

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(unaudited)

	August 29, 2020	February 29, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 92,730	\$ 218,180
Accounts receivable, net	1,920,866	1,286,785
Inventories, net of LIFO reserve of \$518,824 and \$539,640	1,937,953	1,921,604
Prepaid expenses and other current assets	114,148	181,794
Current assets held for sale	-	92,278
Total current assets	4,065,697	3,700,641
Property, plant and equipment, net	1,140,658	1,215,838
Operating lease right-of-use assets	2,860,710	2,903,256
Goodwill	1,108,136	1,108,136
Other intangibles, net	305,730	359,491
Deferred tax assets	16,680	16,680
Other assets	122,588	148,327
Total assets	<u>\$ 9,620,199</u>	<u>\$ 9,452,369</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 6,902	\$ 8,840
Accounts payable	1,448,682	1,484,081
Accrued salaries, wages and other current liabilities	637,610	746,318
Current portion of operating lease liabilities	487,844	490,161
Current liabilities held for sale	-	37,063
Total current liabilities	2,581,038	2,766,463
Long-term debt, less current maturities	3,506,708	3,077,268
Long-term operating lease liabilities	2,657,891	2,710,347
Lease financing obligations, less current maturities	17,935	19,326
Other noncurrent liabilities	253,589	204,438
Total liabilities	9,017,161	8,777,842
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock	55,224	54,716
Additional paid-in capital	5,893,590	5,890,903
Accumulated deficit	(5,298,932)	(5,222,194)
Accumulated other comprehensive loss	(46,844)	(48,898)
Total stockholders' equity	603,038	674,527
Total liabilities and stockholders' equity	<u>\$ 9,620,199</u>	<u>\$ 9,452,369</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)
(unaudited)

	Thirteen weeks ended August 29, 2020	Thirteen weeks ended August 31, 2019
Revenues	\$ 5,981,970	\$ 5,366,264
Costs and expenses:		
Cost of revenues	4,821,625	4,221,825
Selling, general and administrative expenses	1,116,142	1,135,530
Lease termination and impairment charges	11,528	1,471
Interest expense	50,007	60,102
Gain on debt modification, net	(5,274)	-
Loss (gain) on sale of assets, net	1,092	(1,587)
	<u>5,995,120</u>	<u>5,417,341</u>
Loss from continuing operations before income taxes	(13,150)	(51,077)
Income tax expense	47	27,628
Net loss from continuing operations	<u>(13,197)</u>	<u>(78,705)</u>
Net loss from discontinued operations, net of tax	-	(574)
Net loss	<u>\$ (13,197)</u>	<u>\$ (79,279)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss from continuing operations attributable to common stockholders - basic and diluted	\$ (13,197)	\$ (78,705)
Net loss from discontinued operations attributable to common stockholders - basic and diluted	-	(574)
Loss attributable to common stockholders - basic and diluted	<u>\$ (13,197)</u>	<u>\$ (79,279)</u>
Denominator:		
Basic and diluted weighted average shares	<u>53,573</u>	<u>53,041</u>
Basic and diluted loss per share		
Continuing operations	\$ (0.25)	\$ (1.48)
Discontinued operations	\$ -	\$ (0.01)
Net basic and diluted loss per share	<u>\$ (0.25)</u>	<u>\$ (1.49)</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(unaudited)

