to 1,000 additional underperforming stores primarily across the U.S. (the "Footprint Optimization Program"). See "Footprint Optimization Program" below for further information.

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 Item 1A, Risk factors and "Cautionary note regarding forward-looking statements."

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. The program was subsequently expanded and extended, with the most recent update in fiscal 2023, when the Company increased its annual cost savings target from $3.5 billion to $4.5 billion by the end of fiscal 2024. The Company achieved this goal by the end of fiscal 2024, concluding the Transformational Cost Management Program with annual cost savings of $4.5 billion. While most of the initiatives under the program were completed by the end of fiscal 2024, certain initiatives are expected to extend into fiscal 2025. The Company does not expect to incur material exit and disposal charges related to the finalization of these initiatives.

The Transformational Cost Management Program, which was multi-faceted and included divisional optimization initiatives, global smart spending, global smart organization and the transformation of the Company's information technology ("IT") capabilities, was designed to help the Company achieve increased cost efficiencies. The Company took actions across all aspects of the Transformational Cost Management Program, which focused 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 included activities such as optimization of stores. The Transformational Cost Management Program resulted in the approval to close approximately 650 Boots stores in the United Kingdom ("UK") and approximately 950 stores in the U.S. As of August 31, 2024, the Company has closed 624 and 676 stores in the UK and U.S., respectively.

Cumulative pre-tax charges to the Company's GAAP financial results for the Transformational Cost Management Program were $4.3 billion, of which pre-tax charges for exit and disposal activities were $4.0 billion.

The Company recognized aggregate pre-tax charges to its GAAP financial results related to the Transformational Cost Management Program as follows (in millions):

Transformational Cost Program Activities	Charges	
Lease obligations and other real estate costs [1]	$	1,654
Asset impairments [2]		1,011
Employee severance and business transition costs		975
Information technology transformation and other exit costs		324
Total cumulative pre-tax exit and disposal charges	**$**	**3,964**
Other IT transformation costs		351
Total estimated pre-tax charges	**$**	**4,316**

1. Includes impairments relating to operating lease right-of-use and finance lease assets.
2. Primarily related to store closures and other asset impairments.

Approximately 75% of the cumulative pre-tax charges relating to the Transformational Cost Management Program represented current or future cash expenditures, primarily related to employee severance and business transition costs, IT transformation and lease and other real estate payments.

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 2024	U.S. Retail Pharmacy		International		U.S. Healthcare		Corporate and Other		Walgreens Boots Alliance, Inc.	
Total exit and disposal charges	$	770	$	32	$	26	$	6	$	835
Other IT transformation costs		56		—		—		—		56
Total pre-tax charges	**$**	**827**	**$**	**32**	**$**	**26**	**$**	**6**	**$**	**891**

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**

See Note 3. Exit and disposal activities to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

FOOTPRINT OPTIMIZATION PROGRAM

On October 14, 2024, the Company's Board of Directors approved a plan to optimize its footprint and close underperforming stores, primarily within the Company's U.S. Retail Pharmacy segment (the "Footprint Optimization Program"). Execution of this program realigns the Company's footprint with evolving demographic trends and enhances its capacity to respond more effectively to shifts in consumer behavior and buying preferences. This increased agility in adapting to a changing environment is a key objective of the Company's strategic review, and a critical area in which the Company aims to close the competitive gap with peers that have taken similar initiatives over the past years.

The Footprint Optimization Program includes plans to close approximately 900 to 1,000 stores primarily across the U.S. by the end of fiscal 2027. The cadence of store closures prioritizes estimated cash flow benefits, underperforming locations, and lease expirations. The program is expected to be accretive to adjusted operating income and cash flows beginning in fiscal 2025. Considering the remaining approximately 300 stores approved, but not yet closed under the Transformational Cost Management Program, the Company expects to close 1,200 to 1,300 stores over the next three years.

The Company currently estimates that it will recognize cumulative pre-tax charges to its GAAP financial results of approximately $2.2 billion to $2.4 billion, including costs associated with lease obligations and other real estate costs, asset impairments, and employee severance and other exit costs. The Company expects to incur pre-tax charges of approximately $1.8 billion to $2.0 billion for lease obligations and other real estate costs including runoff costs associated with location optimization under prior programs, approximately $300 million of asset impairments, and approximately $100 million for employee severance and other exit costs. The Company estimates that approximately 90% of these cumulative pre-tax charges will result in future cash expenditures.

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 Part I, Item 1A Risk factors and Item 7 "Cautionary note regarding forward-looking statements" below.

EXECUTIVE SUMMARY

The following table presents certain key financial statistics for the Company for fiscal 2024, 2023 and 2022:

	(in millions, except per share amounts)		
	2024	2023	2022
Sales	$ 147,658	$ 139,081	$ 132,703
Gross profit	26,524	27,072	28,265
Selling, general and administrative expenses	28,113	34,205	27,295
Impairment of goodwill	12,701	—	—
Equity earnings in Cencora	213	252	418
Operating (loss) income (GAAP)	(14,076)	(6,882)	1,387
Adjusted operating income (Non-GAAP measure) [1]	2,624	3,871	5,133
(Loss) earnings before interest and income tax provision (benefit)	(13,736)	(4,839)	4,385
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)	(8,636)	(3,080)	4,337
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure) [1]	2,491	3,439	4,360
Diluted net (loss) earnings per common share (GAAP)	(10.01)	(3.57)	5.01
Adjusted diluted net earnings per common share (Non-GAAP measure) [1]	2.88	3.98	5.04

	Percentage increases (decreases)		
	2024	2023	2022
Sales	6.2	4.8	0.1
Gross profit	(2.0)	(4.2)	0.7
Selling, general and administrative expenses [2]	19.3	25.3	11.0
Impairment of goodwill	NM	—	—
Operating (loss) income (GAAP)	104.5	NM	(40.8)
Adjusted operating income (Non-GAAP measure) [1]	(32.2)	(24.6)	0.3
(Loss) earnings before interest and income tax provision (benefit)	183.9	NM	51.2
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)	180.4	NM	117.5
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure) [1]	(27.6)	(21.1)	2.5
Diluted net (loss) earnings per common share (GAAP)	180.4	NM	117.6
Adjusted diluted net earnings per common share (Non-GAAP measure) [1]	(27.6)	(20.9)	2.5

	Percent to sales		
	2024	2023	2022
Gross margin	18.0	19.5	21.3
Selling, general and administrative expenses	27.6	24.6	20.6

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

2 Fiscal 2024 includes goodwill impairment of $12.7 billion.

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 2024 compared to fiscal 2023. For discussion related to our results of operations for fiscal 2023 compared to fiscal 2022, refer to Part II, Item 7. Management's discussion and analysis of financial condition and results of operations in our fiscal 2023 Form 10-K, as amended by Form 10-K/A which was filed with the United States Securities and Exchange Commission on November 22, 2023.

Net loss attributable to Walgreens Boots Alliance, Inc. (GAAP) fiscal 2024 compared to fiscal 2023

Net loss attributable to the Company in fiscal 2024 was $8.6 billion, an increase of 180.4 percent compared with the year-ago period. Net loss per share was $10.01, an increase of 180.4 percent compared with the year-ago period. Net loss and net loss per share in the current period reflects a higher operating loss, a $2.2 billion non-cash charge related to a valuation allowance on certain deferred tax assets primarily related to opioid liabilities recognized in prior periods, a $717 million after tax charge for fair value adjustments on VPF derivatives related to the monetization of Cencora shares, and a non-cash impairment charge related to an equity method investment in China. Prior year period net loss and net loss per share reflects a $5.5 billion after-tax charge for opioid-related claims and litigation, partially offset by a $1.7 billion after-tax gain on the sale of Cencora and Option Care Health shares.

Operating loss was $14.1 billion in fiscal 2024 compared to operating loss of $6.9 billion for the year-ago period, an increase in operating loss of 104.5 percent. Operating loss in the current period reflects a $12.4 billion non-cash impairment charge related to VillageMD goodwill, which resulted in a $5.8 billion charge attributable to WBA, net of tax and non-controlling interest and non-cash impairment charges related to certain long-lived assets in the U.S. Retail Pharmacy segment and CCX Next, LLC ("CareCentrix") goodwill, a challenging U.S. retail environment, net reimbursement pressure, lower sale-leaseback gains and higher incentive accruals than in the prior year, partially offset by cost savings and improved profitability in the U.S. Healthcare segment. Prior year operating loss reflects a $6.8 billion pre-tax charge for opioid-related claims and litigation and a $431 million non-cash impairment of pharmacy license intangible assets in Boots UK.

Other income, net was $340 million and $2.0 billion in fiscal 2024 and 2023, a decrease of $1.7 billion. The decrease in Other income, net is mainly due to a $946 million charge for fair value adjustments on financial derivatives related to the monetization of Cencora shares, a non-cash impairment charge related to an equity investment in China, and lower gains from the partial sale of the Company's equity method investment in Cencora in the current period.

Interest expense, net was $482 million and $580 million in fiscal 2024 and 2023, respectively, a decrease of $98 million. The decrease in interest expense was primarily the result of gains on early extinguishment of debt and lower net borrowings in the current period, partly offset by higher interest rates in the current period.

The Company's effective tax rate for fiscal 2024 and 2023 was an expense of 8.8% compared to a benefit of 34.3% in the year-ago period. Fiscal 2024 tax expense includes the impact of a non-cash expense to record a valuation allowance on certain U.S. federal and state deferred tax assets primarily related to opioid liabilities recognized in prior periods, VillageMD earnings not taxable to the Company, and goodwill impairment, which is primarily not deductible for tax purposes.

Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure) fiscal 2024 compared to fiscal 2023

Adjusted net earnings attributable to the Company in fiscal 2024 was $2.5 billion, a decrease of 27.6 percent compared with the year-ago period. Adjusted diluted net earnings per share in fiscal 2024 was $2.88, a decrease of 27.6 percent to compared with the year-ago period.

The decrease in adjusted net earnings primarily reflects lower adjusted operating income due to a challenging U.S. retail environment, net reimbursement pressure, lower sale-leaseback gains, and higher incentive accruals in the current period, partly offset by cost savings and improved profitability in the U.S. Healthcare segment, lower interest expense, and a lower adjusted effective tax rate due to the recognition of deferred tax assets in foreign jurisdictions in the second quarter of fiscal 2024.

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

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RESULTS OF OPERATIONS BY SEGMENT

The following information summarizes our results of operations by segment for fiscal 2024 compared to fiscal 2023.

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)		
	2024	2023	2022
Sales	$ 115,778	$ 110,314	$ 109,078
Gross profit	20,736	22,115	23,669
Selling, general and administrative expenses	21,334	27,674	21,180
Equity earnings in Cencora	213	252	418
Operating (loss) income	(385)	(5,307)	2,907
Adjusted operating income [1]	2,167	3,689	5,029
Number of prescriptions [2]	796.4	800.8	819.6
30-day equivalent prescriptions [2,3]	1,226.4	1,211.6	1,216.4
Number of locations at period end [5]	8,572	8,720	8,901

	Percentage increases (decreases)		
	2024	2023	2022
Sales	5.0	1.1	(2.6)
Gross profit	(6.2)	(6.6)	(0.3)
Selling, general and administrative expenses	(22.9)	30.7	5.7
Operating (loss) income	(92.8)	NM	13.8
Adjusted operating income [1]	(41.3)	(26.6)	0.2
Comparable sales [4]	6.2	4.9	5.1
Pharmacy sales	8.2	2.1	(5.3)
Comparable pharmacy sales [4]	9.8	7.2	4.7
Retail sales	(4.6)	(1.6)	5.6
Comparable retail sales [4]	(3.4)	(0.8)	6.1
Comparable number of prescriptions [2,4]	0.2	(1.3)	(1.0)
Comparable 30-day equivalent prescriptions [2,3,4]	2.0	0.6	1.3

	Percent to sales		
	2024	2023	2022
Gross margin	17.9	20.0	21.7
Selling, general and administrative expenses	18.4	25.1	19.4

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. Total prescriptions represents total prescription volume dispensed at Walgreens' retail drugstores, health and wellness services, and specialty and home delivery pharmacy services.

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. 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. Fiscal 2024 figures include an adjustment to remove February 29, 2024 results due to the leap year.

[5] Locations include retail stores, specialty pharmacy facilities, prescription mailing facilities, and prescription micro-fulfillment centers.

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

Sales fiscal 2024 compared to fiscal 2023

Sales for fiscal 2024 increased by 5.0 percent to $115.8 billion, driven almost entirely by pharmacy sales. Comparable sales increased by 6.2 percent in fiscal 2024.

Pharmacy sales increased by 8.2 percent in fiscal 2024, and were 76.8 percent of the segment's sales. Pharmacy sales benefited from higher branded drug inflation, mix impacts, and strong execution in pharmacy services. Comparable pharmacy sales increased 9.8 percent in fiscal 2024, compared to an increase of 7.2 percent in the year-ago period. Within comparable pharmacy sales, 30-day equivalent prescriptions filled in fiscal 2024 increased by 2.0 percent compared to the year-ago period. Total prescriptions filled in fiscal 2024, including immunizations, adjusted to 30-day equivalents, increased 1.2 percent to 1.2 billion.

Retail sales decreased by 4.6 percent in fiscal 2024 and were 23.2 percent of the segment's sales reflecting a challenging retail environment, channel shift, a weaker respiratory season, and lower seasonal sales. Comparable retail sales decreased 3.4 percent in fiscal 2024 and decreased 0.8 percent in fiscal 2023.

Operating loss fiscal 2024 compared to fiscal 2023

Gross profit was $20.7 billion for fiscal 2024, compared to $22.1 billion in the year-ago period. Gross profit decreased 6.2 percent, primarily driven by lower retail scan volume driven by softer US market trends, elevated shrink levels, and continued net reimbursement pressure including brand inflation and mix impacts.

Selling, general and administrative expenses as a percentage of sales were 18.4 percent in fiscal 2024 compared to 25.1 percent in fiscal 2023. The decrease was almost entirely driven by the $6.8 billion charge for opioid-related claims and litigation settlements in the year-ago period, partly offset by the $455 million non-cash impairment charge related to certain long-lived assets, and lower sale-leaseback gains in the current period coupled with impacts from reduced incentive accrual in the year-ago period.

Operating loss for fiscal 2024 was $385 million, including income of $213 million from the Company's share of equity earnings in Cencora. This result compared to $5.3 billion of operating loss in the year-ago period, including, $252 million from the Company's share of equity earnings in Cencora. The improvement in operating loss was primarily driven by a $6.8 billion pre-tax charge for opioid-related claims and litigation settlements in the year-ago period, partly offset by lower pharmacy and retail gross profit and a $455 million non-cash impairment charge related to certain long-lived assets in the current period.

Adjusted operating income fiscal 2024 compared to fiscal 2023

Adjusted operating income for fiscal 2024 decreased 41.3 percent to $2.2 billion. The decrease reflects lower pharmacy and retail gross profit due to a challenging retail environment and continued pharmacy reimbursement pressure, lower sale-leaseback gains, lower Cencora equity income and lower incentive accruals in the prior year, partially offset by cost savings initiatives.

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, and the Benavides brand in Mexico. Sales for these businesses are principally derived from the sale of prescription drugs and health and wellness, beauty, personal care and other consumer products. In fiscal 2024, the Company completed the sale of the Farmacias Ahumada business in Chile.

The International segment operates in currencies other than the U.S. dollar, including the British pound sterling, euro 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)		
	2024	**2023**	**2022**
Sales	$ 23,552	$ 22,198	$ 21,830
Gross profit	5,025	4,704	4,618
Selling, general and administrative expenses	4,343	4,326	4,964
Operating income (loss)	682	379	(346)
Adjusted operating income [1]	793	935	726
Number of locations at period end [3]	3,364	3,960	3,989

	Percentage increases (decreases)		
	2024	**2023**	**2022**
Sales	6.1	1.7	6.5
Gross profit	6.8	1.9	6.7
Selling, general and administrative expenses	0.4	(12.9)	21.0
Operating income (loss)	80.1	NM	NM
Adjusted operating income [1]	(15.2)	28.8	55.7
Comparable sales in constant currency [2]	6.0	9.5	11.3
Pharmacy sales	(1.8)	(1.7)	(2.1)
Comparable pharmacy sales in constant currency [2]	4.9	4.7	2.5
Retail sales	7.7	5.8	11.2
Comparable retail sales in constant currency [2]	6.5	12.1	16.9

	Percent to sales		
	2024	**2023**	**2022**
Gross margin	21.3	21.2	21.2
Selling, general and administrative expenses	18.4	19.5	22.7

[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 and sales from dispositions in the current period. 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. Fiscal 2024 figures include an adjustment to remove February 29, 2024 results due to the leap year.

[3] Includes only retail stores.

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

Sales fiscal 2024 compared to fiscal 2023

Sales for fiscal 2024 increased 6.1 percent to $23.6 billion. The favorable impact of currency translation on sales was 2.9 percentage points. Sales increased 3.2 percent on a constant currency basis, with the Germany wholesale business growing 5.6 percent and Boots UK sales growing 3.2 percent.

Pharmacy sales decreased 1.8 percent in fiscal 2024 and were 15.3 percent of the segment's sales. The favorable impact of currency translation on pharmacy sales was 3.9 percentage points. Comparable pharmacy sales in constant currency increased 4.9 percent compared to the year-ago period, reflecting an increase of 4.9 percent in Boots UK comparable pharmacy sales in constant currency driven by stronger demand for pharmacy services.

Retail sales increased 7.7 percent for fiscal 2024 and were 33.5 percent of the segment's sales, reflecting growth across all categories in Boots UK, and increased total retail market share in the UK. The favorable impact of currency translation on retail sales was 3.7 percentage points. Comparable retail sales in constant currency increased 6.5 percent driven by Boots UK comparable retail sales in constant currency increasing 6.9 percent reflecting higher retail sales in the UK, including market share gains and increased store footfall.

Pharmaceutical wholesale sales increased 7.6 percent for fiscal 2024 and were 51.2 percent of the segment's sales. The favorable impact of currency translation on pharmaceutical wholesale sales was 2.1 percentage points. Excluding the impact of currency translation, the increase in sales represents market growth in Germany.

Operating income fiscal 2024 compared to fiscal 2023

Gross profit increased 6.8 percent in fiscal 2024. Gross profit was favorably impacted by 3.4 percentage points, or $162 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, and market growth in the Germany wholesale business.

Selling, general and administrative expenses for fiscal 2024 increased 0.4 percent from the year-ago period to $4.3 billion, reflecting an adverse currency impact of 3.4 percentage points, or $148 million. Excluding the impact of currency translation, the decrease reflects the pharmacy license intangible assets impairment in the UK in the year-ago period, partially offset by real estate gains in the year-ago period and higher inflation and increased investment in information technology in the UK in the current period.

Operating income for fiscal 2024 increased 80.1 percent to $682 million. Operating income was favorably impacted by 3.5 percentage points or $13 million, as a result of currency translation. Excluding the impact of currency translation, the increase in operating income reflects pharmacy license intangible assets impairment in the UK in the year-ago period, higher retail sales in the UK, and market growth in the Germany wholesales business, partially offset by real estate gains in the year-ago period, and higher inflation and increased investment in information technology in the UK in the current period.

Adjusted operating income fiscal 2024 compared to fiscal 2023

Adjusted operating income for fiscal 2024 decreased 15.2 percent to $793 million. Adjusted operating income was favorably impacted by 1.8 percentage points, or $17 million, as a result of currency translation. Excluding the impact of currency translation, the decrease in adjusted operating income reflects real estate gains in the year-ago period, and higher inflation and increased investment in information technology in the UK, partially offset by higher retail sales 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 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; as well as Shields Health Solutions Parent, LLC (“Shields”), a specialty pharmacy integrator and accelerator for hospitals; and CareCentrix, a participant in the post-acute and home care management sectors, and the Walgreens Health organic business that contracts with different participants in the healthcare ecosystem to provide commercial and clinical healthcare services.

FINANCIAL PERFORMANCE

	(in millions)		
	2024	2023	2022
Sales	$ 8,345	$ 6,570	$ 1,795
Gross profit (loss)	734	252	(22)
Selling, general and administrative expenses	2,273	1,977	806
Impairment of goodwill	12,701	—	—
Operating loss (GAAP)	(14,241)	(1,725)	(829)
Adjusted operating loss [1]	(134)	(566)	(370)
Adjusted EBITDA (Non-GAAP measure) [1]	66	(376)	(312)

[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 2024 compared to fiscal 2023

Sales for fiscal 2024 increased $1.8 billion to $8.3 billion, reflecting the acquisition of WP CityMD TopCo (“Summit”) by VillageMD, and growth led by VillageMD and Shields compared to the year-ago period. VillageMD sales, inclusive of Summit, increased $1.6 billion to $6.2 billion driven by growth in full-risk lives and fee for service revenue, partly offset by the impact of clinic closures. Shields sales increased $106 million to $573 million, driven by further growth within existing partnerships.

Operating loss fiscal 2024 compared to fiscal 2023

Gross profit for fiscal 2024 was $734 million compared to $252 million in fiscal 2023. The increase primarily reflects the acquisition of Summit by VillageMD and growth led by VillageMD and Shields.

Selling, general and administrative expenses were $15.0 billion for fiscal 2024 compared to $2.0 billion in fiscal 2023. The increase was primarily driven by a $12.4 billion non-cash impairment charge related to VillageMD goodwill and planned clinic closures, and a $332 million non-cash goodwill impairment charge related to CareCentrix.

Operating loss for fiscal 2024 was $14.2 billion compared to a loss of $1.7 billion in fiscal 2023. The decrease was primarily driven by the $12.4 billion non-cash impairment charge related to VillageMD goodwill and planned clinic closures and the $332 million non-cash goodwill impairment charge related to CareCentrix.

Adjusted operating loss for fiscal 2024 compared to fiscal 2023

Adjusted operating loss was $134 million for fiscal 2024, compared to a loss of $566 million in fiscal 2023. The improvement compared to the year-ago period was driven by growth from Shields and cost discipline at VillageMD.

Adjusted EBITDA (Non-GAAP measure) for fiscal 2024 compared to fiscal 2023

Adjusted EBITDA was $66 million for fiscal 2024, compared to a loss of $376 million in fiscal 2023 driven by cost discipline at VillageMD and growth from Shields.

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 the 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. We also use non-GAAP financial measures as a basis for certain compensation programs sponsored by the Company. 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.

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NON-GAAP RECONCILIATIONS

Operating (loss) income to Adjusted operating income (loss) 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 2024				
	U.S. Retail Pharmacy	**International**	**U.S. Healthcare**	**Corporate and Other**	**Walgreens Boots Alliance, Inc.**
Operating (loss) income (GAAP)	**$ (385)**	**$ 682**	**$ (14,241)**	**$ (133)**	**$ (14,076)**
Impairment of goodwill, intangibles and long-lived assets	477	—	12,911	34	13,422
Acquisition-related amortization	393	62	620	—	1,075
Transformational cost management	827	32	26	6	891
Certain legal and regulatory accruals and settlements	561	—	—	—	561
Acquisition-related costs	84	17	550	(109)	542
Adjustments to equity earnings in Cencora	162	—	—	—	162
LIFO provision	47	—	—	—	47
Adjusted operating income (loss) (Non-GAAP measure)	**$ 2,167**	**$ 793**	**$ (134)**	**$ (202)**	**$ 2,624**

	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**

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):

	2024	2023	2022
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc. (GAAP)	**$ (8,636)**	**$ (3,080)**	**$ 4,337**
Adjustments to operating (loss) income:			
Impairment of goodwill, intangibles and long-lived assets [1]	13,422	299	783
Certain legal and regulatory accruals and settlements [2]	561	7,466	768
Transformational cost management [3]	891	1,181	763
Acquisition-related amortization [4]	1,075	1,126	855
Acquisition-related costs [5]	542	323	223
Adjustments to equity earnings in Cencora [6]	162	211	218
LIFO provision [7]	47	187	135
Store damage and inventory loss insurance recovery [8]	—	(40)	—
Total adjustments to operating (loss) income	16,701	10,752	3,746
Adjustments to other income, net:			
Impairment of equity method investment and investments in debt and equity securities [9]	364	—	190
Loss on disposal of business [10]	2	34	38
Loss (gain) on certain non-hedging derivatives [11]	946	(19)	1
Gain on investments, net [12]	—	(109)	(2,576)
Gain on sale of equity method investment [13]	(1,614)	(1,855)	(559)
Total adjustments to other income, net	(301)	(1,949)	(2,906)
Adjustments to interest expense, net:			
Interest expense on debt [14]	19	—	—
Early debt extinguishment [15]	—	—	4
Total adjustments to interest expense, net	19	—	4
Adjustments to income tax provision (benefit):			
Equity method non-cash tax [16]	27	44	70
Discrete tax items and tax impact of adjustments [16]	1,216	(2,187)	(752)
Total adjustments to income tax provision (benefit)	1,243	(2,143)	(681)
Adjustments to post-tax earnings from other equity method investments:			
Adjustments to earnings in other equity method investments [17]	40	40	58
Total adjustments to post-tax earnings from other equity method investments	40	40	58
Adjustments to net loss attributable to non-controlling interests:			
Impairment of goodwill, intangibles and long-lived assets [1]	(6,195)	—	—
Transformational cost management [3]	—	—	(1)
Early debt extinguishment [15]	—	—	(1)
Loss on disposal of business [10]	1	(14)	—
Acquisition-related costs [5]	(217)	(80)	(32)
Discrete tax items [16]	37	108	—
Acquisition-related amortization [4]	(200)	(196)	(164)
Total adjustments to net loss attributable to non-controlling interests	(6,573)	(182)	(198)
Adjusted net earnings attributable to Walgreens Boots Alliance, Inc. (Non-GAAP measure)	**$ 2,491**	**$ 3,439**	**$ 4,360**

	2024	2023	2022
Diluted net (loss) earnings per common share (GAAP) [18]	**$ (10.01)**	**$ (3.57)**	**$ 5.01**
Adjustments to operating (loss) income	19.32	12.45	4.33
Adjustments to other income, net	(0.35)	(2.26)	(3.36)
Adjustments to interest expense, net	0.02	—	0.01
Adjustments to income tax provision (benefit)	1.44	(2.48)	(0.79)
Adjustments to post-tax earnings from other equity method investments	0.05	0.05	0.07
Adjustments to net loss attributable to non-controlling interests	(7.61)	(0.21)	(0.23)
Adjusted diluted net earnings per common share (Non-GAAP measure) [19]	**$ 2.88**	**$ 3.98**	**$ 5.04**
Weighted average common shares outstanding, diluted (in millions) [19]	864.3	864.0	865.9

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

	2024	2023	2022
Operating loss (GAAP) [20]	**$ (14,241)**	**$ (1,725)**	**$ (829)**
Impairment of goodwill, intangibles and long-lived assets [1]	12,911	—	—
Acquisition-related amortization [4]	620	743	392
Acquisition-related costs [5]	550	301	67
Transformational cost management [3]	26	115	—
Adjusted operating loss	**(134)**	**(566)**	**(370)**
Depreciation expense	146	129	36
Stock-based compensation expense [21]	53	61	22
Adjusted EBITDA (Non-GAAP measure)	**$ 66**	**$ (376)**	**$ (312)**

1 In the second quarter of fiscal 2024, the Company recorded $12.4 billion of non-cash impairment charges related to VillageMD goodwill. In the fourth quarter of fiscal 2024, the Company recorded $332 million of non-cash impairment charges related to CareCentrix goodwill. These charges are recorded within Selling, general and administrative expenses and Impairment of goodwill within the Consolidated Statements of Earnings. 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. These charges are recorded within Selling, general and administrative expenses within the Consolidated Statements of Earnings. 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.

2 Certain legal and regulatory accruals and settlements relate to significant charges associated with certain legal proceedings, including legal defense costs. The Company excludes these charges when evaluating operating performance because it does not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of the Company's operating performance. These charges are recorded in Selling, general and administrative expenses within the Consolidated Statements of Earnings. In fiscal 2024 and 2023, the Company recorded charges related to the opioid litigation Multistate Agreement 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.

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

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

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

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. Adjustments are recorded to equity earnings in Cencora within the Consolidated Statements of Earnings.

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. These charges are recorded within Cost of sales within the Consolidated Statements of Earnings.

8 Store damage and inventory loss insurance recovery for losses incurred in fiscal 2020 as a result of looting in the U.S. These charges are primarily recorded within Selling, general and administrative expenses within the Consolidated Statements of Earnings.

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, in the Consolidated Statements of Earnings.

10 Includes gains or losses related to the sale of businesses. These charges are recorded to Other income, net, in the Consolidated Statements of Earnings.

11 Includes fair value gains or losses on the VPF derivatives and certain derivative instruments used as economic hedges of the Company's net investments in foreign subsidiaries. These charges are recorded within Other income, net, in the Consolidated Statements of Earnings. The Company does not believe this volatility related to the non-cash 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 the fair value adjustments recorded on investments in equity securities to Other income, net, in the Consolidated Statements of Earnings. 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.

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

14 Includes interest expense on external debt to fund incremental contributions to the Boots Plan required to complete the Trustee's acquisition of a bulk annuity policy (the "Buy-In") from Legal & General. The payments and related incremental interest expense are not indicative of normal operating performance.

15 In fiscal 2022, the Company incurred a $4 million loss in connection with the early extinguishment of debt related to the integration of Shields. The Company excludes these charges as related activities do not reflect the Company's ongoing financial performance.

16 In fiscal 2024, the Company recorded a $2.2 billion non-cash charge due to recognition of a valuation allowance against certain U.S. and state deferred tax assets primarily related to opioid liabilities recognized in prior periods. Adjustments to income tax provision (benefit) include adjustments to the GAAP basis tax provision (benefit) commensurate with non-GAAP adjustments and certain discrete tax items including U.S. and UK tax law changes and equity method non-cash tax. These charges are recorded within Income tax provision (benefit) within the Consolidated Statements of Earnings.

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

18 Due to the anti-dilutive effect resulting from periods where the Company reports a net loss, the impact of potentially dilutive securities on the per share amounts has been omitted from the calculation of weighted-average common shares outstanding for diluted net loss per common share.

19 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.

20 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.

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

KEY PERFORMANCE INDICATORS

The Company considers certain metrics presented in this 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 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. The Company has paid cash dividends every quarter since 1933. In fiscal 2024 as part of an evaluation of strategic and operational options, including those related to capital allocation, the Company announced a 48 percent reduction in its quarterly dividend payment to 25 cents per share, to strengthen the Company's long-term balance sheet and cash position, starting with the quarterly dividend payable in March 2024. This action reinforces the Company's goals of increasing cash flow, while freeing up capital to invest in sustainable growth initiatives in the pharmacy and healthcare businesses, which the Company believes will ultimately improve shareholder value. Further, 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 timely, if at all, 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, working capital financing arrangements, debt offerings, sale of marketable securities, current cash, and monetization of investments and other assets. 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 disclosures about market risk, below for a discussion of certain financing and market risks. See Note 4. Leases and Note 7. 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.

In fiscal 2024, the Company reduced net debt by nearly $2.0 billion and lease obligations by over $1.0 billion. The Company also met its goals by reducing capital expenditures by over $700 million and realizing over $600 million in benefits from working capital initiatives. These factors contributed to the Company's positive cash flow for fiscal 2024. In fiscal 2025, the Company expects to focus on improving cash flow generation and reducing net debt through a combination of operational actions and asset monetization activities. Operational actions include initiatives to reduce capital expenditures and improve working capital.

Cash, cash equivalents, marketable securities and restricted cash were $3.2 billion (including $289 million in non-U.S. jurisdictions) and $856 million (including $144 million in non-U.S. jurisdictions) as of August 31, 2024 and August 31, 2023, 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, 2024, the Company has recorded a $6.6 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 10. Commitments and contingencies to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

On November 23, 2023, with financial support from the Company, Boots Pension Limited, in its capacity as trustee of the Boots Pension Plan, entered into a Bulk Purchase Annuity Agreement with Legal & General Assurance Society Limited to insure the benefits of all 53,000 of its members. The Company has committed to contributing approximately $970 million to $1.0 billion to the Boots Plan (including the acceleration of previously committed contributions) to fund the purchase of a bulk annuity policy. In fiscal 2024, the Company paid $435 million of the commitment, with the remaining amount expected to be paid within the next two years. See Note 13. Retirement benefits to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

At August 31, 2024, the Company had no guarantees outstanding and the letters of credit issued were not material. See Note 7. Debt to the Consolidated Financial Statements included in Part II, Item 8 herein for further information on the Company's debt instruments and its recent financing actions.

Cash flows from operating activities
Net cash provided by operating activities was $1.0 billion, $2.3 billion and $3.9 billion in fiscal 2024, 2023 and 2022, respectively. The decrease in cash provided by operating activities in fiscal 2024 compared to fiscal 2023 is primarily driven by higher payments related to legal matters, the Boots Plan Annuity premium payments, changes in net working capital, and lower earnings. Changes in net working capital are primarily driven by higher levels of inventory and receivables as compared to year-ago period.

Cash flows from investing activities
Net cash provided by (used for) investing activities was $1.9 billion, $(3.1) billion and $(1.1) billion in fiscal 2024, 2023 and 2022, respectively.

Net cash provided by investing activities in fiscal 2024 includes proceeds from sale-leaseback transactions of $898 million and sale proceeds of $2.7 billior related to the Company's sale of Cencora common stock offset by additions to property, plant and equipment of $1.4 billion and asset acquisitions, primarily from the acquisition of prescription files, of $402 million.

Net cash used for investing activities in fiscal 2023 includes cash outflows for the acquisition by VillageMD 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 2. Acquisitions and other investments and Note 5. Equity method investments to the Consolidated Financial Statement included in Part II, Item 8 for further information.

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

	2024	2023	2022
U.S. Retail Pharmacy	$ 1,041	$ 1,421	$ 1,207
International	247	308	295
U.S. Healthcare	91	375	218
Corporate and Other	2	13	15
Total additions to property, plant and equipment	**$ 1,381**	**$ 2,117**	**$ 1,734**

The decrease in capital expenditure represents the reprioritization of growth initiatives, including the reduction in VillageMD footprint expansion, the rollout of micro-fulfillment centers, and digital transformation initiatives.

Cash flows from financing activities
Net cash used for financing activities was $538 million, $887 million and $1.5 billion in fiscal 2024, 2023 and 2022, respectively.

In fiscal 2024, 2023 and 2022, proceeds from debt, primarily from revolving credit facilities, issuance of commercial paper and notes, were $31.4 billion, $6.3 billion and $11.9 billion, respectively. In fiscal 2024, 2023 and 2022 payments of debt, primarily for revolving credit facilities and commercial paper, were $30.5 billion, $9.0 billion and $8.4 billion, respectively.

On August 12, 2024, the Company issued, in an underwritten public offering, $750 million of 8.125% notes due 2029. The Company intends to use the net proceeds from this offering, together with cash on hand, for the repayment and/or retirement of the Company's 3.800% notes due 2024, of which the $1.2 billion aggregate principal amount is currently outstanding, and to use remaining amounts for general corporate purposes. See Note 7. Debt to the Consolidated Financial Statements included in Part II, Item 8 herein for further information.

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 2. Acquisitions and other investments to the Consolidated Financial Statement included in Part II, Item 8 for further information.

In fiscal 2024 and 2023, the Company also entered into VPF derivative contracts with third-party financial institutions and received prepayments of $424 million and $2.6 billion related to the forward sale of up to 2.7 million and 17.3 million shares of Cencora common stock, respectively. See Note 5. Equity method investments and Note 8. 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 $69 million, $150 million and $187 million in fiscal 2024, fiscal 2023 and fiscal 2022, respectively. The Company did not repurchase stock pursuant to the stock repurchase programs described below.

Cash dividends paid were $1.3 billion, $1.7 billion and $1.7 billion in fiscal 2024, fiscal 2023 and fiscal 2022, respectively.

Financing activities in fiscal 2024 and 2022 include early debt extinguishment of $318 million and $1.6 billion driven by the early redemption of debt. The company did not extinguish debt in fiscal 2023. See Note 7. 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 Directors 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, 2024. 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 7. 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, 2024, the Company was in compliance with all such applicable financial covenants.

Credit ratings
As of October 14, 2024, the credit ratings of Walgreens Boots Alliance were:

Rating agency	Long-term rating [1]	Commercial paper rating	Outlook
Moody's	Ba3	NP	Stable outlook
Standard & Poor's	BB	B	Negative outlook

1. This long-term credit rating refers to the Company's Corporate Family Rating issued by Moody's.

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.

In fiscal 2024, the Company's long-term ratings were downgraded below investment to BB with a negative outlook by Standard and Poor's and Ba3 with a stable outlook by Moody's (with respect to the Company's Corporate Family Rating). The reduction in the Company's credit ratings has limited impact to the cost of interest on existing debt, but has minimally increased borrowing margins under certain credit facilities that are tied to ratings grids or similar terms. The Company's current credit ratings significantly reduce the Company's ability to issue commercial paper, has and may continue to increase the cost of new financing for the Company, and may decrease access to credit and debt capital markets. As of August 31, 2024, the Company had an aggregate borrowing capacity under committed revolving credit facilities of $5.8 billion, with no funds drawn under these facilities.

COMMITMENTS AND CONTINGENCIES

The information set forth in Note 10. 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 GAAP 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, legal and other 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 that 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. Long-lived assets related to the Company's retail, pharmacy and healthcare operations include property, plant and equipment, definite lived intangibles, and right of use assets. 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. 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 a market or an 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 that 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, goodwill impairment, 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,” “opportunity,” “guidance,” “projection,” “target,” “aim,” “continue,” “extend,” “transform,” “strive,” “enable,” “create,” “position,” “accelerate,” “model,” “long-term,” “believe,” “seek,” “estimate,” “anticipate,” “may,” “possible,” “assume,” “potential,” “preliminary,” “trend,” “future,” “predict,” “assumption,” “commentary,” “focus on,” “ambition,” “vision,” “belief,” “hypothetical,” “aspire,” “confident,” “remains,” 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 8. 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, 2024, the Company had $2.3 billion of debt obligations at floating interest rates. A hypothetical 100 basis points increase in prevailing interest rates would increase annual interest expense on floating rate debt by approximately $23 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, 2024, by approximately $44 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 method investment in Cencora. As of August 31, 2024, a hypothetical 10% increase or decrease in the market price of Cencora common stock would increase or decrease the fair value of the Cencora common stock held by the Company by $479 million.

Changes in Cencora common stock price may have a significant impact on the fair value of the VPF derivative contracts. As of August 31, 2024, a hypothetical 10% increase or decrease in the market price of Cencora common stock would increase or decrease the fair value of the Company's VPF derivative contract liabilities by $434 million and $395 million, respectively.

See Note 5. Equity method investments and Note 8. Financial instruments, to the Consolidated Financial Statements included in Part II, Item 8 for further information.

Item 8. Financial statements and supplementary data

WALGREENS BOOTS ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
At August 31, 2024 and 2023
(in millions, except shares and per share amounts)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 1,319	$ 728
Marketable securities	1,790	11
Accounts receivable, net	5,851	5,381
Inventories	8,320	8,257
Other current assets	1,055	1,127
Total current assets	18,335	15,503
Non-current assets:		
Property, plant and equipment, net	9,772	11,587
Operating lease right-of-use assets	20,335	21,667
Goodwill	15,506	28,187
Intangible assets, net	12,973	13,635
Equity method investments (see Note 5)	2,269	3,497
Other non-current assets	1,846	2,550
Total non-current assets	62,702	81,125
Total assets	**$ 81,037**	**$ 96,628**
Liabilities, redeemable non-controlling interests and equity		
Current liabilities:		
Short-term debt	$ 1,505	$ 917
Trade accounts payable (see Note 17)	14,082	12,635
Operating lease obligations	2,382	2,347
Accrued expenses and other liabilities	8,673	8,426
Income taxes	312	209
Total current liabilities	26,953	24,535
Non-current liabilities:		
Long-term debt	8,044	8,145
Operating lease obligations	20,921	22,124
Deferred income taxes	1,195	1,318
Accrued litigation obligations	6,008	6,261
Other non-current liabilities	5,736	5,757
Total non-current liabilities	41,905	43,605
Commitments and contingencies (see Note 10)		
Total liabilities	68,858	68,140
Redeemable non-controlling interests	174	167
Equity:		
Preferred stock $ .01 par value; authorized 32 million shares, no ne issued	—	—
Common stock $ .01 par value; authorized 3.2 billion shares; issued 1,172,513,618 at August 31, 2024 and August 31, 2023	12	12
Paid-in capital	10,645	10,661
Retained earnings	23,348	33,058
Accumulated other comprehensive loss	(2,897)	(2,993)
Treasury stock, at cost; 308,513,185 shares at August 31, 2024 and 308,839,832 shares at August 31, 2023	(20,662)	(20,717)
Total Walgreens Boots Alliance, Inc. shareholders' equity	10,445	20,020
Non-controlling interests	1,561	8,302
Total equity	12,005	28,322
Total liabilities, redeemable non-controlling interests and equity	**$ 81,037**	**$ 96,628**

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, 2024, 2023 and 2022
(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, 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
Net loss	—	—	—	—	—	(8,636)	(6,813)	(15,449)
Other comprehensive income, net of tax	—	—	—	—	96	—	4	100
Dividends declared and distributions	—	—	—	—	—	(1,074)	(7)	(1,081)
Treasury stock purchases	(3,100,000)	—	(69)	—	—	—	—	(69)
Employee stock purchase and option plans	3,426,647	—	124	(100)	—	—	—	25
Stock-based compensation	—	—	—	73	—	—	87	160
Other	—	—	—	11	—	—	(13)	(1)
August 31, 2024	864,000,433	$ 12	$ (20,662)	$ 10,645	$ (2,897)	$ 23,348	$ 1,561	$ 12,005

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, 2024, 2023 and 2022
(in millions, except per share amounts)

	2024	2023	2022
Sales	$ 147,658	$ 139,081	$ 132,703
Cost of sales	121,134	112,009	104,437
Gross profit	26,524	27,072	28,265
Selling, general and administrative expenses	28,113	34,205	27,295
Impairment of goodwill	12,701	—	—
Equity earnings in Cencora	213	252	418
Operating (loss) income	(14,076)	(6,882)	1,387
Other income, net	340	2,043	2,998
(Loss) earnings before interest and income tax provision (benefit)	(13,736)	(4,839)	4,385
Interest expense, net	482	580	400
(Loss) earnings before income tax provision (benefit)	(14,219)	(5,419)	3,985
Income tax provision (benefit)	1,246	(1,858)	(30)
Post-tax earnings from other equity method investments	17	33	50
Net (loss) earnings	(15,448)	(3,528)	4,065
Net loss attributable to non-controlling interests	(6,812)	(448)	(271)
Net (loss) earnings attributable to Walgreens Boots Alliance, Inc.	**$ (8,636)**	**$ (3,080)**	**$ 4,337**
Net (loss) earnings per common share:			
Basic	$ (10.01)	$ (3.57)	$ 5.02
Diluted	$ (10.01)	$ (3.57)	$ 5.01
Weighted average common shares outstanding:			
Basic	863.1	863.2	864.4
Diluted	863.1	863.2	865.9

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, 2024, 2023 and 2022
(in millions)

	2024	2023	2022
Net (loss) earnings	$ (15,448)	$ (3,528)	$ 4,065
Other comprehensive income (loss), net of tax:			
Pension/post-retirement obligations	(8)	(541)	203
Unrealized gain (loss) on cash flow hedges	5	(2)	7
Net investment hedges (loss) gain	(68)	(130)	248
Movement on available for sale debt securities	1	(2)	(95)
Share of other comprehensive income (loss) of equity method investments	45	122	(226)
Currency translation adjustments	126	377	(865)
Total other comprehensive income (loss)	100	(176)	(728)
Total comprehensive (loss) income	(15,348)	(3,704)	3,337
Comprehensive loss attributable to non-controlling interests	(6,808)	(435)	(303)
Comprehensive (loss) income attributable to Walgreens Boots Alliance, Inc.	**$ (8,540)**	**$ (3,269)**	**$ 3,640**

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, 2024, 2023 and 2022
(in millions)

	2024	2023	2022
Cash flows from operating activities:			
Net (loss) earnings	$ (15,448)	$ (3,528)	$ 4,065
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:			
Depreciation and amortization	2,459	2,257	1,990
Deferred income taxes	917	(2,371)	(366)
Stock compensation expense	182	385	391
Earnings from equity method investments	(230)	(286)	(468)
Impairment of goodwill, intangibles and long-lived assets	14,370	1,293	1,214
Gain on previously held investment interests	—	—	(2,576)
Gain on sale of equity method investments	(1,520)	(1,855)	(559)
Impairment of equity method investments and investments in equity and debt securities	364	36	233
Gain on sale-leaseback transactions	(295)	(925)	(619)
Loss (gain) on variable prepaid forward contracts	946	(19)	—
Other	(242)	(173)	99
Changes in operating assets and liabilities:			
Accounts receivable, net	(464)	72	808
Inventories	(31)	287	(433)
Other current assets	82	(188)	(72)
Trade accounts payable	1,409	1,243	244
Accrued expenses and other liabilities	(536)	(561)	(138)
Income taxes	30	441	(51)
Accrued litigation obligations	(333)	6,378	—
Other non-current assets and liabilities	(643)	(228)	137
Net cash provided by operating activities	1,018	2,258	3,899
Cash flows from investing activities:			
Additions to property, plant and equipment	(1,381)	(2,117)	(1,734)
Proceeds from sale-leaseback transactions	898	1,767	1,308
Proceeds from sale of other assets	2,860	4,495	1,334
Business, investment and asset acquisitions, net of cash acquired	(402)	(7,313)	(2,189)
Other	(97)	75	216
Net cash provided by (used for) investing activities	1,878	(3,094)	(1,064)
Cash flows from financing activities:			
Net change in short-term debt with maturities of 3 months or less	(2)	(1)	(11)
Proceeds from debt	31,365	6,276	11,958
Payments of debt	(30,474)	(8,978)	(8,360)
Acquisition of non-controlling interests	—	(1,316)	(2,108)
Proceeds from issuance of non-controlling interests	—	2,725	—
Proceeds from variable prepaid forwards	424	2,568	—
Treasury stock purchases	(69)	(150)	(187)
Cash dividends paid	(1,260)	(1,659)	(1,659)
Early debt extinguishment	(318)	—	(1,591)
Other	(203)	(351)	459
Net cash used for financing activities	(538)	(887)	(1,499)
Effect of exchange rate changes on cash, cash equivalents, marketable securities and restricted cash	4	20	(47)
Changes in cash, cash equivalents, marketable securities and restricted cash			
Net increase (decrease) in cash, cash equivalents, marketable securities and restricted cash	2,362	(1,702)	1,288
Cash, cash equivalents, marketable securities and restricted cash at beginning of period	856	2,558	1,270
Cash, cash equivalents, marketable securities and restricted cash at end of period	**$ 3,218**	**$ 856**	**$ 2,558**

The accompanying notes to Consolidated Financial Statements are an integral part of these 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 16. Segment reporting, 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 impact of opioid related claims and litigation settlements, the influence of certain holidays, seasonality, foreign currency rates, changes in vendor, payor and customer relationships and terms, strategic transactions including acquisitions, dispositions, asset impairments 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.

Certain amounts in the Consolidated Financial Statements and accompanying notes may not sum 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 at the date of acquisition. Credit and debit card receivables, which generally settle within one to seven business days, of $ 235 million and $ 122 million were included in cash and cash equivalents at August 31, 2024 and 2023, respectively.

Restricted cash and other cash flows from operating activities

Restricted cash

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

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 2024, 2023 and 2022 (in millions):

	August 31, 2024	August 31, 2023	August 31, 2022
Cash and cash equivalents	$ 1,319	$ 728	$ 1,358
Marketable securities	1,790	11	1,114
Cash and cash equivalents - assets held for sale (included in other current assets)	—	24	—
Restricted cash (included in other current and non-current assets)	110	93	86
Cash, cash equivalents, marketable securities and restricted cash	**$ 3,218**	**$ 856**	**$ 2,558**

Other cash flows from operating activities

Other cash outflows from operating activities primarily include non-cash adjustments. For fiscal 2024, the adjustment of $ 242 million primarily includes a $ 131 million pre-tax gain on early termination of leases and a pre-tax gain of $ 102 million related to the early extinguishment of debt. For fiscal 2023, the adjustment of $ 173 million primarily includes a pre-tax 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 adjustment of $ 99 million primarily includes $ 46 million of dividends from the Company's equity method investments.

Accounts receivable

Accounts receivable are stated net of allowances for doubtful accounts. Accounts receivable balances primarily consist of trade receivables due from customers, including amounts due from third-party payors (e.g., pharmacy benefit managers, insurance companies and governmental agencies). Trade receivables were $ 4.8 billion and $ 4.3 billion at August 31, 2024 and 2023, respectively. Other accounts receivable balances, which consist primarily of receivables from vendors and manufacturers, including receivables from Cencora, Inc. ("Cencora") (see Note 17. Related parties, for further information), were $ 1.0 billion and $ 1.1 billion at August 31, 2024 and 2023, respectively.

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, 2024 and 2023 were $ 110 million.

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 $ 6.3 billion and $ 6.2 billion at August 31, 2024 and 2023, respectively. At August 31, 2024 and 2023, U.S. Retail Pharmacy segment inventory would have been greater by $ 3.7 billion and $ 3.6 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 at August 31, 2024 and 2023.

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

	Estimated useful life	2024	2023
Land and land improvements [1]	20	$ 1,455	$ 1,778
Buildings and building improvements	3 to 50	6,117	6,683
Fixtures and equipment	3 to 20	9,720	9,782
Capitalized system development costs and software	3 to 10	3,528	3,821
Assets under construction		673	1,400
Finance lease properties		1,143	1,075
		$ 22,636	$ 24,540
Less: accumulated depreciation and amortization		12,863	12,953
Balance at end of year		**$ 9,772**	**$ 11,587**

1. Land is not depreciated.

The Company capitalizes application development stage costs for internally developed software. Amortization expense for capitalized system development costs and software was $ 414 million, $ 371 million and $ 307 million in fiscal 2024, 2023 and 2022, respectively. Unamortized costs were $ 1.4 billion and $ 1.5 billion at August 31, 2024 and 2023, respectively.

Depreciation and amortization expense for property, plant and equipment, including capitalized system development costs and software was $ 1.5 billion, $ 1.4 billion and $ 1.4 billion for fiscal 2024, 2023 and 2022, respectively.

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 lease commencement date and 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 that 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 4. Leases, for further information.

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.

VillageMD 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. VillageMD’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 VillageMD.

VillageMD 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 VillageMD’s patient population.

The SAs generally provide VillageMD with rights to substantially all the earnings of the Entities and obligate VillageMD to fund losses of the Entities. As a result, VillageMD 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. VillageMD 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 VillageMD 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, 2024 and 2023, respectively.

	August 31, 2024	August 31, 2023
Total assets	$ 928	$ 881
Total liabilities	540	486

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.

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 6. Goodwill and other intangible assets, for further information 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 5. 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. Additionally, the Company economically hedges a portion of its exposure to equity price risk related to its investment in Cencora through variable prepaid forward ("VPF") derivative contracts. 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 and strategy 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:

- 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 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 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 loss to earnings in the Consolidated Statements 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 Statements 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 Statements of Earnings. The post-retirement healthcare plan is not funded.

See Note 13. 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, 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):

	2024	2023	2022
Opening balance	$ 167	$ 1,042	$ 319
Recognition upon acquisition of subsidiary [1]	—	—	2,684
Acquisition of non-controlling interests [2]	—	—	(2,047)
Net income (loss) attributable to Redeemable non-controlling interests	1	(21)	(73)
Redemption price adjustments and other [3]	6	460	159
Reclassifications to Accrued expenses and other liabilities [4]	—	(1,314)	—
Ending balance	**$ 174**	**$ 167**	**$ 1,042**

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 2. 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 loss attributable to non-controlling interests in the Consolidated Statements of Earnings.

Non-controlling interests primarily relates to VillageMD. As of August 31, 2024 and 2023, VillageMD non-controlling interests comprise 16.0 million and 16.0 million preferred units and 6.7 million and 6.5 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.

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 loss in the Consolidated Balance Sheets.

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 that 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 10. 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.

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 receives fees from payors that 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 Statements of Earnings, were $ 694 million, $ 775 million and $ 862 million for fiscal 2024, 2023, and 2022, respectively.

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. Long-lived assets related to the Company's retail, pharmacy and healthcare operations include property, plant and equipment, definite lived intangibles, and right of use assets. 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. 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 a market or an 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 Statements of Earnings were $ 1.7 billion, $ 863 million and $ 380 million for fiscal 2024, 2023 and 2022 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 requisite 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. Certain performance shares are also subject to market conditions based on total shareholder return. Such conditions are included in the fair-value-based measure of the award at the grant date. See Note 12. Stock compensation plans, for further 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 period 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.

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 and restricted stock units 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 14.1 million, 17.8 million and 17.1 million weighted outstanding options to purchase common shares that were anti-dilutive and excluded from the earnings per share calculation for fiscal 2024, 2023 and 2022, respectively.

Due to the anti-dilutive effect resulting from the reported net loss, an incremental 7.5 million and 3.0 million of potentially dilutive securities were omitted from the calculation of weighted-average common shares outstanding for fiscal 2024 and 2023, respectively.

Cash dividends declared per common share

Cash dividends per common share declared were as follows:

Quarter ended	2024	2023
November	$ 0.4800	$ 0.4800
February	$ 0.2500	$ 0.4800
May	$ 0.2500	$ 0.4800
August	$ 0.2500	$ 0.4800
Total	$ 1.2300	$ 1.9200

New accounting pronouncements

Adoption of new accounting pronouncements

Acquired contract assets and contract liabilities in a business combination

In October 2021, the FASB issued Accounting Standards Update ("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 adopted this ASU effective September 1, 2023 and the adoption did not impact 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 adopted this ASU effective September 1, 2023 and the adoption did not impact the Company's disclosures within these Consolidated Financial Statements.

New accounting pronouncements not yet adopted

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 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.

Segment Reporting - Improvements to Reportable Segment Disclosures
In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures. This ASU is expected to improve disclosures related to an entity's reportable segments and provide additional, more detailed information about a reportable segment's expenses. This ASU requires the Company to disclose significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and are included within each reported measure of segment operating results. The ASU also requires the Company to disclose the total amount of any other items included in segment operating results that were not deemed to be significant expenses for separate disclosure, along with a qualitative description of the composition of these other items. In addition, the ASU requires disclosure of the CODM's title and position, as well as detail on how the CODM uses the reported measure of segment operating results to evaluate segment performance and allocate resources. The ASU also aligns interim segment reporting disclosure requirements with annual segment reporting disclosure requirements. This ASU is effective for fiscal years beginning after December 15, 2023 (fiscal 2025) and interim periods within fiscal years beginning after December 15, 2024 (fiscal 2026). The amendments in this ASU must be applied on a retrospective basis to all prior periods presented in the financial statements and early adoption is permitted. The Company has evaluated the effect of adopting this new accounting guidance. While the standard requires additional disclosures related to the Company's reportable segments, the standard will not have any impact on the Company's consolidated operating results, financial condition, or cash flows.

Improvements to Income Tax Disclosures
In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures. This ASU is expected to enhance the transparency and decision usefulness of income tax disclosures by requiring public business entities on an annual basis to disclose specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold, and certain information about income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 (fiscal 2026). The amendments in this ASU are required to be applied on a prospective basis and retrospective adoption is permitted. The Company is currently evaluating the effect of adopting this new accounting guidance.

Note 2. 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 paid one year following closing. The cash consideration includes $ 87 million of cash paid to fund acquisition-related bonuses to Summit employees which was 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 (the "VillageMD Secured Loan") 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. On August 2, 2024, the Company and VillageMD acknowledged the existence of defaults under the VillageMD Secured Loan. On August 6, 2024, the Company and VillageMD entered into a forbearance agreement relating to the intercompany facilities, whereby the Company has agreed not to exercise certain remedies available to it under the terms of the credit agreement, subject to VillageMD's compliance with the conditions set forth in the forbearance agreement, and the Company is actively engaged in discussions with VillageMD's stakeholders and other third parties with respect to the future of its investment in VillageMD.

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. In fiscal 2024, 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]	$	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		381
Property, plant and equipment		607
Intangible assets [3]		3,359
Operating lease right-of-use assets		756
Other assets		174
Operating lease obligations		(773)
Deferred tax liability		(735)
Other liabilities		(466)
Total identifiable net assets	**$**	**3,372**
Goodwill	**$**	**5,454**

1. Cash consideration excludes $ 87 million of cash paid to fund acquisition-related bonuses to Summit employees that was 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. $ 416 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 each period presented. 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):

		2023
Sales	$	1,896

Pro forma net earnings of the Company, assuming the acquisition had occurred at the beginning of fiscal 2022, would not be materially different from the results reported.

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 $ 1.6 billion 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.

Shields acquisition

On October 29, 2021, the Company completed the acquisition of 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. 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.

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.

In fiscal 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, as if the acquisitions 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 acquisitions occurred at the beginning of the period presented or results which may occur in the future.

(Unaudited, in millions)		**2022**
Sales	$	134,314

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

	2022
Sales	$ 1,795

Pro forma net earnings of the Company, assuming the acquisitions had occurred at the beginning of fiscal 2022, would not be materially different from the results reported.

See Note 16. Segment reporting, for further information.

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 $ 103 million and $ 128 million, respectively. In fiscal 2024, the Company completed the purchase price allocation.

The Company acquired prescription files and related pharmacy inventory primarily in the U.S. for an aggregate purchase price of $ 533 million and $ 324 million during fiscal 2024 and 2023, respectively.

Note 3. 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. The program was subsequently expanded and extended, with the most recent update in fiscal 2023, when the Company increased its annual cost savings target from $ 3.5 billion to $ 4.5 billion by the end of fiscal 2024. While most of the initiatives under the program were completed by the end of fiscal 2024, certain initiatives are expected to extend into fiscal 2025. The Company does not expect to incur material exit and disposal charges related to the finalization of these initiatives.

The Transformational Cost Management Program, which was multi-faceted and included divisional optimization initiatives, global smart spending, global smart organization and the transformation of the Company’s information technology (“IT”) capabilities, was designed to help the Company achieve increased cost efficiencies. The Company took actions across all aspects of the Transformational Cost Management Program, which focused 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 included activities such as optimization of stores. The Transformational Cost Management Program resulted in the approval to close approximately 650 Boots stores in the United Kingdom (“UK”) and approximately 950 stores in the U.S. As of August 31, 2024, the Company has closed 624 and 676 stores in the UK and U.S., respectively.

Cumulative pre-tax charges to the Company’s GAAP financial results for the Transformational Cost Management Program were $ 4.3 billion, of which pre-tax charges for exit and disposal activities were $ 4.0 billion. The charges were primarily recorded within Selling, general and administrative expenses within the Consolidated Statements of Earnings. These charges included $ 1.7 billion related to lease obligations and other real estate costs, $ 1.0 billion in asset impairments, $ 1.0 billion in employee severance and business transition costs and $ 300 million of IT transformation and other exit costs. 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.

Costs related to exit and disposal activities under the Transformational Cost Management Program for fiscal 2024, 2023 and 2022, respectively, were as follows (in millions):

Fiscal 2024	**U.S. Retail Pharmacy**	**International**	**U.S. Healthcare**	**Corporate and Other**	**Walgreens Boots Alliance, Inc.**
Lease obligations and other real estate costs	$ 535	$ —	$ —	$ —	$ 535
Asset impairments	104	16	8	—	128
Employee severance and business transition costs	93	(3)	6	6	102
Information technology transformation and other exit costs	39	19	13	—	70
Total pre-tax exit and disposal charges	**$ 770**	**$ 32**	**$ 26**	**$ 6**	**$ 835**

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**

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, 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**
Costs	535	128	102	70	835
Payments	(223)	—	(145)	(62)	(430)
Other	(315)	(128)	—	(28)	(471)
Balance at August 31, 2024	**$ 8**	**$ —**	**$ 26**	**$ 2**	**$ 36**

Other exit and disposal activities

In fiscal 2024, VillageMD approved the closure of approximately 160 clinics. As a result, long-lived and intangible assets of $ 303 million were impaired within the U.S. Healthcare segment. The impairment charges were recorded in Selling, general and administrative expenses within the Consolidated Statements of Earnings.

In fiscal 2024, management ceased development of, and abandoned, a multi-year internal software development project within the U.S. Retail Pharmacy segment. As a result, previously capitalized internally-developed software of $ 455 million was impaired. The impairment charge was recorded in Selling, general and administrative expenses within the Consolidated Statements of Earnings.

Note 4. Leases

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

Balance sheet supplemental information:	August 31, 2024	August 31, 2023
Operating leases:		
Operating lease right-of-use assets	$ 20,335	$ 21,667
Operating lease obligations - current	$ 2,382	$ 2,347
Operating lease obligations - non-current	20,921	22,124
Total operating lease obligations	$ 23,303	$ 24,472
Finance leases:		
Right-of-use assets included in:		
Property, plant and equipment, net	$ 680	$ 678
Lease obligations included in:		
Accrued expenses and other liabilities	$ 74	$ 57
Other non-current liabilities	917	919
Total finance lease obligations	$ 991	$ 976

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

Statement of earnings supplemental information:	**2024**	**2023**	**2022**
Operating lease cost			
Fixed	$ 3,473	$ 3,404	$ 3,240
Variable [1]	909	850	825
Finance lease cost			
Amortization	$ 68	$ 47	$ 44
Interest	53	51	50
Sublease income [2]	$ 111	$ 115	$ 105
Impairment of right-of-use assets	526	495	218
Gains on sale-leaseback transactions [2]			
U.S. Retail Pharmacy	$ 295	$ 747	$ 558
International [3]	—	178	61
Total gain on sale-leaseback [2]	$ 295	$ 925	$ 619

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

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

3 Includes gain on sale-leaseback related to the 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:	**2024**	**2023**	**2022**
Cash paid for amounts included in the measurement of lease obligations			
Operating cash flows from operating leases	$ 3,684	$ 3,579	$ 3,351
Operating cash flows from finance leases	51	47	47
Financing cash flows from finance leases	71	52	43
Total	$ 3,807	$ 3,679	$ 3,441
Right-of-use assets obtained in exchange for new lease obligations			
Operating leases	$ 1,457	$ 2,323	$ 2,078
Finance leases	80	30	11
Total	$ 1,536	$ 2,352	$ 2,089

Weighted average lease term and discount rate for real estate leases as of August 31, 2024 were as follows:

Weighted average lease terms and discount rates:	**August 31, 2024**	**August 31, 2023**
Weighted average remaining lease term in years		
Operating leases	9.2	9.6
Finance leases	17.6	17.4
Weighted average discount rate		
Operating leases	5.60 %	5.35 %
Finance leases	5.18 %	5.25 %

The aggregate future lease payments for operating and finance leases as of August 31, 2024 are as follows (in millions):

Future lease payments (fiscal years):	Finance lease	Operating lease [1,2]
2025	$ 128	$ 3,668
2026	123	3,599
2027	121	3,519
2028	99	3,383
2029	88	3,162
Later	892	12,792
Total undiscounted minimum lease payments	$ 1,451	$ 30,123
Less: Present value discount	460	6,820
Lease liability	**$ 991**	**$ 23,303**

1. Total undiscounted minimum lease payments include approximately $ 3.5 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 $ 592 million due to the Company under non-cancelable sublease terms.

Note 5. Equity method investments

Equity method investments as of August 31, 2024 and 2023 were as follows (in millions, except percentages):

	2024		2023	
	Carrying value	Ownership percentage	Carrying value	Ownership percentage
Cencora	$ 1,563	10 %	$ 2,534	16 %
Others	705	8 % - 50 %	963	8 % - 50 %
Total	**$ 2,269**		**$ 3,497**	

Cencora investment

As of August 31, 2024 and 2023, the Company owned 20.0 million and 31.8 million shares of Cencora common stock, respectively, representing approximately 10.2 % and 15.9 % of its outstanding common stock based on the share count publicly reported by Cencora in its most recent filings with the SEC. The Company has the ability to exercise significant influence in Cencora through the Company's board representation.

In fiscal 2024, 2023 and 2022, the Company sold shares of Cencora common stock for total consideration of approximately $ 2.7 billion, $ 3.4 billion and $ 900 million respectively. These transactions resulted in the Company recording pre-tax gains, inclusive of equity method basis difference adjustments, of $ 1.5 billion, $ 1.6 billion and $ 417 million, respectively, in Other income, net in the Consolidated Statements of Earnings, including $ 63 million, $ 160 million and $ 32 million of losses, respectively, reclassified from within Accumulated other comprehensive loss in the Consolidated Balance Sheets. As part of the Company's sale of Cencora common stock during the third quarter of fiscal 2024, the Company recognized a cumulative equity method basis difference adjustment, of which an immaterial amount pertained to fiscal 2023.

As of August 31, 2024 and 2023, the Company has pledged 20.0 million and 17.3 million shares of Cencora common stock, respectively, as collateral upon entering into VPF derivative contracts. See Note 8. Financial instruments, for further information.

The Company accounts for its equity investment in Cencora using the equity method of accounting, with the net earnings 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 in Cencora are reported as a separate line in the Consolidated Statements of Earnings.

The Level 1 fair market value of the Company's equity investment in Cencora common stock at August 31, 2024 and 2023 was $ 4.8 billion and $ 5.6 billion, respectively. As of August 31, 2024, the carrying value of the Company's investment in Cencora exceeded its proportionate share of the net assets of Cencora by $ 1.5 billion. This premium of $ 1.5 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.

Other investments

At August 31, 2024, the Company's other equity method investments primarily include its U.S. investment in BrightSpring Health Services ("BrightSpring"), and the Company's investments in China in Sinopharm Medicine Holding Guoda Drugstores Co., Ltd ("Guoda"), and Nanjing Pharmaceutical Company Limited ("Nanjing"). As of August 31, 2024, the Company owned approximately 18 % and 11 % of common stock outstanding in its investments in BrightSpring and Nanjing, respectively. The Company has the ability to exercise significant influence over the investees through the Company's board representation. As such, the Company accounts for its equity investments in BrightSpring and Nanjing using the equity method of accounting. On September 11, 2024, the Company sold shares of BrightSpring common stock for total consideration of approximately $ 129 million, reducing the Company's ownership percentage to approximately 12 %. The Company will continue to account for its remaining investment in BrightSpring under the equity method of accounting. In fiscal 2024 and 2022, the Company recognized other-than-temporary impairments of $ 364 million and $ 124 million, respectively, related to equity method investments in China. The impairments were derived using Level 3 inputs, including financial projections and market multiples of comparable companies. The Company did not recognize any significant equity method investment impairments in fiscal 2023.

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 addition, in fiscal 2022 the Company sold its ownership interest in Guangzhou Pharmaceutical Corporation ("GP Corp") for total consideration of approximately $ 150 million.

Option Care Health investment

During fiscal 2022, the Company sold 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 Statements of Earnings.

Summarized financial information

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

Balance sheet (in millions)

	August 31,	
	2024	2023
Current assets	$ 54,470	$ 48,185
Non-current assets	25,044	25,618
Current liabilities	58,231	52,093
Non-current liabilities	16,470	17,999
Shareholders' equity [1]	4,813	3,711

[1] Shareholders’ equity at August 31, 2024 and 2023 includes $ 432 million and $ 520 million, respectively, related to non-controlling interests.

Statements of earnings (in millions)

	2024	2023	2022
Sales	$ 304,895	$ 279,118	$ 268,189
Gross profit	12,466	12,457	13,248
Net earnings	1,922	1,799	1,988
Share of earnings from equity method investments	230	286	468

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 6. 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.

In the second quarter of fiscal 2024, the Company completed a quantitative impairment analysis for goodwill related to its VillageMD reporting unit within the U.S. Healthcare segment due to downward revisions in its longer term forecast received during the quarter, including the impact of closing approximately 90 additional clinics, slower than expected trends in patient panel growth and multi-specialty productivity trends, and recent changes in Medicare reimbursement models. These impacts were partly offset by cost savings initiatives. Based on this analysis, the Company recorded a goodwill impairment charge of $ 12.4 billion, prior to attribution of loss to non-controlling interests, in Operating loss within the Consolidated Statements of Earnings. The impairment charges reflect lower than previously expected longer term financial performance expectations, a reduction in the multiples for publicly traded peer companies, and increases in discount rates. As of August 31, 2024, the Company believes the carrying value of the VillageMD reporting unit approximates its fair value. As of August 31, 2024, the carrying value of goodwill within the VillageMD reporting unit was $ 1.5 billion.

In the fourth quarter of fiscal 2024, the Company completed its annual quantitative impairment analysis for goodwill and recognized an impairment charge of $ 332 million related to its CareCentrix reporting unit within the U.S. Healthcare segment due to downward revisions to its longer term forecasts received during the fourth quarter. As of August 31, 2024, the Company believes the carrying value of the CareCentrix reporting unit approximates its fair value. As of August 31, 2024, the carrying value of goodwill within the CareCentrix reporting unit was $ 178 million.

Based on the analysis completed as of the June 1, 2024 valuation date, the fair values of the Company’s other reporting units exceeded their carrying amounts ranging from approximately 18 % to approximately 124 %.

As part of the Company’s impairment analyses, fair value of the reporting units were determined using both the income and market approaches. The income approach requires management to estimate a number of factors, including the 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 related 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 the Company competes, discount rates, terminal growth rates, forecasts of revenue, operating income, depreciation, amortization, working capital requirements and capital expenditures. Future increases in discount rates or deterioration in the observable prices for guideline companies could result in further goodwill impairment in subsequent periods.

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 [1]	U.S. Healthcare	Walgreens Boots Alliance, Inc.
August 31, 2022	**$ 10,947**	**$ 1,293**	**$ 10,040**	**$ 22,280**
Acquisitions [2]	—	—	5,588	5,588
Measurement period adjustments	—	—	252	252
Currency translation adjustments and other	—	85	(18)	67
August 31, 2023	**$ 10,947**	**$ 1,378**	**$ 15,863**	**$ 28,187**
Measurement period adjustments	—	—	19	19
Impairments	—	—	(12,701)	(12,701)
Currency translation adjustments and other	—	9	(8)	1
August 31, 2024	**$ 10,947**	**$ 1,388**	**$ 3,173**	**$ 15,506**

1. As of fiscal 2022, prior period goodwill impairment charges of $ 1.7 billion were recognized in the International Segment.
2. In fiscal 2023, additions to goodwill primarily relate to VillageMD's acquisition of Summit.

The fair values of indefinite-lived intangibles within the Boots reporting unit, as part of the International segment, exceeded their carrying value amounts ranging from approximately 6 % to approximately 73 %. As of August 31, 2024 and 2023, the carrying value of the indefinite-lived intangibles within the Boots reporting unit was $ 5.6 billion and $ 5.5 billion, respectively. There were no impairments of indefinite-lived intangibles in fiscal 2024.

In fiscal 2023 and 2022, the Company recorded impairment losses of $ 431 million and $ 783 million, respectively, related to certain pharmacy license and trade name indefinite-lived intangible assets in the Boots reporting unit within the International segment. The impairments were recorded within Selling, general and administrative expenses within the Consolidated Statements of Earnings.

The Company evaluates the recoverability of definite-lived intangible assets whenever events or changes in circumstances indicate that the carrying value of such an asset may not be recoverable. The evaluation of definite-lived intangible assets is performed at the lowest level of identifiable cash flows. During the second quarter of fiscal 2024, as a result of the factors leading to the interim goodwill impairment analysis performed, the Company evaluated VillageMD's other intangible and long-lived assets for impairment. The assessment resulted in an impairment charge of $ 266 million, including a charge related to certain provider network intangibles. The charge was recognized primarily within the U.S. Healthcare segment as a component of Selling, general, and administrative expenses within the Consolidated Statements of Earnings. As part of this impairment analysis, the fair values of asset groups and intangible assets were determined using the income approach.

No material impairment was recorded for definite-lived intangibles in fiscal 2023 or 2022.

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

Intangible assets:	**August 31, 2024**	**August 31, 2023**
Gross amortizable intangible assets		
Customer relationships and loyalty card holders [1]	$ 4,868	$ 4,658
Provider networks	2,957	3,202
Trade names and trademarks	2,294	2,300
Developed technology	469	469
Others	156	137
Total gross amortizable intangible assets	$ 10,745	$ 10,767
Accumulated amortization		
Customer relationships and loyalty card holders [1]	$ 2,127	$ 1,784
Provider networks	411	233
Trade names and trademarks	558	401
Developed technology	221	143
Others	62	48
Total accumulated amortization	3,379	2,609
Total amortizable intangible assets, net	**$ 7,367**	**$ 8,158**
Indefinite-lived intangible assets		
Trade names and trademarks	$ 4,759	$ 4,650
Pharmacy licenses	848	828
Total indefinite-lived intangible assets	**$ 5,607**	**$ 5,477**
Total intangible assets, net	**$ 12,973**	**$ 13,635**

[1] Includes purchased prescription files.

Amortization expense for intangible assets was $ 963 million, $ 815 million and $ 639 million in fiscal 2024, 2023 and 2022, respectively.

Estimated future annual amortization expense for the next five fiscal years for intangible assets recorded at August 31, 2024 is as follows (in millions):

	2025	**2026**	**2027**	**2028**	**2029**
Estimated annual amortization expense	$ 974	$ 930	$ 840	$ 756	$ 688

Note 7. 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, 2024	August 31, 2023
Short-term debt		
Credit facilities [1]		
November 2021 DDTL due November 2024	$ 290	$ —
$ 850 million note issuance [1]		
0.9500 % unsecured notes due 2023	—	850
$ 8 billion note issuance [1]		
3.800 % unsecured notes due 2024	1,157	—
Other [2]	58	68
Total short-term debt	**$ 1,505**	**$ 917**
Long-term debt		
Credit facilities [1]		
November 2021 DDTL due November 2024	$ —	$ 289
December 2022 DDTL due January 2026	1,000	999
August 2023 DDTL due November 2026	1,000	—
$ 1.5 billion note issuance [1]		
3.200 % unsecured notes due 2030	498	498
4.100 % unsecured notes due 2050	635	793
$ 6 billion note issuance [1]		
3.450 % unsecured notes due 2026	1,445	1,444
4.650 % unsecured notes due 2046	295	318
$ 8 billion note issuance [1]		
3.800 % unsecured notes due 2024	—	1,156
4.500 % unsecured notes due 2034	301	301
4.800 % unsecured notes due 2044	657	869
£ 700 million note issuance [1]		
3.600 % unsecured Pound Sterling notes due 2025	391	381
€ 750 million note issuance [1]		
2.125 % unsecured Euro notes due 2026	833	814
$ 4 billion note issuance [3]		
4.400 % unsecured notes due 2042	236	263
$ 750 million note issuance [1]		
8.125 % unsecured notes due 2029	740	—
Other [2]	13	20
Total long-term debt, less current portion	**$ 8,044**	**$ 8,145**

1. Notes, borrowings under credit facilities and commercial paper are unsecured 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.
2. Other debt represents a mix of fixed and variable rate debt with various maturities and working capital facilities denominated in various currencies.
3. Notes are senior debt obligations of Walgreen Co.

At August 31, 2024, the future maturities of short-term and long-term debt, excluding debt discounts, issuance costs and finance lease obligations (See Note 4. Leases, for further information on the future lease payments), consisted of the following (in millions):

	Amount
2025	$ 1,505
2026	2,838
2027	1,835
2028	1
2029	751
Later	2,651
Total estimated future maturities	**$ 9,581**

$ 750 million Note Issuance

On August 12, 2024, the Company issued, in an underwritten public offering, $ 750 million of 8.125 % notes due 2029. The notes contain a call option which allows for the notes to be repaid, in full or in part, at 104 %, 102 % and 100 % of the principal amount of the notes to be redeemed, in each case plus accrued and unpaid interest at August 15, 2026, August 15, 2027 and August 15, 2028 respectively.

$ 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 contained a call option that allowed 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. On November 17, 2023, the Company repaid the note in full.

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” or “August 2023 RCF”). Interest on borrowings under the revolving credit facility accrues at applicable margins based on the Company’s Index Debt Rating by Moody’s or Standard and Poor (“S&P”) 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 August 2023 Revolving Credit Agreement at applicable fee rates based upon certain criteria at an annual rate on the unutilized portion of the total credit commitment. The August 2023 Revolving Credit Agreement’s termination date is August 9, 2026, or earlier, subject to the Company’s discretion to terminate the agreement. As of August 31, 2024, there were no borrowings outstanding under the August 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”). Interest on borrowings under the August 2023 DDTL accrues at applicable margins based on the Company’s Index Debt Rating by Moody’s or S&P and ranges from 75 basis points to 150 basis points over specified benchmark rates for SOFR loans, as applicable. The August 2023 DDTL was drawn for general corporate purposes. The August 2023 DDTL matures on November 17, 2026. As of August 31, 2024, there was $ 1 billion in borrowings outstanding under the August 2023 DDTL. Amounts borrowed under the August 2023 DDTL that are repaid or prepaid may not be reborrowed.

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”). Interest on borrowings under the December 2022 DDTL accrues at applicable margins based on the Company’s Index Debt Rating by Moody’s or S&P and ranges from 87.5 basis points to 150 basis points over specified benchmark rates for SOFR loans, as applicable. 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, 2024, there was $ 1.0 billion in borrowings outstanding under the December 2022 DDTL. Amounts borrowed under the December 2022 DDTL that are repaid or prepaid may not be reborrowed.

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 accrues at applicable margins based on the Company’s Index Debt Rating by Moody’s or S&P 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, 2024, 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”). Borrowings under the November 2021 DDTL bear interest at a fluctuating rate per annum equal to 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 1.05 %. 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, and 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, 2024, there was $ 290 million in borrowings outstanding under the November 2021 DDTL. Amounts borrowed under the November 2021 DDTL and repaid or prepaid may not be reborrowed.

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, 2024, 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, 2024 and 2023, the Company had no borrowings outstanding under the commercial paper program.

Interest

Interest paid by the Company was $ 578 million, $ 606 million and $ 420 million in fiscal 2024, 2023 and 2022, respectively.

In fiscal 2024, the Company recognized a gain of $ 102 million related to the early extinguishment of debt within Interest expense, net in the Consolidated Statements of Earnings. The cash payments related to the early extinguishment of debt are classified as cash outflows from financing activities in the Consolidated Statements of Cash Flows.

Credit ratings

In fiscal 2024, the Company’s long-term ratings were downgraded below investment grade to BB with a negative outlook by Standard and Poor’s and Ba3 with a stable outlook by Moody’s (with respect to the Company’s Corporate Family Rating). The reduction in the Company’s credit ratings has limited impact to the cost of interest on existing debt, but has minimally increased borrowing margins under certain credit facilities that are tied to ratings grids or similar terms. The Company’s current credit ratings significantly reduce the Company’s ability to issue commercial paper, has and may continue to increase the cost of new financing for the Company, and may decrease access to credit and debt capital markets. As of August 31, 2024, the Company had an aggregate borrowing capacity under committed revolving credit facilities of $ 5.8 billion, with no funds drawn under these facilities.

Note 8. 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 VPF derivative contracts.

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

August 31, 2024	Notional	Fair value	Location in Consolidated Balance Sheets
Derivatives designated as hedges:			
Cross currency interest rate swaps	$ 50	$ 1	Other current assets
Foreign currency forwards	7	—	Other current assets
Cross currency interest rate swaps	253	5	Other non-current assets
Foreign currency forwards	4	—	Other non-current assets
Foreign currency forwards	923	15	Accrued expenses and other liabilities
Cross currency interest rate swaps	356	5	Accrued expenses and other liabilities
Foreign currency forwards	2	—	Other non-current liabilities
Derivatives not designated as hedges:			
Foreign currency forwards	$ 534	$ 3	Other current assets
Total return swap	211	11	Other current assets
Foreign currency forwards	3,606	52	Accrued expenses and other liabilities
Variable prepaid forward contracts	1,185	1,332	Accrued expenses and other liabilities
Variable prepaid forward contracts	2,541	2,587	Other non-current liabilities

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	Accrued expenses and other liabilities
Cross currency interest rate swaps	102	2	Accrued expenses and other 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	Accrued expenses and other liabilities
Total return swap	26	1	Accrued expenses and other liabilities
Variable prepaid forward contracts	3,195	2,548	Other non-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 Cumulative 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 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 uses total return swaps to economically hedge variability in compensation charges related to certain deferred compensation obligations.

In fiscal 2024 and 2023, the Company entered into VPF derivative contracts 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 Accrued expenses and other liabilities and Other non-current liabilities in the Consolidated Balance Sheets as derivatives. The Company has pledged shares of Cencora common stock as collateral upon entering into the VPF derivative contracts. The VPF derivative contracts 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 derivative contracts are expected to settle 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 specified in the contracts 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 derivative contracts will not exceed the shares subject to forward sale.

The terms of the VPF derivative contracts 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
November 9, 2023	2.7	424	Fourth quarter, fiscal 2026
	20.0	$ 2,991	

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	2024	2023	2022
Total return swaps	Selling, general and administrative expenses	29	12	(33)
Foreign currency forwards	Other income, net [1]	(39)	(273)	523
Variable prepaid forward	Other income, net	(946)	19	—

1. 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. The Company and its counterparties are subject to collateral requirements for certain derivative instruments, which mitigates credit risk for both parties.

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 9. 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:

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, 2024	Level 1	Level 2	Level 3
Assets:				
Money market funds [1]	$ 1,790	$ 1,790	$ —	$ —
Cross currency interest rate swaps [2]	6	—	6	—
Foreign currency forwards [3]	3	—	3	—
Investments in equity securities [4]	19	19	—	—
Investment in debt securities [5]	98	—	98	—
Total return swaps	11	—	11	—
Liabilities:				
Variable prepaid forward [6]	$ 3,919	$ —	$ —	$ 3,919
Foreign currency forwards [3]	67	—	67	—
Cross currency interest rate swaps [2]	5	—	5	—

	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	—	—
Investments 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	—

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 8. 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 8. Financial instruments, for further information.

4. Fair values of quoted investments are based on current bid prices as of August 31, 2024 and August 31, 2023.
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. The implied volatility ranged from 24.5 % - 34.5 % for the lower strike and 19.6 % - 22.7 % for the upper strike as of August 31, 2024, and 23.2 % - 24.7 % for the lower strike and 18.1 % - 19.1 % for the upper strike as of August 31, 2023. See Note 8. Financial instruments, for further information.

There were no transfers between Levels in fiscal 2024 or 2023.

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 2024 and 2023 is as follows (in millions):

	2024	2023
Opening balance	$ (2,548)	$ —
VPF derivative additions	(424)	(2,568)
Unrealized (losses) gains recorded in Other income, net	(946)	19
Ending balance	**$ (3,919)**	**$ (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, 2024, the carrying amounts and estimated fair values of long term notes outstanding including the current portion were $ 7.2 billion and $ 6.4 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, 2024 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, 2024. The carrying value of the Company’s commercial paper, credit facilities, accounts receivable and trade accounts payable approximated their respective fair values due to their short-term nature.

Note 10. 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 has been involved or is currently involved in numerous legal proceedings, including litigation, arbitration, government investigations, audits, reviews and claims. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, the U.S. Department of Justice (the “DOJ”), state Attorneys General, the U.S. Drug Enforcement Administration (the “DEA”), the U.S. Federal Trade Commission (the “FTC”) and other governmental authorities.

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.

The Company describes below certain proceedings involving the Company in which the amount of loss could be material or the nature of the dispute is qualitatively material. The Company accrues for legal claims when, and to the extent that, the amount or range of probable loss can be reasonably estimated. If only a range of probable loss can be determined, and no one estimate within that range is a better or more probable estimate than any other estimate, the Company accrues the low end of the range. The Company believes there are meritorious defenses with respect to the claims asserted against it, and it intends to defend each of these cases vigorously, as applicable, 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: the 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 legal proceedings.

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 alleged that the Company and certain of its officers made false or misleading statements regarding the transactions. 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 in which Defendants admitted no liability. The settlement of approximately $ 193 million was approved by the court on October 23, 2023, has been fully paid and the lawsuit has been dismissed with prejudice.

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 and demands for relief as those in the M.D. Pa. class action (the "Opt-out Actions"). On March 5, 2024 the parties reached an agreement to resolve this litigation and the court has prohibited further opt-out litigation with respect to the M.D. Pa. class action.

On March 19, 2021, a putative shareholder filed a derivative suit in the District Court of Delaware (*Clem v. Skinner, et al.* , 21-CV-406 Del Dist. Ct.) against certain current and former Walgreens directors and officers, seeking damages based on alleged breaches of fiduciary duty and seeking contribution under Section 21D of the Exchange Act of 1934, as amended, in connection with the M.D. Pa. class action. The plaintiff's allegations in this derivative suit concern the same public statements at issue in the M.D. Pa. class action. The parties have reached an agreement to resolve this matter subject to court approvals.

Claims Relating to Opioid Abuse

On December 9, 2022, the Company entered into a Multistate Settlement Agreement (the “Multistate Agreement”) which 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 Multistate Agreement, 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 Multistate Agreement provided for the payment of up to approximately $ 754 million in attorneys’ fees and costs over six years beginning in year two of the Multistate Agreement. The Multistate Agreement, which became effective on August 7, 2023, included no admission of wrongdoing or liability by the Company.

In the first quarter of fiscal 2023, the Company recorded a $ 6.5 billion liability associated with the Multistate Agreement and other opioid-related claims and litigation settlements which was reflected in the Consolidated Statements of Earnings within Selling, general and administrative expenses as part of the U.S. Retail Pharmacy segment.

The Company has now resolved its litigation with all states, territories, tribes and 99.7 % of litigating subdivisions within Settling States 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 Company will continue to vigorously defend against any litigation not covered by the Multistate 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, 2024, the Company has accrued a total of $ 6.6 billion liability associated with the Multistate Agreement and other opioid-related claims and litigation settlements, including $ 623 million and $ 6.0 billion of the estimated settlement liability in Accrued expenses and other liabilities, and Accrued litigation obligations, respectively, in the Consolidated Balance Sheets.

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 bellwether cases:

- 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.
- *Louisiana Assessors Ins. Fund v. AmerisourceBergen Drug Corp., et al* ., 1:18-op-46223 (M.D. La.).
- *Pioneer Tele, Coop. Inc. Employee Benefits Plan v. Purdue Pharma LP et al* ., 1:18-op-46186 (W.D. Okla.).
- *United Food and Comm. Workers Health and Welfare Fund of Northeastern Pennsylvania v. Purdue Pharma, LP et al.* , 1:17-op-45117 (E.D. Pa.).
- *Sheet Metal Workers Local No. 25 Health & Welfare Fund v. Purdue Pharma, LP et al* ., 1:18-op-45002 (E.D. Pa.).

The Company also has been named as a defendant in multiple actions brought in state courts relating to opioid matters. A trial date has been set in the following case pending in state court:

- 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 - September 2025).

The relief sought by plaintiffs in these matters includes compensatory, abatement, restitution and punitive damages, as well as injunctive relief. Additionally, the Company has received from the DOJ and the Attorneys General of numerous states subpoenas, civil investigative demands, and other requests concerning opioid-related matters. The Company and the DOJ are in active negotiations for potential settlement of 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. There are no assurances that a settlement acceptable to both parties will be reached.

On September 23, 2022, a putative shareholder filed a derivative suit in the United States District Court for the Northern District of Ohio (*Vladimir Gusinsky Revocable Trust v. Pessina et al*., 22-CV-1717) against certain current and former Walgreens directors and officers, seeking damages based on alleged breaches of fiduciary duty, unjust enrichment and violations of section 14A of the Securities and Exchange Act of 1934 in connection with the oversight of risks related to opioids. After an initial dismissal, the case was refiled on November 4, 2023, in the United States District Court for the Northern District of Illinois (*Vladimir Gusinsky Revocable Trust v. Pessina et al*., 23-CV-15654). The court granted final approval of a settlement on June 18, 2024 which includes a net $ 28 million payment to the Company from insurers and certain corporate governance changes. Defendants admitted no liability and denied all allegations of wrongdoing.

Usual and Customary Pricing Litigation
The Company is defending a number of claims, lawsuits, and investigations alleging that the Company's retail pharmacies overcharged for prescription drugs by not submitting the correct usual and customary price during the claims adjudication process. The Company has accrued a total liability of $ 339 million for all usual and customary pricing litigation in Accrued expenses and other liabilities within the Consolidated Balance Sheets.

In one such case, Humana initiated an arbitration before the American Arbitration Association on August 13, 2019, seeking monetary damages on the basis of the aforementioned allegation. At the conclusion of that matter, the arbitrator issued an award in Humana's favor in the amount of $ 642 million. The Company asked a federal court to vacate that award. On December 29, 2023, the parties reached an agreement to resolve the Humana dispute for $ 360 million.

On March 23, 2017, a putative class of employee and union benefit funds and individual insureds filed suit in the United States District Court for the Northern District of Illinois (*Russo et al. v. Walgreen Co. et al.* , Case No. 1:17-cv-02246) making similar allegations and seeking monetary damages. The plaintiffs' motion for class certification is fully briefed but was stayed pending the outcome of settlement discussions. The parties reached an agreement to settle this matter, subject to court approvals. Additionally, a group of Blue Cross Blue Shield-affiliated plans filed suit in federal and state courts in Illinois making similar allegations and seeking similar damages (*BCBSM, Inc. et al v. Walgreen Co. et al.* , Case 1:20-cv-01853; Healthcare *Service Corp. v. Walgreen Co., et al.*, Case No. 2021 L 000621).

Derivative Suit Relating to Insulin Pens
On March 19, 2021, a putative shareholder filed a derivative suit in the Delaware Court of Chancery (*Clem v. Skinner et al*., 2021-0240) against certain current and former Walgreens directors and officers, seeking damages based on alleged breaches of fiduciary duty and unjust enrichment in connection with certain allegedly false reimbursement claims to government healthcare payors related to insulin pens. The matter was dismissed with prejudice on February 20, 2024, and on May 7, 2024, the plaintiff withdrew his appeal.

Commercial Arbitration Award
On June 10, 2022, Everly Health Solutions, formerly known as PWNHealth LLC ("Everly/PWN"), initiated an arbitration with the American Arbitration Association alleging that an agreement between Everly/PWN and the Company was exclusive, and that the Company breached the agreement when it in-sourced certain services previously performed by Everly/PWN related to Covid testing. Everly/PWN also alleged fraudulent inducement, misappropriation, and improper use of PWN's mark. Everly/PWN sought monetary damages for its alleged claims.

On March 19, 2024, the arbitrator issued a Final Award in the amount of $ 988 million including interest. The Company disputes the alleged claims and the Final Award in part because it believes it is in contravention of a contractual cap on damages, which limits damages to $ 79 million. The Company has petitioned a federal court in Delaware to vacate the final award, but there can be no assurance as to the ultimate outcome. The Company has accrued $ 79 million for this matter in Accrued expenses and other liabilities within the Consolidated Balance Sheets.

Securities Claims Relating Decrease in to Share Price

On July 12, 2024, a purported shareholder filed a putative class action lawsuit in the United States District Court for the Northern District of Illinois (*Bhaila v. Walgreens Boots Alliance, Inc.*, 24-cv-05907) against the Company and certain of its executives (together, "Defendants") alleging that Defendants violated securities laws by disseminating materially false and misleading statements and/or concealing material adverse facts concerning the Company's pharmacy division. In addition, on September 17, 2024, a purported shareholder filed a putative class action lawsuit in the United States District Court for the Northern District of Illinois (*Westchester Putnam Counties Heavy & Highway Laborers Local 60 Benefits Fund v. Walgreens Boots Alliance, Inc.,* 24-cv-08559) alleging that the Company and certain current and former executives violated securities laws by disseminating materially false and misleading statements and/or concealing material adverse facts relating to the Company's U.S. Healthcare segment. The complaints seek monetary damages for alleged losses caused by decreases in the Company's share price following disclosure of the Company's performance and business outlook. Defendants expect the cases to be consolidated. Defendants intend to vigorously defend against the lawsuits.

Shareholder Derivative Action Relating to Decrease in Share Price

Three purported shareholders have filed derivative suits in the United States District Court for the Northern District of Illinois (*Tobias v. Wentworth et al.* , 24-cv-07755 (Aug. 27, 2024); *Hollin v. Wentworth et al* ., 24-cv-08244 (Sept. 10, 2024); *Lovoi v. Wentworth et al.* , 24-cv-09110 (Sept. 27, 2024)) against the Company's directors and certain of the Company's officers, and against the Company as a nominal defendant (together, "Defendants"), alleging that the individual Defendants breached their fiduciary duties to the Company by willfully or recklessly making and/or causing the Company to make false and misleading statements related to the Company's internal controls and overall expected performance, thereby artificially inflating the Company's stock price. The complaints seek damages based on alleged overstatements of the Company's expected revenue for fiscal 2024, as well as equitable relief including the institution of certain corporate governance measures. The plaintiffs' allegations in these derivative suits generally concern the same issues and time period (October 12, 2023 to June 26, 2024) as alleged in the *Bhaila* putative class action.

Note 11. Income taxes

The components of (Loss) earnings before income tax provision (benefit) were (in millions):

	2024	2023	2022
U.S.	$ (15,599)	$ (7,553)	$ 2,998
Non–U.S.	1,380	2,134	987
Total	**$ (14,219)**	**$ (5,419)**	**$ 3,985**

The Income tax provision (benefit) consists of the following (in millions):

	2024	2023	2022
Current provision			
Federal	$ 91	$ 242	$ 39
State	52	(13)	37
Non–U.S.	185	283	260
	$ 328	$ 512	$ 336
Deferred provision			
Federal	$ 910	$ (1,886)	$ (78)
State	259	(364)	(20)
Non–U.S.	(251)	(120)	(268)
	918	(2,370)	(366)
Income tax provision (benefit)	**$ 1,246**	**$ (1,858)**	**$ (30)**

The Company's effective tax rate for fiscal 2024 was an expense of 8.8 % due to the impact of a non-cash expense to record a valuation allowance on certain U.S. federal and state deferred tax assets primarily related to opioid liabilities recognized in prior periods, VillageMD earnings not taxable to the Company, and goodwill impairment, which is primarily not deductible for tax purposes.

The Company’s effective tax rate for fiscal 2023 was a benefit of 34.3 %. due to a reduction in the valuation allowance held against capital loss carryforwards, 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 difference between the statutory federal income tax rate and the effective tax rate is as follows:

	2024	2023	2022
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	(1.8)	5.8	0.4
Foreign income taxed at non-U.S. rates	(0.3)	(3.0)	(3.0)
Non-taxable income	0.3	2.5	(2.7)
Non-deductible expenses	(0.9)	(4.9)	3.0
Change in valuation allowance [1]	(13.2)	6.0	(9.0)
Tax benefits from restructuring	—	1.1	—
Uncertain tax positions	(0.4)	(0.5)	1.3
Non-controlling interest	(10.1)	(2.9)	1.2
Goodwill impairment	(7.2)	—	—
Tax credits	0.5	2.8	(1.0)
Conversion of equity investment	—	—	(11.8)
Change in tax basis in foreign assets [2]	2.2	—	—
Change in outside basis difference	1.4	1.9	—
Change in measurement of prior year tax positions	—	3.5	—
Other	(0.3)	1.0	(0.2)
Effective income tax rate [3]	**(8.8)%**	**34.3 %**	**(0.8)%**

1 Net of changes in related tax attributes and tax benefits from capital losses generated and utilized.
2 Represents the initial recognition of tax basis in intangible assets in foreign jurisdiction and the related valuation allowance.
3 Effective tax rate for fiscal 2024 represents a tax expense on a pre-tax loss.

The deferred tax assets and liabilities included in the Consolidated Balance Sheets consist of the following (in millions):

	August 31, 2024	August 31, 2023
Deferred tax assets:		
Compensation and benefits	$ 100	$ 98
Insurance	125	131
Accrued rent & lease obligations	4,969	5,265
Legal liability	1,477	1,551
Allowance for doubtful accounts	36	23
Tax attributes	7,894	7,784
Stock compensation	62	74
Derivatives	225	—
Deferred income	5	8
Equity method investment	29	76
Intangible assets	499	—
Post retirement benefit	91	—
Other	86	143
Total deferred tax assets	$ 15,598	$ 15,153
Less: valuation allowance	9,642	7,360
Total deferred tax assets, net	$ 5,956	$ 7,793
Deferred tax liabilities:		
Accelerated depreciation	$ 341	$ 254
Inventory	371	403
Intangible assets	1,008	1,024
Lease right-of-use asset	4,392	4,690
Outside basis difference	340	1,045
Post retirement benefit	196	—
Other	82	180
Total deferred tax liabilities	$ 6,730	$ 7,596
Net deferred tax (liabilities) assets	**$ (774)**	**$ 197**

As of August 31, 2024, the Company has recorded deferred tax assets for tax attributes of $ 7.9 billion, primarily reflecting the benefit of $ 2.5 billion in U.S. federal, $ 1.2 billion in state and $ 28.1 billion in non-U.S. ordinary and capital losses. In addition, these deferred tax assets include $ 189 million of income tax credits. Of these deferred tax assets, $ 6.9 billion will expire at various dates from 2025 through 2041. The residual deferred tax assets of $ 1.0 billion 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 $ 9.6 billion against those deferred tax assets as of August 31, 2024.
As a result of cumulative losses in the U.S., the Company increased its valuation allowance by $ 2.3 billion, of which $ 2.2 billion pertained to certain U.S. and state deferred tax assets, primarily related to opioid settlements reached in fiscal 2023 (see Note 10. Commitments and contingencies for further information). The amount of the deferred tax asset considered realizable, however, could be adjusted if verifiable evidence of future taxable income, such as recognition of gains from the monetization of non-strategic assets, success of strategic initiatives, or the identification of tax planning strategies, becomes available, or if operational results improve, offering positive evidence of taxable income that outweighs historical negative evidence of cumulative losses.

Income taxes paid, net of refunds were $ 297 million, $ 64 million and $ 387 million for fiscal 2024, 2023 and 2022, 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, 2024 and 2023, unrecognized tax benefits of $ 725 million and $ 703 million were reported within Other non-current liabilities, respectively; $ 394 million and $ 413 million were reported against deferred taxes, respectively; and $ 75 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.

The following table provides a reconciliation of the total amounts of unrecognized tax benefits (in millions):

	2024	2023	2022
Balance at beginning of year	$ 1,106	$ 1,110	$ 1,098
Gross increases related to tax positions in a prior period	91	12	63
Gross decreases related to tax positions in a prior period	(443)	(19)	(51)
Gross increases related to tax positions in the current period	273	12	21
Settlements with taxing authorities	(12)	(7)	(19)
Lapse of statute of limitations	(3)	(2)	(2)
Balance at end of year	**$ 1,012**	**$ 1,106**	**$ 1,110**

At August 31, 2024, 2023 and 2022, $ 618 million, $ 588 million and $ 529 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 $ 45 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, 2024 and 2023, the Company had accrued interest and penalties of $ 182 million and $ 125 million, respectively. For the years ended August 31, 2024, 2023 and 2022, the amounts reported in income tax expense related to interest and penalties were $ 57 million, $ 29 million and $ 13 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 2010. 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 2019 and in Germany prior to 2017.

During the fiscal 2024, the Internal Revenue Service (the “IRS”) issued the Company a Revenue Agent's Report (the “RAR”) for tax years 2014 through 2017. The Company disagrees with the RAR and has appealed certain issues. The primary disputed issue relates to the valuation of the call option exercised to acquire Alliance Boots GmbH (“Alliance Boots”), described in more detail below.

On August 2, 2012, the Company acquired a 45 % equity interest in Alliance Boots along with a call option to acquire the remaining 55 % equity interest in Alliance Boots, valued at $ 866 million. During the fiscal year ended August 31, 2014 (“fiscal 2014”), the Company entered into an amendment to the purchase and option agreement which accelerated the option period. Upon the amendment and immediate exercise of the call option, the Company was required to compare the fair value of the amended option with the book value of the original option. The fair value of the amended option was estimated to be zero. As a result, the Company recognized a non-cash loss on the exercise of the call option of $ 866 million in its fiscal 2014 financial statements. Subsequently, the option was transferred to a foreign subsidiary during the fiscal year ended August 31, 2015. As the transferred option was worthless, no income was recognized for U.S. tax purposes. The IRS disagrees with the Company’s conclusion regarding the value of the option and is seeking an additional tax of $ 2.7 billion plus penalties and interest. The Company intends to vigorously defend its position on the transfer pricing matter through the IRS’s administrative appeals office and, if necessary, judicial proceedings and is confident in its ability to prevail on the merits.

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 was effective through August 2024. The holidays had a beneficial impact of $ 9 million and $ 104 million (inclusive of capital GILTI tax cost) during fiscal 2023 and 2022, 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, 2024, 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 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.

Non - U.S. tax law changes

The Organization for Economic Co-operation and Development ("OECD") has announced an Inclusive Framework on Base Erosion and Profit Shifting including Pillar Two Model Rules ("Pillar Two") for a new 15% global minimum tax applicable to large multinational corporations. Certain jurisdictions in which the group operates, including the United Kingdom and Ireland, have enacted Pillar Two legislation that will be effective from fiscal 2025. The OECD and its member countries continue to release new guidance and legislation on Pillar Two and we continue to evaluate the impact on our financial position of the global implementation of these rules. Based on enacted laws, Pillar Two is not expected to materially impact our effective tax rate or cash flows in the next fiscal year. New legislation or guidance could change our current assessment.

Note 12. 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 replaced 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 may grant performance shares, restricted stock units, and stock options 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 and stock options are also equity-based awards with vesting requirements that are granted to employees. These awards are 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 2024, 2023 and 2022 was $ 73 million, $ 58 million and $ 133 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 2024, 2023 and 2022 was $ 110 million, $ 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 $ 276 million at August 31, 2024, which will be fully recognized over the next three years .

Note 13. 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.

Boots Plan Annuitization
On November 23, 2023, with financial support from the Company, Boots Pensions Limited (“Trustee”), in its capacity as trustee of the Boots Plan, entered into a Bulk Purchase Annuity Agreement (“BPA”) with Legal & General Assurance Society Limited (“Legal & General”) to insure the benefits of all 53,000 of its members.
Under the BPA, the Trustee acquired a bulk annuity policy (the “Buy-In”) from Legal & General which will fund ongoing and future pension benefit payments to the Boots Plan members. The BPA is being funded through the existing Boots Plan assets, as well as incremental pre-tax contributions by the Company to the Boots Plan. The Company will accelerate the payment of approximately $ 210 million. Additionally, the Company has committed to make an incremental contribution to the Boots Plan, which is expected to be approximately $ 760 million to $ 820 million, of which approximately $ 375 million was paid on December 7, 2023 and the remaining amount is expected to be paid within the next two years.

In conjunction with the Buy-In, the Boots Plan was amended resulting in an interim remeasurement of the Boots Plan. The remeasurement resulted in an increase in the funded status of the Boots Plan of $ 124 million. The change resulting from the remeasurement was recorded in Accumulated other comprehensive loss within the Consolidated Balance Sheets. The BPA allows for the future potential conversion of the BPA into a buy-out where Legal & General would assume full responsibility to directly provide pensions or other benefits to the Boots Plan members, at which time the Boots Plan can be terminated.

The following tables present classes of defined benefit pension plan assets by fair value hierarchy (in millions):

	August 31, 2024	Level 1	Level 2	Level 3
Annuities:				
Annuity policies, less deferred premium [1]	$ 5,487	$ —	$ —	$ 5,487
Debt securities:				
Corporate bonds [2]	10	—	10	—
Real estate:				
Real estate [3]	81	—	—	81
Other:				
Other investments, net [4]	416	7	409	—
Total	**$ 5,994**	**$ 7**	**$ 419**	**$ 5,568**

	August 31, 2023	Level 1	Level 2	Level 3
Equity securities:				
Equity securities [5]	$ 264	$ —	$ 264	$ —
Debt securities:				
Fixed interest government bonds [6]	1,044	848	196	—
Index linked government bonds [6]	1,364	1,364	—	—
Corporate bonds [2]	1,214	—	1,214	—
Real estate:				
Real estate [3]	466	—	—	466
Other:				
Other investments, net [4]	1,242	142	338	761
Total	**$ 5,594**	**$ 2,354**	**$ 2,012**	**$ 1,228**

1 Includes a bulk annuity policy acquired as part of the Buy-In from Legal & General, net of $ 860 million of deferred premiums. The fair market value of the annuity assets have been calculated based on the price paid for the annuity contracts, updated to reflect changes in market conditions, views on insurer pricing and the most recently available membership data at the balance sheet date. The value of the deferred premiums are the amounts agreed under the Deferred Premium Agreements as part of the Buy-In.

2 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.

3 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.

4 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.

5 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.

6 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.

The following table summarizes the changes of Level 3 assets, reconciled by asset class, held during fiscal 2024 (in millions):

	August 31, 2023	Net realized and unrealized gains/(losses)	Net purchases, issuances and settlements	August 31, 2024
Annuity policies, less deferred premium [1]	$ 48	$ 355	$ 5,084	$ 5,487
Real estate [2]	466	(52)	(334)	81
Other investments, net [3]	713	(55)	(659)	—
Total [4]	**$ 1,228**	**$ 248**	**$ 4,092**	**$ 5,568**

1. As part of the Buy-In with Legal & General, the Trustee exchanged substantially all of the Boots Plan assets that existed prior to the Buy-In for a bulk annuity policy, held as a Boots Plan asset as of August 31, 2024. Net purchases, issuances, and settlements primarily includes the $ 6.0 billion initial purchase price for the annuity policy, less $ 860 million remaining deferred premiums and $ 229 million of annuity payments received in fiscal 2024. Net gains primarily include unrealized gains on fair market value adjustment of the annuity, less interest accruals and other adjustments related to the the deferred premium.
2. Net purchases, issuances and settlements primarily include disposals of property funds or capital distributions related to disposals of property fund assets. Net losses are realized.
3. Net purchases, issuances and settlements include the disposal of various directly held investments. Net losses are realized.
4. There were no transfers in and out of Level 3 in fiscal 2024.

Components of net periodic pension income for the defined benefit pension plans and cumulative pre-tax amounts recognized in comprehensive loss are as follows (in millions):

	Boots and other pension plans		
	2024	2023	2022
Service costs (Selling, general and administrative expenses)	$ 4	$ 4	$ 5
Interest costs (Other income, net)	276	264	149
Expected returns on plan assets/other (Other income, net)	(284)	(340)	(280)
Total net periodic pension income	**$ (4)**	**$ (72)**	**$ (126)**
Net actuarial loss (gain)	$ 262	$ 730	$ (251)
Prior service cost	(273)	(1)	(1)
Total pre-tax comprehensive loss (income)	**$ (11)**	**$ 729**	**$ (252)**

Change in benefit obligations for the defined benefit pension plans (in millions):

	2024	2023
Benefit obligation at beginning of year	$ 5,515	$ 5,967
Service costs	4	4
Interest costs	276	264
Amendments	(281)	—
Net actuarial loss (gain)	104	(897)
Benefits paid	(309)	(286)
Currency translation adjustments	125	463
Benefit obligation at end of year	**$ 5,433**	**$ 5,515**

Change in plan assets for the defined benefit pension plans (in millions):

	2024	2023
Plan assets at fair value at beginning of year	$ 5,594	$ 6,603
Employer contributions	435	40
Benefits paid	(309)	(286)
Return on assets	138	(1,275)
Currency translation adjustments	136	511
Plan assets at fair value at end of year	**$ 5,994**	**$ 5,594**

Amounts recognized in the Consolidated Balance Sheets (in millions):

	August 31, 2024	August 31, 2023
Other non-current assets	$ 795	$ 306
Accrued expenses and other liabilities	(11)	(10)
Other non-current liabilities	(223)	(216)
Net asset recognized at end of year	**$ 561**	**$ 80**

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, 2024	August 31, 2023
Projected benefit obligation	$ 5,433	$ 5,515
Accumulated benefit obligation	5,423	5,503
Fair value of plan assets [1]	5,994	5,594

[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
2025	$ 312
2026	325
2027	334
2028	344
2029	356
2030-2034	1,855

The assumptions used in accounting for the defined benefit pension plans were as follows:

	2024	2023
Weighted-average assumptions used to determine benefit obligations		
Discount rate	4.90 %	5.22 %
Rate of compensation increase	3.63 %	3.73 %
Weighted-average assumptions used to determine net periodic benefit cost [1]		
Discount rate	5.40 %	4.20 %
Expected long-term return on plan assets	6.00 %	4.90 %
Rate of compensation increase	3.73 %	3.04 %

1. The assumptions shown are at the beginning of each fiscal year. As part of the BPA, the UK plan assumptions were remeasured on November 23, 2023.

In determining the rate of return on plan assets assumption, the Company considers the market pricing for buy-in policy annuities and the expected market return for residual assets. A change in any of these assumptions would have an effect on its net periodic pension income. A 25 basis point increase in the discount rate would result in a decline of $ 149 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 net periodic pension income by $ 15 million.

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 $ 223 million, $ 239 million and $ 234 million in fiscal 2024, 2023 and 2022, respectively. The Company's contributions were $ 223 million, $ 241 million and $ 236 million in fiscal 2024, 2023 and 2022, respectively.

The Company also has certain contract based defined contribution arrangements. The principal one is in the UK in which both the Company and participating employees contribute. The cost recognized in the Consolidated Statements of Earnings was $ 101 million, $ 83 million and $ 90 million in fiscal 2024, 2023 and 2022, 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 $ 114 million and $ 113 million in fiscal 2024 and 2023, respectively and is not funded. The Company expects to make contributions of $ 7 million in fiscal 2025.

Note 14. 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 2023 or 2024. As of August 31, 2024, 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 $ 69 million, $ 150 million and $ 187 million were purchased to support the needs of the employee stock plans during fiscal 2024, 2023 and 2022, respectively. As of August 31, 2024, 45 million shares of common stock were reserved for future issuances under the Company's various employee benefit plans.

Note 15. Accumulated other comprehensive loss

The following is a summary of net changes in accumulated other comprehensive loss ("AOCI") by component and net of tax for fiscal 2024, 2023 and 2022 (in millions):

	Pension/post-retirement obligations	Unrealized gain (loss) on cash flow hedges	Net investment hedges (loss) gain	Unrealized gain (loss) on available for sale debt securities	Share of OCI of equity method investments	Cumulative translation adjustments	Total
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)
Other comprehensive income (loss) before reclassification adjustments	14	—	(65)	—	(6)	124	68
Amounts reclassified from AOCI	(14)	8	(4)	—	63	(2)	51
Tax (provision) benefit	(8)	(3)	1	1	(13)	—	(23)
Net change in other comprehensive (loss) income	(8)	5	(68)	1	45	122	96
Balance at August 31, 2024	**$ (706)**	**$ (1)**	**$ 15**	**$ —**	**$ (88)**	**$ (2,118)**	**$ (2,897)**

Note 16. Segment reporting

The Company is 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 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, and the Benavides brand in Mexico. Sales for these businesses are principally derived from the sale of prescription drugs and health and wellness, beauty, personal care and other consumer products. In fiscal 2024, the Company completed the sale of the Farmacias Ahumada business in Chile.

U.S. Healthcare
The Company's U.S. Healthcare segment 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; as well as Shields, a specialty pharmacy integrator and accelerator for hospitals; and CareCentrix, a participant in the post-acute and home care management sectors, and the Walgreens Health organic business that contracts with different participants in the healthcare ecosystem to provide commercial and clinical healthcare services.

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".

The following table reflects results of operations of the Company’s reportable segments (in millions):

	2024	2023	2022
Sales:			
U.S. Retail Pharmacy			
Pharmacy	$ 88,867	$ 82,118	$ 80,434
Retail	26,911	28,195	28,643
Total	$ 115,778	$ 110,314	$ 109,078
International			
Pharmacy	$ 3,598	$ 3,664	$ 3,727
Retail	7,887	7,324	6,924
Wholesale	12,067	11,211	11,178
Total	$ 23,552	$ 22,198	$ 21,830
U.S. Healthcare	$ 8,345	$ 6,570	$ 1,795
Corporate and Other [1]	$ (16)	$ —	$ —
Walgreens Boots Alliance, Inc.	**$ 147,658**	**$ 139,081**	**$ 132,703**
Adjusted operating income:			
U.S. Retail Pharmacy	$ 2,167	$ 3,689	$ 5,029
International	793	935	726
U.S. Healthcare	(134)	(566)	(370)
Corporate and Other	(202)	(187)	(251)
Walgreens Boots Alliance, Inc.	**$ 2,624**	**$ 3,871**	**$ 5,133**
Depreciation and amortization:			
U.S. Retail Pharmacy	$ 1,422	$ 1,362	$ 1,415
International	370	328	355
U.S. Healthcare	651	560	211
Corporate and Other	16	8	9
Walgreens Boots Alliance, Inc.	**$ 2,459**	**$ 2,257**	**$ 1,990**
Capital expenditures:			
U.S. Retail Pharmacy	$ 1,041	$ 1,421	$ 1,207
International	247	308	295
U.S. Healthcare	91	375	218
Corporate and Other	2	13	15
Walgreens Boots Alliance, Inc.	**$ 1,381**	**$ 2,117**	**$ 1,734**

1. Includes certain eliminations.

The following table reconciles adjusted operating income to operating (loss) income (in millions):

	2024	2023	2022
Adjusted operating income (Non-GAAP measure):	$ 2,624	$ 3,871	$ 5,133
Impairment of goodwill, intangibles and long-lived assets	(13,422)	(299)	(783)
Acquisition-related amortization	(1,075)	(1,126)	(855)
Transformational cost management	(891)	(1,181)	(763)
Acquisition-related costs	(542)	(323)	(223)
Certain legal and regulatory accruals and settlements	(561)	(7,466)	(768)
Adjustments to equity earnings in Cencora	(162)	(211)	(218)
LIFO provision	(47)	(187)	(135)
Store damage and inventory loss insurance recovery	—	40	—
Operating (loss) income (GAAP measure)	**$ (14,076)**	**$ (6,882)**	**$ 1,387**

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 34 %, 33 %, and 31 % of the Company's consolidated sales in fiscal 2024, 2023 and 2022, respectively.

Geographic data for sales is as follows (in millions):

	2024	2023	2022
United States	$ 124,176	$ 116,883	$ 110,873
Germany	12,067	11,211	11,178
United Kingdom	9,550	8,984	8,894
Other	1,864	2,003	1,757
Sales	**$ 147,658**	**$ 139,081**	**$ 132,703**

Geographic data for long-lived assets, defined as operating lease right-of-use assets and property, plant and equipment, is as follows (in millions):

	2024	2023
United States	$ 25,873	$ 28,951
United Kingdom	3,538	3,622
Other	697	681
Total long-lived assets	**$ 30,108**	**$ 33,254**

Note 17. 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):

	2024	2023	2022
Purchases, net	$ 73,918	$ 65,173	$ 62,174
Trade accounts payable, net of receivables	$ 9,259	$ 7,814	$ 6,915

Note 18. Subsequent events

Footprint Optimization Program

On October 14, 2024, the Company's Board of Directors approved a plan to optimize its footprint and close underperforming stores, primarily within the Company's U.S. Retail Pharmacy segment (the "Footprint Optimization Program"). The Footprint Optimization Program includes plans to close approximately 900 to 1,000 stores primarily across the U.S.

Hurricane Helene and Milton

In September and October 2024, Hurricane Helene and Hurricane Milton struck the Southeast region of the U.S. The Company has significant store locations in this region and these hurricanes have caused business disruptions, including store closures in the affected areas. The Company is assessing the extent of the damage resulting from these hurricanes .

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.

Based on our evaluation, management concluded that our internal control over financial reporting was effective as of August 31, 2024. 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/	Timothy C. Wentworth	/s/	Manmohan Mahajan
	Timothy C. Wentworth		Manmohan Mahajan
	Chief Executive Officer		Executive Vice President and Global Chief Financial Officer

October 15, 2024

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, 2024 and 2023, the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the three years in the period ended August 31, 2024, 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, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2024, 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, 2024, 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 15, 2024, 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 VillageMD Reporting Unit and Boots' Pharmacy Licenses Indefinite-lived Intangible Assets – Refer to Notes 1 and 6 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 VillageMD reporting unit and the Boots' Pharmacy Licenses indefinite-lived intangible asset as a critical audit matter due to the materiality of the assets' carrying values, the difference between the fair values and the carrying values of the reporting unit, and because of the continued underperformance compared to historical forecasts at each of 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 VillageMD reporting unit and the Boots' Pharmacy Licenses indefinite-lived intangible asset 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 and planned initiatives to third-party economic and industry data.
- We evaluated, with the assistance of our fair value specialists, the (1) valuation methodologies; (2) selection of market multiples for the VillageMD reporting unit; and (3) discount rates utilized for the VillageMD reporting unit and Boots' Pharmacy Licenses indefinite-lived intangible asset, 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.
- We validated the accuracy of the impairment charge recorded for the VillageMD reporting unit.

Income Taxes – Uncertain Tax Positions - Refer to Notes 1 and 11 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 certain 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 certain 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.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
October 15, 2024

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, 2024, 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, 2024, 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, 2024, of the Company and our report dated October 15, 2024, expressed an unqualified opinion on those financial statements.

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 15, 2024

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").

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, 2024 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 judgements 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

Securities Trading Plans of Directors and Executive Officers

During the three months ended August 31, 2024, 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).

Indemnification Agreements of Directors and Select Officers

In June 2024, the Board approved a form of indemnification agreement (the "Indemnification Agreement") to be entered into by and between the Company and each of its directors and select officers to provide for rights to indemnification and advancement of expenses generally consistent with the Company's Amended and Restated Bylaws, which provide for mandatory indemnification and advancement of expenses to the fullest extent authorized by the General Corporation Law of the State of Delaware for directors and officers of the Company. The foregoing description of the Indemnification Agreement is not complete and is qualified in its entirety by reference to the Indemnification Agreement filed herewith as Exhibit 10.2 and incorporated herein by reference.

Item 9C. Disclosure regarding foreign jurisdictions that prevent inspections

Not applicable.

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, 2024. 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 30, 2025.

Item 10. Directors, executive officers and corporate governance

We have adopted an insider trading policy (the “Insider Trading Policy”) applicable to our officers, directors, team members and certain persons and entities (collectively, “Covered Persons”) that we believe are reasonably designed to promote compliance with insider trading laws, rules, and regulations, and the Nasdaq listing standards.

The foregoing summary of the Insider Trading Policy is not complete and is qualified in its entirety by reference to the Insider Trading Policy attached hereto as Exhibit 19.

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; Compensation discussion and analysis 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 CEO, the CFO 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; Executive compensation corporate governance; 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 accountant 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, 2024 and 2023
Consolidated Statements of Equity, Earnings, Comprehensive Income and Cash Flows for the years ended August 31, 2024, 2023 and 2022
Notes to Consolidated Financial Statements
Management's Report on Internal Control
Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)

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(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.

(b) Exhibits

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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 filed with the SEC on July 12, 2024.

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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 filed with the SEC on April 15, 2020.
4.16	Form of 8.125% Notes due 2029.	Incorporated by reference to Exhibit 4.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K filed with the SEC on August 12, 2024.
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 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 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 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. 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 9, 2024).	Filed herewith.
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 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 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 filed with the SEC on January 6, 2022.
10.5†	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 filed with the SEC on January 6, 2022.
10.6†	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 filed with the SEC on February 2, 2021.
10.7†	Form of Restricted Stock Unit Award agreement (effective October 2023).	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 30, 2023 filed with the SEC on January 4, 2024.
10.8†	Form of Restricted Stock Unit Award agreement (effective March 2023).	Incorporated by reference to Exhibit 10.8 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2023 (File No. 1-36759) filed with the SEC on October 12, 2023.
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 filed with the SEC on October 28, 2022.

10.10†	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 filed with the SEC on January 6, 2022.
10.11†	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 filed with the SEC on February 2, 2021.
10.12†	Form of Restricted Stock Unit Award agreement for Executive Chairman (effective October 2023).	Incorporated by reference to Exhibit 10.2 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 30, 2023 filed with the SEC on January 4, 2024.
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 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 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 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 filed with the SEC on January 19, 2018.
10.17†	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 filed with the SEC on October 30, 2020.
10.18†	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 filed with the SEC on October 28, 2015.
10.19†	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 filed with the SEC on October 30, 2020.
10.20†	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 filed with the SEC on October 28, 2019.
10.21†	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.
10.22†	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.
10.23†	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.
10.24†	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 filed with the SEC on October 28, 2019.

10.25†	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 filed with the SEC on October 14, 2021.
10.26†	Second Amendment to the Walgreens Boots Alliance, Inc. Executive Retirement Savings Plan (as amended and restated effective January 1, 2020).	Incorporated by reference to Exhibit 10.31 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2023 filed with the SEC on October 12, 2023.
10.27†	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 filed with the SEC on October 28, 2019.
10.28†	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 filed with the SEC on April 9, 2015.
10.29†	Offer Letter agreement between Walgreens Boots Alliance, Inc. and Ginger L. Graham, dated September 20, 2023.	Incorporated by reference to Exhibit 10.34 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2023 filed with the SEC on October 12, 2023.
10.30†	Employment Agreement between Walgreens Boots Alliance, Inc. and Timothy Charles Wentworth, dated October 9, 2023.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K filed with the SEC on October 11, 2023.
10.31†	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 filed with the SEC on April 9, 2015.
10.32†	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 filed with the SEC on April 9, 2015.
10.33†	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 filed with the SEC on April 9, 2015.
10.34†	Offer Letter agreement between Walgreen Co. and Manmohan Mahajan, dated December 16, 2015.	Incorporated by reference to Exhibit 10.39 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2023 filed with the SEC on October 12, 2023.
10.35†	Offer Letter agreement between Walgreens Boots Alliance, Inc. and Manmohan Mahajan, dated January 31, 2024.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended February 29, 2024 filed with the SEC on March 28, 2024.
10.36†	Offer Letter agreement between Walgreens Boots Alliance, Inc. and Mary Langowski, dated January 12, 2024.	Filed herewith.
10.37†	Walgreens Boots Alliance, Inc. Long-Term Global Assignment Relocation Policy.	Incorporated by reference to Exhibit 10.45 to Walgreens Boots Alliance, Inc.'s Annual Report on Form 10-K for the year ended August 31, 2023 filed with the SEC on October 12, 2023.
10.38†	Form of Indemnification Agreement between Walgreens Boots Alliance, Inc. and its directors and officers.	Incorporated by reference to Exhibit 10.2 to Walgreens Boots Alliance, Inc.'s Quarterly Report on Form 10-Q for the quarter ended May 31, 2024 filed with the SEC on June 27, 2024.
10.39†	Separation and Consulting Agreement, by and between Walgreen Co. and John Driscoll, dated March 27, 2024.	Incorporated by reference to Exhibit 10.1 to Walgreens Boots Alliance, Inc.'s Current Report on Form 8-K filed with the SEC on March 28, 2024.

10.40	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 filed with the SEC on August 6, 2012.
10.41	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 filed with the SEC on March 20, 2013.
10.42	Amended and Restated 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 filed with the SEC on June 4, 2021.
10.43	Amendment No. 1 to the Amended and Restated AmerisourceBergen Shareholders Agreement, dated as of August 2, 2022, by and between Walgreens Boots Alliance, Inc., and Amerisource Bergen Corporation.	Incorporated by reference to Exhibit 10.2 to Cencora, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on August 3, 2022.
10.44	Amendment No. 2 to the Amended and Restated Shareholders Agreement, dated as of August 16, 2024, by and between Walgreens Boots Alliance, Inc. and Cencora, Inc.	Incorporated by reference to Exhibit 10.2 to Cencora, Inc.'s Form 8-K filed with the SEC on August 16, 2024.
10.45*	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 filed with the SEC on October 29, 2021.
10.46	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 filed with the SEC on November 26, 2021.
10.47	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 filed with the SEC on December 7, 2022.
10.48	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 filed with the SEC on January 5, 2023.
10.49	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 filed on November 16, 2021.
10.50	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 filed with the SEC on June 21, 2022.

10.51	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 filed with the SEC on December 20, 2022.
10.52	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 filed with the SEC on August 10, 2023.
10.53	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 filed with the SEC on August 10, 2023.
19	Walgreens Boots Alliance, Inc. Insider Trading Policy.	Filed herewith.
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.
97	Walgreens Boots Alliance, Inc. Policy on Recoupment of Incentive Compensation	Filed herewith.
101.INS	Inline XBRL Instance Document (The following financial information from this Annual Report on Form 10-K for the fiscal year ended August 31, 2024 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	Inline XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	Inline 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.

† Indicates a management contract or compensatory plan or arrangement required to be filed as exhibits pursuant to Item 15(b) of this Form 10-K.

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.

WALGREENS BOOTS ALLIANCE, INC.

October 15, 2024	By: /s/ Manmohan Mahajan
	Manmohan Mahajan
	Executive Vice President and Global Chief Financial Officer
	(Principal Financial Officer and Duly Authorized 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.

Name	Title	Date
/s/ Timothy C. Wentworth Timothy C. Wentworth	Chief Executive Officer (Principal Executive Officer) and Director	October 15, 2024
/s/ Manmohan Mahajan Manmohan Mahajan	Executive Vice President and Global Chief Financial Officer (Principal Financial Officer)	October 15, 2024
/s/ Todd D. Heckman Todd D. Heckman	Senior Vice President, Global Controller and Chief Accounting Officer (Principal Accounting Officer)	October 15, 2024
/s/ Stefano Pessina Stefano Pessina	Executive Chairman of the Board	October 15, 2024
/s/ Janice M. Babiak Janice M. Babiak	Director	October 15, 2024
/s/ Inderpal S. Bhandari Inderpal S. Bhandari	Director	October 15, 2024
/s/ Ginger L. Graham Ginger L. Graham	Director	October 15, 2024
/s/ Bryan C. Hanson Bryan C. Hanson	Director	October 15, 2024
/s/ Robert L. Huffines Robert L. Huffines	Director	October 15, 2024
/s/ Valerie B. Jarrett Valerie B. Jarrett	Director	October 15, 2024
/s/ John A. Lederer John A. Lederer	Director	October 15, 2024
/s/ Thomas E. Polen Thomas E. Polen	Director	October 15, 2024
/s/ Nancy M. Schlichting Nancy M. Schlichting	Director	October 15, 2024
/s/ William H. Shrank William H. Shrank	Director	October 15, 2024

Exhibit 4.21

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED

PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of October 8, 2024, 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 Capital 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 of which this Exhibit 4.21 is a part, and applicable provisions of law such as the Delaware General Corporation Law (the "DGCL"). We encourage you to read our Certificate of Incorporation, our Bylaws and the applicable provisions of the DGCL, for additional information.

General

The authorized capital stock of Walgreens Boots Alliance consists of 3,232,000,000 shares of capital stock, of which 3,200,000,000 shares are shares of common stock, par value $0.01 per share, and 32,000,000 shares are shares of preferred stock, par value $0.01 per share. All of the common stock is registered under Section 12 of the Exchange Act. All of the shares issued and outstanding are fully paid and nonassessable. As of October 8, 2024, the total number of outstanding shares of Walgreens Boots Alliance was 864,617,130.

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 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 a different or minimum vote is required by the DGCL, the Certificate of Incorporation, the Bylaws, the rules and regulations of any stock exchange applicable to Walgreens Boots Alliance or any law or regulation applicable to Walgreen Boots Alliance or its securities, in which case such different or minimum vote shall be the applicable vote on the matter. 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."

Anti-Takeover Provisions

Delaware 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.

Certificate of Incorporation and Bylaws

Certain provisions of our Certificate Incorporation and the Bylaws could make it difficult for stockholders to change the composition of the Board of Directors 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 of Directors, limitations on the ability of stockholders to call special meetings, and advance notice requirements for nomination for election to the Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Company Shareholders Agreement

The Company is a party to a shareholders agreement, dated as of August 2, 2012, pursuant to which Stefano Pessina, our Executive Chairman (together with his affiliates, the "SP Investors") is entitled to designate one nominee to the Board of Directors (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 shareholders agreement, the SP Investors have agreed that, for so long as they have the right to designate a nominee to the Board of Directors, they will vote all of their shares of common stock in accordance with the Board of Directors' recommendation on matters submitted to a vote of our stockholders (including with respect to the election of directors). These provisions could have the effect of making it difficult for stockholders to change the composition of the Board of Directors or discouraging, delaying, or preventing a merger, consolidation, or acquisitions that stockholders may otherwise consider favorable.

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 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, of which this Exhibit 4.21 is a part. 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 October 8, 2024, 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 7 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 9 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 depositary (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 depositary for Euroclear and Clearstream only through direct or indirect participants in Euroclear and Clearstream.

EXHIBIT 10.1

WALGREENS BOOTS ALLIANCE, INC. MANAGEMENT INCENTIVE PLAN

(As amended and restated effective July 9, 2024)

Walgreens Boots Alliance, Inc. (the "Company") maintains this Management Incentive Plan (the "Plan") for the benefit of eligible Participants, as defined below. The Plan is hereby amended and restated, effective as of July 9, 2024.

1. Purpose: The purpose of the Plan is to provide special incentive and motivation to senior executives and other eligible employees through annual bonuses.

2. Definitions: Whenever used in the Plan, the following terms shall have the meanings set forth below, unless the context clearly provides otherwise:

   a. The term "Base Salary" shall mean, (i) for U.S. Participants the hourly or salaried base compensation paid during the fiscal year (or annualized as of the applicable point in time as determined by the Committee or its delegates), and any such base salary earned but deferred or reduced pursuant to a Company Section 401(k) plan, or Section 125 plan, or another Company deferral plan, but excluding any incentive or other bonuses, stock purchase discounts, or other fringe benefits or supplementary remuneration; and (ii) for non-U.S. Participants, bonus-eligible base compensation, as defined by Local Rules.

   b. Termination for "Cause" means involuntary termination of employment for violation of any material Company policy, other misconduct or refusal or failure to perform job duties in a reasonably acceptable manner.

   c. The term "Committee" shall mean the Compensation and Leadership Performance Committee of the Board of Directors of the Company.

   d. The term "Company" shall mean Walgreens Boots Alliance, Inc., a Delaware corporation, and, as applicable, subsidiaries and affiliates of Walgreens Boots Alliance, Inc. whose employees are eligible to participate in the Plan.

   e. The term "Disability" shall mean total disability as determined by the Committee, consistent with how the Company determines whether termination of employment is upon disability for other benefit plan purposes, and such determination may vary based on Local Rules.

   f. The term "Employee" shall mean any employee of the Company, including, but not limited to, the executive officers of Walgreens Boots Alliance, Inc. Employee shall not include any person who is not classified as an employee in the common law sense in the records of the Company, even if those records are subsequently determined to have been in error or the person is subsequently reclassified as an employee. For example, no person shall be considered to be an Employee for any period of time during which he or she: (1) is a leased employee; (2) is an independent contractor; or (3) is otherwise not classified as an employee in the records of the Company.

g. The term "Individual Adjustment" shall mean the amount of any increase or reduction in the bonus share that would otherwise be allocated to a Participant; or shall mean any separate individual performance bonus component, as applicable.

h. The term “Local Rules” shall mean terms and conditions of the Plan applied on a customized basis to all or portions of non-U.S. Participants based on country-specific rules and/or business unit specific rules or practices, as defined, documented and/or administered at the local business unit level.

i. The term "Participant" shall mean any Employee who participates in and is eligible to receive incentive compensation pursuant to paragraph 3 of the Plan.

j. The term "Plan Year" shall mean the fiscal year of Walgreens Boots Alliance, Inc., which runs from September 1 to the following August 31, or such other 12-month period as may be designated by the Committee.

k. The term “Retirement” shall mean termination of employment from the Company in good standing, as determined by the Committee or its delegates, and after having attained at least age 55 and at least 10 years of continuous service; or as may otherwise be defined based on Local Rules.

3. Eligibility and Participation: The Committee shall have the authority and discretion to determine the class or classes of Employees eligible to participate in the Plan for any Plan Year. As of the effective date of this amended and restated Plan, the following categories of Employees shall be eligible to participate in the Plan:

a. Any Walgreens Boots Alliance group level and Walgreens U.S. Employee whose job position is within the Analysis pay band or above or its equivalent and is not covered by another Company annual cash incentive plan;

b. Any non-U.S. Employee of the Company whose position is in the Company’s executive level 7 (or its equivalent) or above and is not covered by another Company annual cash incentive plan; and

c. Any other Employee who is approved for participation by the Committee, based on the recommendation of Company management that he or she is in a position to make a substantial contribution to the success of the Company by exceptional service in a supervisory or staff position.

The Committee shall also have the authority to approve or deny Plan participation to any individual Employee. No Employee shall have a contractual right to receive any incentive award or payment, as all awards and payments are ultimately subject to the approval and authorization of the Committee.

4. Determination of Bonuses: Participant bonuses for each Plan Year shall be determined as follows:

a. Prior to the beginning of the Plan Year, or as early in the Plan Year as is practical considering the circumstances, management will recommend for Committee approval the bonus structure and accompanying details for that Plan Year. Such recommendation shall cover the following areas and any other pertinent bonus provisions:

(1) The categories of employees eligible to participate in the Plan for such Plan Year.

(2) The performance measure or measures upon which bonuses shall be based, and the extent to which such measures shall be based on overall Company, division, or business unit performance, or some combination thereof. The application of such performance measures may vary among different categories of Participants.

(3) Target bonus levels (typically expressed as a percentage of Base Salary), threshold and maximum bonus levels (typically expressed as a percentage of the target bonus level), and the corresponding Company performance measure or measures. Such bonus levels may vary for different groups of Participants as determined by the Committee.

(4) Any Individual Adjustments that may be applied, whether based on pre-established individual performance measures or determined on a discretionary basis.

b. After the end of each Plan Year when the computations and accounting determinations required to determine Plan bonuses have been completed, the chief financial officer and/or the highest-ranking accounting officer of the Company will report to the Committee that in their opinion those computations and accounting determinations were reasonably made in accordance with the terms of the Plan, and generally accepted accounting principles, subject to any adjustments provided for under the terms of paragraph 4c of the Plan.

c. In the sole discretion of the Committee, the Committee may provide for the performance measures or other terms and conditions of Plan bonuses for a Plan Year to be adjusted to reflect any specified adjustment event, including, without limitation, any of the following items: extraordinary, unusual or non-recurring items; changes in law or accounting principles; currency fluctuations; financing activities; realized or unrealized gains and losses on securities; expenses, charges or credits for restructuring initiatives, productivity initiatives or for impaired assets; non-cash items (*e.g.,* amortization, depreciation or reserves); other non-operating items; write downs of intangible assets, property, plant or equipment, investments in business units and securities resulting from the sale of business units; spending for acquisitions; and effects of any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, split-off, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction or event..

d. The bonuses earned by Participants under the terms of the Plan for each Plan Year will be paid to Participants after the above bonus determinations are made and as determined by the Committee, but not later than March 15th of the calendar year following the Plan Year during which the bonuses are earned, except to the extent a bonus is deferred under the terms of a deferral plan in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”).

5. <u>Participation for Partial Plan Years</u>:

a. Any Plan Participant whose employment with the Company terminates during a Plan Year for reasons other than Retirement, Disability or death shall not be eligible for a bonus for that Plan Year. Notwithstanding the foregoing, Company management may recommend to the Committee for its approval a discretionary bonus for any terminated Participant if in the judgment of management such a discretionary bonus is warranted.

b. Any Plan Participant whose employment with the Company terminates during a Plan Year due to Retirement, Disability or death shall be eligible for a pro-rated bonus for such Plan Year, based on Base Salary earned while a Participant in the Plan prior to such termination of employment.

c. A Participant who is eligible for a bonus hereunder for a portion of a Plan Year (due to hire, promotion or transfer during that Plan Year), shall generally be eligible for a bonus under this Plan based on Base Salary during the eligible portion of the Plan Year. Notwithstanding the foregoing, the bonus amount payable to a Participant who is hired within the Plan Year, moves to a different target bonus level during the Plan Year, or receives payment under another Company incentive plan during the current or prior year, shall be subject to the discretion of the Committee and its delegates.

d. Subject to the end-of-year employment requirement set forth in paragraph 5a above, a Plan Participant who is on a Company-approved leave of absence (other than a Personal Leave of absence) for a portion of a Plan Year shall remain eligible for a bonus for up to the first six months of such leave of absence. Any short-term disability pay during any such leave of absence shall be included in such Participant's bonusable Base Salary. Notwithstanding the foregoing, bonus calculations under this Plan shall be negatively adjusted to account for any payment of bonuses as part of disability pay and any corresponding inclusion of disability bonus pay in bonusable Base Salary under this Plan (in all cases for the same Plan Year).

e. Bonuses under this Plan are not earned or vested prior to the actual payment date, and the Company reserves the right and discretion to reduce or cancel the bonus payment of Participants whose employment with the Company ends during this period between the end of the Plan Year and the bonus payment date (including, but not limited to, any Participants who are terminated involuntarily for Cause); subject to any applicable rules and practices as may be adopted by the Committee or its delegates from time to time.

f. The foregoing provisions of this paragraph 5 are subject to any Local Rules as may apply in determining (i) bonus eligibility for Employees who are hired or transferred during the Plan Year, or for Participants who terminate employment during the Plan Year or prior to the bonus payment date; and (ii) bonusable Base Salary determinations for those who are Participants for partial Plan Years due to hire, transfer or termination, and for Participants who are on Company-approved leaves of absence during the Plan Year.

6. Administration. Subject to the terms of the Plan and the powers granted to the full Board of Directors, the Committee has ultimate authority and responsibility for the administration of the Plan. The Committee shall have all powers necessary to administer the Plan, including, without limitation, the power to interpret the provisions of the Plan, to decide all questions of eligibility, to establish rules and forms for the administration of the Plan, and to delegate specific duties and responsibilities to officers or other employees of the Company. All determinations, interpretations, rules, and decisions of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having or claiming to have any interest or right under the Plan.

7. Indemnification. The Company shall indemnify the members of the Committee, the other members of the Board of Directors and all Company officers and other employees responsible for administering the Plan against any and all liabilities arising by reason of any act or failure to act made in good faith in accordance with the provisions of the Plan. For this purpose, liabilities include expenses reasonably incurred in the defense of any claim relating to the Plan.

8. Amendment and Termination. The Plan may be amended from time to time or terminated at any time by the Board of Directors of Walgreens Boots Alliance, Inc., or by the Committee to the extent so delegated by the Board of Directors.

9. General Plan Provisions:

a. In addition to bonuses determined and paid pursuant to paragraph 4 hereof, nothing in this Plan is intended to limit the authority of the Committee (i) to award additional discretionary bonuses to one or more senior executives of the Company as the Committee deems appropriate from time to time and/or to (ii) approve additional discretionary bonus pools to be allocated among Participants as determined by the Committee.

b. The impact of the payment of bonuses under the Plan on Participants' other Company employee benefits shall be based on the governing terms of such other employee benefit plans and programs, or as determined by the Committee or its delegates, where necessary.

c. Neither the existence of the Plan nor any substantive aspect of the Plan shall give any Participant the right to continued employment with the Company for any period of time or shall interfere with the right of the Company to discipline or discharge a Participant at any time.

d. The Company shall withhold from any bonus payment made pursuant to the Plan any taxes required to be withheld from such payment under local, state or federal law.

e. Bonuses otherwise payable hereunder may be paid on a deferred basis pursuant to any deferred compensation program that may be implemented with Committee approval in compliance with the requirements of Section 409A of the Code and the regulations thereunder. Any bonuses not so deferred are intended to be exempt from Section 409A of the Code as "short-term deferrals," and the Plan shall be administered and interpreted in accordance with such intent.

f. The Company shall not be required to fund or otherwise segregate any cash or other assets for purposes of meeting its obligations under the Plan.

g. The provisions of the Plan shall be construed and interpreted according to the laws of the State of Illinois, except as preempted by federal law.

h. A Participant shall not have any right to pledge, hypothecate, anticipate or in any way create a lien upon any amounts provided under this Plan and no benefits payable hereunder shall be assignable in anticipation of payment either by voluntary or involuntary acts, or by operation of law.

i. The Plan shall be binding upon the Company and any successor of the Company, including without limitation any corporation or other entity acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise. Such successor shall thereafter be deemed the "Company" for the purposes of the Plan.

j. Bonuses paid and payable under this Plan are subject to forfeiture, recovery by the Company, or other action pursuant to the terms of the applicable bonus award or any clawback or recoupment policy which the Company may adopt from time to time, including the enforcement of the Company’s Policy on Recoupment of Compensation Due to Improper Conduct (which is applicable to employees at the Direction Band and above), and the Company’s Policy on Recoupment of Incentive Compensation (which is applicable only to the Company’s executive officers) (collectively, the “Recoupment Policies”), all of which shall be binding upon applicable Plan Participants. Any inconsistency between this Plan and the Recoupment Policies shall be resolved in favor of such Policies.

EXHIBIT 10.36

Walgreens Boots Alliance

January 12, 2024

Mary Langowski
[Address]

Dear Mary,

We are pleased to offer you the position of EVP & President, US Healthcare, Walgreens Boots Alliance, Inc. (“WBA” or the “Company”) reporting to the Chief Executive Officer, WBA. We look forward to you joining our team. 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. Below are the terms of your offer.

Base Salary. Your salary will be at the annualized rate of $950,000 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 $4,400,000 annually. You will receive your first awards on the next annual grant date following your hire date (i.e., November 1, 2024), 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.

Walgreens Boots Alliance

Performance Shares: Performance shares are stock awards that are contingent upon the performance of the Company. You are awarded a targeted number of "contingent shares" on the date of grant, and then between 0% and 200% of these target 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. See the attached "Overview of Management Benefits," briefly describing the Walgreens employee benefits that are applicable.

Relocation. It is our expectation you will relocate to the Chicagoland area within a reasonable timeframe, and no later than 12 months after your start date. 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. Prior to such relocation, we will collaborate on how frequently you will work from our Deerfield support office, and your primary work location will be designated as your home, such that travel costs will be treated as business expenses, reimbursed in accordance with applicable WBA policies/procedures. Following your relocation, the primary work location for this role will be our Deerfield support office.

Other Compensation.
Sign-On Bonus: You will receive a one-time sign-on/retention bonus of $3,000,000, paid out in two installments; with $2,000,000 paid within 45 days of hire and a second installment paid within 45 days of the first anniversary of hire. This bonus 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. This agreement provides that your continued employment is required in order to fully earn each installment payment, and if you voluntarily leave the Company or you are involuntarily terminated for cause within two years of each payment, you will be required to reimburse the Company for the full amount of such payment.

Special Restricted Stock Unit (RSU) Award: You will be considered by the Compensation and Leadership Performance Committee of the WBA Board for a one-time award of RSUs, valued at $4,000,000 as of the grant date. This special award would be granted on or after your date of hire. It will become vested in one-third increments as of the first, second and third anniversaries of the grant date. Just like the other Long-Term Incentives described above, this RSU award would be issued pursuant to an RSU award agreement under the 2021 Omnibus Incentive Plan covering all terms and conditions, and this agreement would be issued to you electronically for your review and signature immediately following the grant date.

Non-Compete Agreement. 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. A copy of this Agreement can be provided in of your start date. A similar agreement may also be included as part of restricted stock unit agreements.

Walgreens Boots Alliance

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.

Our offer of employment will remain open for ten days from the date of this letter, and is contingent on your passing a pre-employment applicant background check following your acceptance. Once an offer is accepted, you will receive an email requesting additional personal information, as well as consent forms for the pre-employment applicant background check.

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,

Tim Wentworth
Chief Executive Officer
Walgreens Boots Alliance, Inc.

I accept the offer of employment and understand that the offer is not intended to be a guarantee of continued employment.

Name: /s/ Mary Langowski Date: 1/13/2024
Mary Langowski

EXHIBIT 19

INSIDER TRADING

Policy Owner: WBA Senior Vice President, Corporate Secretary

This Policy describes the rules for transactions in securities of Walgreens Boots Alliance ("WBA") or other certain companies by any officer, director or team member of WBA or any of its subsidiaries (collectively, the "Company").

Why It Matters

The Company has adopted this Policy in furtherance of its commitment to ethical conduct, to promote compliance with applicable securities laws, and to take an active role in the prevention of insider trading violations by directors, officers, and all other team members of the Company.

Scope

This Policy covers directors, officers, and all other team members of the Company (collectively, "Covered Persons").

This Policy also applies to:

- immediate family members and Controlled Entities (as each term is defined in this Policy) of Covered Persons;
- transactions in **"**Company securities**"**, which includes (i) all of WBA's securities, including common stock, options to purchase common stock, debt securities (including of WBA's subsidiaries), and any other type of securities that WBA may issue, and (ii) derivative securities relating to any Company security that are not issued by WBA such as put and call options, warrants, swaps, caps and collars; and
- transactions in the securities of companies with which the Company interacts (for example, a customer or supplier or a company involved in a transaction or possible transaction with the Company, an equity method investee, or a strategic partner) if a Covered Person is in possession of material, non-public information regarding such other companies gained in the course of working for the Company.

For purposes of this Policy and applicable securities laws, Covered Persons should treat all transactions by immediate family members and Controlled Entities as if they were for the Covered Person's own account.

Core Principles

- All Covered Persons are prohibited from engaging in any transaction in Company securities while aware of material, non-public information about the Company. Such **prohibited transactions** include buying, selling, gifting, and as permitted by this Policy, pledging and lending Company securities, and any other direct or indirect transfers of Company securities.
- Covered Persons are always **responsible for monitoring** whether they possess material, non-public information; and each Covered Person is responsible for the transactions of their immediate family members.
- No Covered Person may **"tip"** other persons about material, non-public information about the Company or otherwise make unauthorized disclosure or use of such information, regardless of whether the Covered Person profits or intends to profit by such tipping, disclosure or use.
- All Covered Persons are prohibited from trading in the securities of companies whose securities are publicly traded while aware of material, non-public information about such companies gained in the course of working for the Company.
- A Covered Person **must not engage in any hedging or monetization transactions** with respect to Company securities.
- If any Covered Person is aware of material, non-public information about the Company or any other company gained in the course of working for the Company, **when their employment or other business relationship with the Company ends,** then he or she must not trade in Company securities or the securities of any such other company or disclose such material, non-public information to other persons until that information is made public or becomes no longer material.
- No Restricted Person (as defined in Section 4) may trade in Company securities during a **closed trading window**, regardless of whether they are actually aware of material, non-public information about the Company.
- All Pre-clearance Persons (as defined in section 5) **must obtain pre-clearance** from the Corporate Secretary before transacting in Company securities.

Core Principles

- No Covered Person may **"tip"** other persons about material, non-public information about the Company or otherwise make unauthorized disclosure or use of such information, regardless of whether the Covered Person profits or intends to profit by such tipping, disclosure or use.
- All Covered Persons are prohibited from trading in the securities of companies whose securities are publicly traded while aware of material, non-public information about such companies gained in the course of working for the Company.
- A Covered Person **must not engage in any hedging or monetization transactions** with respect to Company securities.
- If any Covered Person is aware of material, non-public information about the Company or any other company gained in the course of working for the Company, **when their employment or other business relationship with the Company ends,** then he or she must not trade in Company securities or the securities of any such other company or disclose such material, non-public information to other persons until that information is made public or becomes no longer material.
- No Restricted Person (as defined in Section 4) may trade in Company securities during a **closed trading window**, regardless of whether they are actually aware of material, non-public information about the Company.
- All Pre-clearance Persons (as defined in section 5) **must obtain pre-clearance** from the Corporate Secretary before transacting in Company securities.

IMPLEMENTATION

1. Types of Information	**1. No Trading in Company Securities While Aware of Material, Non-public Information**	**1. Requirements Applicable to All Covered Persons**
1. Additional Restrictions Applicable to Restricted Persons	**1. Additional Restrictions Applicable to Pre-clearance Persons**	**1. Rule 10b5-1 Trading Plans**
1. Potential Consequences of Failure to Comply		

1. Types of Information

Material information

Information is considered “material” if there is a substantial likelihood that a reasonable investor would consider that information important in making a decision to buy, hold or sell securities.

Both positive and negative information may be material. Any information that could reasonably be expected to affect WBA’s stock price, whether positive or negative, must be assumed to be material for purposes of this Policy. While it is not possible to define all categories of information that could be material, potential examples include the following:

- Information regarding sales, revenues or earnings (including projections);
- Financial forecasts of any kind, including earnings estimates or changes in previously announced earnings estimates;
- Internal financial information which departs in any significant way from market expectations;
- Capital expenditure and investment plans;
- Costs and savings associated with restructuring activities;
- Unusual gains or losses in major operations or significant write-downs in assets or increases in reserves;
- Negotiations of, entering into, or developments under significant contracts, strategic partnerships or licensing arrangements;
- Developments relating to significant mergers, acquisitions, dispositions, divestitures, joint ventures or reorganizations;
- Changes in business strategies or planned growth rates;
- Significant operational issues;

- A significant disruption in the Company’s operations or loss or breach of the Company’s assets, including its facilities or information technology infrastructure, or cyber-security incidents;
- Commencement of or significant developments regarding litigation, government investigations, regulatory matters or enforcement proceedings;
- The public or private sale of additional Company securities;
- Changes in senior management;
- Changes in dividend rate; and
- The imposition of internal restrictions or ban on trading in Company securities or the securities of a company with which the Company interacts.

This list of potential examples is illustrative and not exhaustive. Financial information may be material, even if it covers only part of a period or less than all of the Company’s operations, as it may convey enough information about the Company’s consolidated results to be considered material information. With respect to a possible future event, the potential materiality of the information is assessed by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company should it occur. Further, Covered Persons must not trade on the basis of rumors which, if true, would constitute material, non-public information.

Materiality determinations require consideration of quantitative and qualitative factors based on an assessment of all of the facts and circumstances, and typically are evaluated by enforcement authorities with the benefit of hindsight. If you are unsure about whether particular non-public information is material, you must not try to resolve any uncertainties on your own and must consult in advance with the persons listed at the end of this Policy.

Non-public information

Information is non-public until it has been widely disseminated to the public and the public has had time to absorb and evaluate it. If information is disclosed in a press release, it must be reported on a national wire service, published in a national newspaper, or reported by some other widely disseminated source of investment information before it is deemed “public.” Information also generally is considered to be widely disseminated and “public” if it has been disclosed by WBA in a document filed with the Securities and Exchange Commission (“SEC”) that is publicly available on the SEC’s website. By contrast, information would not be considered widely disseminated if it is available only to the Company’s team members, or if it is available only to a limited group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary to provide investors with sufficient time to absorb the information. Ordinarily, information would not be considered public for purposes of this Policy until at least one full trading day has passed following its dissemination. For the purposes of this Policy, a *“trading day”* means any day on which the Nasdaq Stock Market is open for trading. If you are unsure about whether particular information is non-public, you must not try to resolve any uncertainties on your own and must consult in advance with the persons listed at the end of this Policy.

2. No Trading in Company Securities While Aware of Material, Non-public Information.

All Covered Persons are prohibited from engaging in any transaction in Company securities while aware of material, non-public information about the Company. Such prohibited transaction include buying, selling, gifting, and as permitted by this Policy, pledging and lending Company securities, and any other direct or indirect transfers of securities. It makes no difference whether a Covered Person will rely upon or use material, non-public information in deciding to trade — if a Covered Person is aware of material, non-public information about the Company, the prohibition applies. Remember, anyone scrutinizing transactions will be doing so after the fact, with the full benefit of hindsight.

All Covered Persons, whether or not subject to the trading windows described in section 4 or the pre-clearance procedures described in section 5 of this Policy, are reminded that the safest time for transactions in Company securities will generally be shortly after the release by the Company of financial information relating to a completed quarter as described below in section 4. The appearance of improper trading may increase as the Company approaches the end of its next fiscal quarter.

Direct and Indirect Transactions. The foregoing prohibition extends to transactions in Company securities in which any Covered Person has any "beneficial" or other economic interest, and to transactions by Controlled Entities of any Covered Person, including:

- transactions within 401(k) plan accounts or benefit plans (except as expressly provided below);
- transactions in Company securities held in joint accounts or accounts of persons or entities controlled directly or indirectly by the Covered Person;
- transactions in Company securities for which the Covered Person acts as trustee, executor, or custodian; and
- transactions in any other account or investment involving in any way any Company securities over which the Covered Person exercises any direct or indirect control.

This prohibition, however, does not apply to transactions pursuant to a valid "10b5-1 trading plan" implemented in accordance with section 6 of this Policy.

A "Controlled Entity" is an entity or account over which a person has control (investment or otherwise) or influence with respect to a transaction in securities (for example, a trust, not-for-profit entity, or estate).

Overview of Certain Transactions under Company Plans

Exercise of Stock Options. The foregoing prohibition extends to the exercise of a Covered Person's stock options provided that the Covered Person "buys and holds" (i.e., pays cash for the exercise price and any associated tax withholding obligations and retains all shares received upon exercise of the option). "Same day sale" transactions and other stock option exercises where shares are sold or withheld, including to pay the exercise price or withholding taxes, are treated like any other stock sale and are subject to the prohibition above.

Vesting of Stock Awards. This Policy does not apply to the vesting of restricted stock, restricted stock units, performance shares, performance units or similar awards, or the exercise of a tax withholding right pursuant to which a Covered Person requests that the Company withhold shares of stock to satisfy tax withholding requirements in connection with such vesting without engaging in any market transaction. This Policy does apply, however, to any sale of the Company securities acquired pursuant to any such transactions.

Dividend Reinvestment Plan. This Policy does not apply to purchases of Company securities under the Company's dividend reinvestment plan resulting from a Covered Person's automatic reinvestment of dividends paid on Company securities. This Policy does apply, however, to a Covered Person's election to participate in the plan or increase his or her level of participation in the plan. This Policy also applies to a Covered Person's sale of any Company securities purchased pursuant to the dividend reinvestment plan.

Employee Stock Purchase Plan. This Policy does not apply to regular, automatic purchases of Company securities pursuant to the Company's team member stock purchase plan as a result of periodic payroll deductions pursuant to an election in place at the beginning of the applicable option period under the plan. However, this Policy does apply to the initial enrollment in the plan and purchases of Company securities resulting from lump sum cash contributions, to the extent permitted by the plan. This Policy also applies to any changes in elections under the plan and to the sale of Company securities acquired pursuant to the plan.

Profit-Sharing Plan ("401(k) plan"). This Policy does not apply to purchases of Company securities in the Company's 401(k) plan resulting from regular, automatic purchases relating to contributions to the plan from payroll deductions or matching contributions by the Company pursuant to a pre-existing investment election. However, this Policy does apply to elections made under the 401(k) plan relating to the Company stock fund, including the initial enrollment in the Company stock fund and an election to increase or decrease an investment election with respect to participation in the Company stock fund and an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund.

3. Requirements Applicable to All Covered Persons

No tipping of material, non-public information; Disclosure

Tipping includes giving trading or investment advice of any kind to anyone while aware of material, non-public information about the Company, except when advising others not to trade to avoid violating this Policy. For example, a Covered Person who is aware of material, non-public information about the Company may not recommend that another person buy or sell any Company securities even if the Covered Person does not disclose or refer to the material, non-public information in making the recommendation.

Confidential information (including material, non-public information) may be used by Covered Persons only for legitimate WBA business purposes in accordance with contractual or legal requirements, and may only be disclosed within the Company to those team members who have a legitimate business need to know such information. Accordingly, no Covered Person may discuss confidential Company matters or developments with anyone outside of the Company (including family members and friends), except as required in the performance of such person's regular employment or, in the case of our Directors, their fiduciary duties. For additional information relating to disclosure of confidential information (including material, non-public information) of the Company, see the WBA Disclosure policy.

No trading in, or tipping, regarding securities of other companies while aware of material, non-public information

The Company may have interactions with or engage in business transactions with companies whose securities are publicly traded. Information learned in connection with these interactions or transactions may constitute material, non-public information about the other company, even if such information is not material to the Company. All Covered Persons are prohibited from trading in the securities of these companies while aware of material, non-public information about such companies gained in the course of working for the Company. Further, no Covered Person may "tip" other persons about such material, non-public information or otherwise make unauthorized disclosure or use of such information, regardless of whether the Covered Person profits or intends to profit by such tipping, disclosure, or use.

No hedging or monetization transactions

Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including, but not limited to, through the use of financial instruments such as exchange funds, prepaid variable forwards, equity swaps, puts, calls, collars, forwards and other derivative instruments.

Such hedging and monetization transactions may permit a Covered Person to continue to own Company securities obtained through the Company's benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the Covered Person may no longer have the same objectives as the Company’s other stockholders.

Therefore, a Covered Person may not engage in any hedging or monetization transaction with respect to Company securities, including but not limited to, through the use of any of the financial instruments described above.

No short sales

Short sales of Company securities (i.e., the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company’s prospects. In addition, short sales may reduce a seller’s incentive to seek to improve the Company’s performance. For these reasons, short sales of Company securities by Covered Persons are prohibited.

No transactions in publicly-traded options

Given the relatively short term of publicly-traded options, transactions in such options may cause a Covered Person to focus on short-term performance at the expense of the Company’s long-term objectives. Accordingly, transactions by Covered Persons in put options, call options or other derivative securities related to Company securities (other than derivative securities issued by the Company pursuant to its benefit plans), on an exchange or in any other organized market, are prohibited.

Standing Orders; Limit Orders

Purchase or sales by Covered Persons resulting from standing orders or limit orders may result in the execution of orders without control by the Covered Person over the transaction or the Covered Person’s awareness of the timing of the transaction. Even if a Covered Person placed an order at a time when such person was permitted to enter into transactions, a Covered Person must be certain that this type of order will not be executed when such person is in possession of material, non-public information about the Company or, if applicable, during a closed trading window. Accordingly, any standing orders by a Covered Person should be used only for a very brief period and with detailed instructions to the broker who will execute the transaction. Please note that standing orders under a compliant Rule 10b5-1 trading plan (see section 6 of this Policy) are not subject to these limitations.

Post-Employment Transaction May Be Prohibited

The portions of this Policy relating to trading while in possession of material, non-public information and the use or disclosure of such information continue to apply even after Covered Persons have ended their employment or association with the Company.

If any Covered Person is aware of material, non-public information about the Company or any other company gained in the course of working for the Company, when his or her employment or other business relationship with the Company ends, then he or she must not trade in Company securities or the securities of such other company or disclose such material, non-public information to other persons until that information is made public or becomes no longer material.

Frequent trading of Company securities is strongly discouraged

Frequent trading of Company securities can create an appearance of wrongdoing even if each decision to trade is based solely on public information. Covered Persons are strongly discouraged from trading in Company securities for short-term trading profits. The Company reserves the right to request brokerage account statements or to monitor trading in any 401(k) plan to monitor compliance with this Policy.

Compliance with all Company policies regarding the protection, use and dissemination of corporate information is required

In addition to this Policy, the Company maintains other policies that relate to the protection, use and dissemination of corporate information, including the WBA Disclosure policy and the WBA Social Media policy. It is important that each Covered Person be familiar with and comply with these policies, including the need to maintain the confidentiality of such information and the prohibition of disclosure of such information by any person, or in any manner that is not specifically authorized.

Individual responsibility

All Covered Persons have ethical and legal obligations to maintain the confidentiality of information gained through the course of employment or other service with the Company and to not engage in transactions in Company securities or securities of any other company with which the Company interacts while in possession of material, non-public information. Each such individual is responsible for making sure that he or she complies with this Policy, and that any such person’s Controlled Entities and immediate family members also comply with this Policy. In all cases, the responsibility for complying with this Policy rests with the Covered Person, and no action on the part of the Company or any other person pursuant to this Policy absolves that individual from responsibility for his or her trading decisions under this Policy and applicable securities laws.

An “immediate family member” includes, for each Covered Person, (a) family members residing with such Covered Person, (b) any other person in such Covered Person’s household, (c) family members who principally rely on the Covered Person for their financial support (regardless of residence) and (d) any other family members whose transactions in Company securities are directed by or subject to such Covered Person’s influence or control.

4. **Additional Restrictions Applicable to Restricted Persons**

"Restricted Persons" means:

- All members of the Board of Directors of WBA (each, a "Director");
- All officers designated by the Company as Section 16 reporting officers ("Section 16 officers") under the Securities Exchange Act of 1934, as amended (the "Exchange Act");
- All team members of the Company who are members of the Executive Committee (the "EC Members");
- All team members of the Company who are members of the WBA Leadership Forum;
- Any other Company team members designated as "Restricted Persons" from time to time by the Global Chief Financial Officer, the Global Chief Legal Officer or the Corporate Secretary; and
- All immediate family members and Controlled Entities of the foregoing.

Trading Windows

No Restricted Person may trade in Company securities during a closed trading window, regardless of whether he or she is actually aware of material, non-public information.

For purposes of this Policy, the quarterly trading window closes at the close of market on the 10th day of the third month of the applicable Company fiscal quarter and opens at the beginning of the second trading day following the date of the public announcement of the Company's quarterly financial results (except in the case of special trading windows, as discussed below).

Although Covered Persons are always responsible for monitoring whether they possess material, non-public information, from time to time, the Global Chief Legal Officer or the Corporate Secretary may designate a special trading window applicable to those individuals identified by the Corporate Secretary as being in possession of particular information that the Company determines may be considered material and non-public, such as information about a pending acquisition, the investigation of a cyber-security incident or an anticipated positive or negative earnings announcement that may be unanticipated by the market. The Corporate Secretary will notify the team members subject to a special trading window. Each person who has been so identified and notified by the Company may not engage in any transaction involving the Company's securities, except pursuant to a 10b5-1 trading plan previously implemented in accordance with section 6 of this Policy or as otherwise expressly permitted by this Policy, until instructed otherwise by the Corporate Secretary, and should not disclose to others the fact of such suspension of trading.

Notwithstanding the above provisions of this section, a closed trading window does not prohibit transactions in Company securities pursuant to a valid pre-existing 10b5-1 trading plan implemented in accordance with section 6 of this Policy or otherwise expressly permitted by this Policy.

Remember that even during an open trading window, any person possessing material, non-public information about the Company should not engage in any transaction in the Company's securities.

Margin accounts and pledged securities

Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan.

Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material, non-public information or otherwise is not permitted to trade in Company securities, Restricted Persons are prohibited from holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan.

5. Additional Restrictions Applicable to Pre-clearance Persons

Pre-clearance of transactions by Pre-clearance Persons

Directors, Section 16 officers, EC Members and other team members notified by the Global Chief Legal Officer or the Corporate Secretary (collectively referred to as the "Pre-clearance Group" and individually as a "Pre-clearance Person") must obtain pre-clearance from the Corporate Secretary before transacting in Company securities. If a request for pre-clearance is approved, the Pre-clearance Person must inform the Executive Chairman and the Chief Executive Officer prior to transacting in Company securities. For the avoidance of doubt, this pre-clearance requirement also applies to transactions by immediate family members and Controlled Entities of the Pre-clearance Group and is applicable to any type of transaction involving Company securities, including, but not limited to, purchases, sales, gifts, and the initiation, amendment and termination of a 10b5-1 trading plan.

To the extent possible, requests for pre-clearance will be processed and returned within two business days after receipt. Pre-clearance is in the sole discretion of the Company.

If a request for pre-clearance is approved, the Pre-clearance Person (or other person or entity covered by this section) has three business days to complete the transaction, provided that the trading window is open at the time of the transaction and such person or entity has not come into possession of material, non-public information about the Company.

All pre-clearance requests and their approval or denial must be treated as confidential information. Approval of any particular transaction under this pre-clearance procedure does not insulate any person from liability under the securities laws. Under no circumstance may a person transact in Company securities while aware of material, non-public information about the Company, even if precleared.

In addition, all Directors and Section 16 officers are required to comply with Section 16 of the Exchange Act and related rules and regulations, which set forth reporting obligations as well as “short swing” profit recovery provisions and a general prohibition of “short sale” transactions. The Company is available to assist with Section 16 reporting; however, the obligation to comply with Section 16 is personal to the individual.

Trading restrictions in the event of a “Pension Fund Blackout Period”

In the event of a pension fund “blackout period” under applicable securities laws, Directors and the executive officers of the Company are subject to certain restrictions on transacting in WBA’s equity securities, including a general prohibition on purchases and sales of securities that were acquired in connection with service or employment as a Director or executive officer of WBA. The term “blackout period” for this purpose is defined in SEC regulations and generally means a period in which 50% or more of the participants in the Company’s qualified Profit-Sharing Plan are temporarily unable to conduct transactions in the Company stock fund for more than three consecutive business days. Directors and executive officers will be notified upon the implementation of any such period.

6. Rule 10b5-1 Trading Plans

Complying with Rule 10b5-1 under the Exchange Act provides a defense (but not a safe harbor) from insider trading liability under Rule 10b-5 of the Exchange Act. Where a valid written trading plan (commonly referred to as a “10b5-1 trading plan”) has been established at a time when an insider was not in possession of material, non-public information about the Company, trades executed as specified by the plan will not violate the securities laws or this Policy even if the insider is in possession of material, non-public information at the time the trade is executed. With respect to any 10b5-1 trading plan, you must act in good faith and not as part of a plan or scheme to evade the prohibitions of the securities laws and must continue to act in good faith for the duration of the plan.

All 10b5-1 trading plans must meet the following minimum requirements:

- The trading plan is in writing and signed by the person adopting the trading plan;
- The person adopting the trading plan is not aware of any material, non-public information as of the date of the adoption of the trading plan, and is entering into the trading plan during an open trading window, in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1;
- Any person adopting the trading plan who serves as a Section 16 officer or director of the Company must certify in writing, in the terms of the trading plan agreement, that, at the time of the adoption of a 10b5-1 trading plan (whether a new plan or due to a Termination Modification, as defined below): (1) the person is not aware of material, non-public information about the Company or the Company’s securities; and (2) the person is adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5;

- The plan specifies a fixed number of securities to be purchased or sold, or specifies or sets a formula for the number of securities to be purchased or sold, spread over the duration of the trading plan, the time period during which the securities are to be purchased or sold, and the prices at which the securities are to be purchased or sold. The dates of the purchases or sales must be in a range of not less than five trading days, and the choice of the exact trading day must be left to the stock broker;
- Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade;
- Any modification to the amount, price or timing of the purchase or sale of securities under the plan, as well as any change to an algorithm or computer program affecting such factors shall be deemed to be a termination of the current plan and the adoption of a new plan for purposes of restarting the Cooling-Off Period (as defined below) (any such modification, a "Termination Modification");
- The first trade made following adoption or Termination Modification of a trading plan may take place no sooner than, with respect to Directors and Section 16 officers, the later of (i) ninety (90) calendar days from adoption or modification and (ii) the second trading day after the Company announces its financial results in a Form 10-Q or Form 10-K for the quarter in which the trading plan is adopted or amended by a Termination Modification (but in any event, not to exceed 120 days following the plan's adoption or any Termination Modification of such plan), and with respect to team members who are not Section 16 officers, thirty (30) calendar days (each, the "Cooling-Off Period");
- Upon termination of a 10b5-1 trading plan (including any Termination Modification), the person adopting the plan may not trade in the Company's securities, and the Company's securities may not be traded for the person's benefit, sooner than (i) 90 calendar days from termination or (ii) the second trading day after the Company announces its financial results in a Form 10-Q or Form 10-K for the quarter in which the trading plan was terminated unless such transactions are effected pursuant to a new plan that complies with the above provisions;
- A person may not have in effect more than one plan at any time; and
- A person may not enter more than one single-trade plan during any consecutive 12-month period.

Amendments and terminations of 10b5-1 trading plans will be viewed in hindsight and could call into question whether the plan was entered into or operated in good faith. As a result, amendments and terminations of 10b5-1 trading plans require pre-approval of the Company, which is permitted to inquire into the change in circumstances that has giving rise to the requested amendment or termination.

The Company reserves the right to adopt additional rules for the establishment, amendment, termination and operation of 10b5-1 trading plans, and you will need to comply with these rules in order to utilize a 10b5-1 trading plan.

Covered Persons are prohibited from entering or adopting any other written trading plan or arrangement that does not meet the requirements of a valid Rule 10b5-1 trading plan such that the other written trading plan or arrangement is considered a ‘non-10b5-1 trading plan’ under the SEC rules.

For the avoidance of doubt, this section on 10b5-1 trading plans only applies to trading plans entered into by individuals, and does not apply to any 10b5-1 trading plan entered into by the Company with respect to repurchasing its own securities.

7. Potential Consequences of Failure to Comply

Company sanctions

Compliance with all Company policies is a condition of continued employment. Any Covered Person who violates this Policy will be subject to sanctions, up to and including dismissal. The Company reserves the right to determine, in its own discretion and on the basis of information available to it, whether this Policy has been violated. The Company may determine that specific conduct violates this Policy whether or not the conduct also violates the law. It is not necessary for the Company to await the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action.

Criminal and civil penalties for violating securities laws

The purchase or sale of securities while aware of material, non-public information, or the disclosure of material, non-public information to others who then trade in Company securities, is prohibited by federal and state laws and penalties for violations can be severe. For example, U.S. federal securities laws provide for fines on the individual of up to $5 million and imprisonment for up to 20 years. In addition, the SEC may seek civil penalties of the greater of $1 million or three times the profits made, or losses avoided, from trading while aware of material, non-public information. Persons who trade while aware of material, non-public information may also be required to return any profits made. Insider trading violations may result in an injunction against future trading and may subject persons to private lawsuits.

Federal securities laws also subject controlling persons to civil penalties for illegal insider trading by team members. “Controlling persons” include officers and supervisors, and these persons may be subject to fines up to the greater of $1 million or three times the profit realized or loss avoided by the insider.

Exhibit 21

Certain subsidiaries of Walgreens Boots Alliance, Inc. as of August 31, 2024 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, 2024, 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

Exhibit 23.1

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 15, 2024 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, 2024.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

October 15, 2024

EXHIBIT 31.1

CERTIFICATION

I, Timothy C. Wentworth, 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/	Timothy C. Wentworth	Chief Executive Officer	Date: October 15, 2024
	Timothy C. Wentworth		

EXHIBIT 31.2

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	Global Chief Financial Officer	Date: October 15, 2024
	Manmohan Mahajan		

Exhibit 32.1

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, 2024 as filed with the Securities and Exchange Commission (the "Report"), I, Timothy C. Wentworth, 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/ Timothy C. Wentworth
Timothy C. Wentworth
Chief Executive Officer
Dated: October 15, 2024

Exhibit 32.2

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, 2024 as filed with the Securities and Exchange Commission (the "Report"), I, Manmohan Mahajan, 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
Global Chief Financial Officer
Dated: October 15, 2024

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.

WALGREENS BOOTS ALLIANCE, INC.
POLICY ON RECOUPMENT OF INCENTIVE COMPENSATION

Introduction

The Compensation and Leadership Performance Committee (the "Compensation Committee") of the Board of Directors (the "Board") of Walgreens Boots Alliance, Inc. (the "Company") has adopted this Policy on Recoupment of Incentive Compensation (this "Policy"), which provides for the recoupment of compensation in certain circumstances in the event of a restatement of financial results by the Company. This Policy shall be interpreted to comply with the requirements of U.S. Securities and Exchange Commission ("SEC") rules and Nasdaq Stock Market ("Nasdaq") listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

Administration

This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy, in all cases consistent with the Dodd-Frank Act. The Board or Compensation Committee may amend this Policy from time to time in its discretion.

Covered Executives

This Policy applies to any current or former "executive officer," within the meaning of Rule 10D-1 under the Securities Exchange Act of 1934, as amended, of the Company or a subsidiary of the Company (each such individual, an "Executive"). This Policy shall be binding and enforceable against all Executives and their beneficiaries, executors, administrators, and other legal representatives.

Recoupment Upon Financial Restatement

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Financial Restatement"), the Compensation Committee shall cause the Company to recoup from each Executive, as promptly as reasonably possible, any erroneously awarded Incentive-Based Compensation, as defined below.

No-Fault Recovery

Recoupment under this Policy shall be required regardless of whether the Executive or any other person was at fault or responsible for accounting errors that contributed to the need for the Financial Restatement or engaged in any misconduct.

Compensation Subject to Recovery; Enforcement

This Policy applies to all compensation granted, earned or vested based wholly or in part upon the attainment of any financial reporting measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measures, whether or not presented within the Company's financial statements or included in a filing with the SEC, including stock price and total shareholder return ("TSR"), including but not limited to performance-based cash, stock, options or other equity-based awards paid or granted to the Executive ("Incentive-Based Compensation"). Compensation that is granted, vests or is earned based solely upon the occurrence of non-financial events, such as base salary, restricted stock or options with time-based vesting, or a bonus awarded solely at the discretion of the Board or Compensation Committee and not based on the attainment of any financial measure is not subject to this Policy.

In the event of a Financial Restatement, the amount to be recovered will be the excess of (i) the Incentive-Based Compensation received by the Executive during the Recovery Period (as defined below) based on the erroneous data and calculated without regard to any taxes paid or withheld, over (ii) the Incentive-Based Compensation that would have been received by the Executive had it been calculated based on the restated financial information, as determined by the Compensation Committee. For purposes of this Policy, "Recovery Period" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare the Financial Restatement, as determined in accordance with the last sentence of this paragraph, or any transition period that results from a change in the Company's fiscal year (as set forth in Section 5608(b)(i)(D) of the Nasdaq Listing Rules). The date on which the Company is required to prepare a Financial Restatement is the earlier to occur of (A) the date the Board or a Board committee (or authorized officers of the Company if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare a Financial Restatement.

For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the Compensation Committee shall determine the amount to be recovered based on a reasonable estimate of the effect of the Financial Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received and the Company shall document the determination of that reasonable estimate and provide it to Nasdaq.

Incentive-Based Compensation is considered to have been received by an Executive in the fiscal year during which the applicable financial reporting measure was attained or purportedly attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

The Company may use any legal or equitable remedies that are available to the Company to recoup any erroneously awarded Incentive-Based Compensation, including but not limited to by collecting from the Executive cash payments or shares of Company common stock or by forfeiting any amounts that the Company owes to the Executive. Executives shall be solely responsible for any tax consequences to them that result from the recoupment or recovery of any amount pursuant to this Policy, and the Company shall have no obligation to administer the Policy in a manner that avoids or minimizes any such tax consequences.

No Indemnification

The Company shall not indemnify any Executive or pay or reimburse the premium for any insurance policy to cover any losses incurred by such Executive under this Policy or any claims relating to the Company's enforcement of rights under this Policy.

Exceptions

The compensation recouped under this Policy shall not include Incentive-Based Compensation received by an Executive (i) prior to beginning service as an Executive or (ii) if he or she did not serve as an Executive at any time during the performance period applicable to the Incentive-Based Compensation in question. The Compensation Committee (or a majority of independent directors serving on the Board) may determine not to seek recovery from an Executive in whole or part to the extent it determines in its sole discretion that such recovery would be impracticable because (A) the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount (after having made a reasonable attempt to recover the erroneously awarded Incentive-Based Compensation and providing corresponding documentation of such attempt to Nasdaq), (B) recovery would violate the home country law that was adopted prior to November 28, 2022, as determined by an opinion of counsel licensed in the applicable jurisdiction that is acceptable to and provided to Nasdaq, or (C) recovery would likely cause the Company's 401(k) plan or any other tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

Other Remedies Not Precluded

The exercise by the Compensation Committee of any rights pursuant to this Policy shall be without prejudice to any other rights or remedies that the Company, the Board or the Compensation Committee may have with respect to any Executive subject to this Policy, whether arising under applicable law (including pursuant to Section 304 of the Sarbanes-Oxley Act of 2002), regulation or pursuant to the terms of any other policy of the Company, employment agreement, equity award, cash incentive award or other agreement applicable to an Executive. Notwithstanding the foregoing, there shall be no duplication of recovery of the same Incentive-Based Compensation under this Policy and any other such rights or remedies.

Acknowledgment

To the extent required by the Compensation Committee, each Executive shall be required to sign and return to the Company the acknowledgement form attached hereto as Exhibit A pursuant to which such Executive will agree to be bound by the terms of, and comply with, this Policy. For the avoidance of doubt, each Executive shall be fully bound by, and must comply with, the Policy, whether or not such Executive has executed and returned such acknowledgment form to the Company.

Effective Date and Applicability

This Policy has been adopted by the Compensation Committee on October 25, 2023, and shall apply to any Incentive-Based Compensation that is received by an Executive on or after October 2, 2023.

EXHIBIT A

DODD-FRANK COMPENSATION CLAWBACK POLICY

ACKNOWLEDGEMENT FORM

Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "***Acknowledgement Form***") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges, confirms and agrees that the undersigned: (i) has received and reviewed a copy of the Policy; (ii) is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company; and (iii) will abide by the terms of the Policy, including, without limitation, by reasonably promptly returning any recoverable compensation to the Company as required by the Policy, as determined by the Compensation Committee in its sole discretion.

Sign: ______________________________
Name: [Employee]

Date: ______________________________