	Twenty-six weeks ended August 29, 2020	Twenty-six weeks ended August 31, 2019
Revenues	\$ 12,009,346	\$ 10,738,853
Costs and expenses:		
Cost of revenues	9,650,682	8,467,691
Selling, general and administrative expenses	2,313,289	2,298,182
Lease termination and impairment charges	15,281	1,949
Intangible asset impairment charges	29,852	-
Interest expense	100,554	118,372
Gain on debt modification, net	(5,274)	-
Gain on sale of assets, net	(1,168)	(4,299)
	<u>12,103,216</u>	<u>10,881,895</u>
Loss from continuing operations before income taxes	(93,870)	(143,042)
Income tax (benefit) expense	<u>(7,971)</u>	<u>35,002</u>
Net loss from continuing operations	(85,899)	(178,044)
Net income (loss) from discontinued operations, net of tax	<u>9,161</u>	<u>(894)</u>
Net loss	<u>\$ (76,738)</u>	<u>\$ (178,938)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss from continuing operations attributable to common stockholders - basic and diluted	\$ (85,899)	\$ (178,044)
Net income (loss) from discontinued operations attributable to common stockholders - basic and diluted	<u>9,161</u>	<u>(894)</u>
Loss attributable to common stockholders - basic and diluted	<u>\$ (76,738)</u>	<u>\$ (178,938)</u>
Denominator:		
Basic and diluted weighted average shares	<u>53,528</u>	<u>53,084</u>
Basic and diluted loss per share		
Continuing operations	\$ (1.60)	\$ (3.35)
Discontinued operations	<u>\$ 0.17</u>	<u>\$ (0.02)</u>
Net basic and diluted loss per share	<u>\$ (1.43)</u>	<u>\$ (3.37)</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Thirteen weeks ended August 29, 2020	Thirteen weeks ended August 31, 2019
OPERATING ACTIVITIES:		
Net loss	\$ (13,197)	\$ (79,279)
Net loss from discontinued operations, net of tax	-	(574)
Net loss from continuing operations	\$ (13,197)	\$ (78,705)
Adjustments to reconcile to net cash used in operating activities of continuing operations:		
Depreciation and amortization	87,117	83,044
Lease termination and impairment charges	11,528	1,471
LIFO (credit) charge	(8,750)	7,504
Loss (gain) on sale of assets, net	1,092	(1,587)
Stock-based compensation expense	3,936	4,712
Gain on debt modification, net	(5,274)	-
Changes in deferred taxes	-	26,979
Changes in operating assets and liabilities:		
Accounts receivable	(327,919)	(135,704)
Inventories	(39,174)	(100,536)
Accounts payable	(11,372)	(9,730)
Operating lease right-of-use assets and operating lease liabilities	(11,898)	46,875
Other assets	(19,664)	(67,187)
Other liabilities	(24,747)	(55,935)
Net cash used in operating activities of continuing operations	(358,322)	(278,799)
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(34,626)	(43,079)
Intangible assets acquired	(11,857)	(7,498)
Proceeds from insured loss	12,500	-
Proceeds from dispositions of assets and investments	3,155	3,765
Proceeds from sale-leaseback transactions	8,461	-
Net cash used in investing activities of continuing operations	(22,367)	(46,812)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	849,918	-
Net proceeds from revolver	408,000	250,000
Principal payments on long-term debt	(1,054,884)	(1,671)
Change in zero balance cash accounts	(262)	18,325
Payments for taxes related to net share settlement of equity awards	(2,002)	(791)
Financing fees paid for early debt redemption	(2,399)	-
Deferred financing costs paid	(13,268)	(129)
Net cash provided by financing activities of continuing operations	185,103	265,734
Cash flows from discontinued operations:		
Operating activities of discontinued operations	-	11,605
Investing activities of discontinued operations	-	-
Net cash provided by discontinued operations	-	11,605
Decrease in cash and cash equivalents	(195,586)	(48,272)
Cash and cash equivalents, beginning of period	288,316	190,453
Cash and cash equivalents, end of period	\$ 92,730	\$ 142,181

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Twenty-six weeks ended August 29, 2020	Twenty-six weeks ended August 31, 2019
OPERATING ACTIVITIES:		
Net loss	\$ (76,738)	\$ (178,938)
Net income (loss) from discontinued operations, net of tax	9,161	(894)
Net loss from continuing operations	\$ (85,899)	\$ (178,044)
Adjustments to reconcile to net cash used in operating activities of continuing operations:		
Depreciation and amortization	166,220	166,970
Lease termination and impairment charges	15,281	1,949
Intangible asset impairment charges	29,852	-
LIFO (credit) charge	(20,816)	14,993
Gain on sale of assets, net	(1,168)	(4,299)
Stock-based compensation expense	5,810	10,092
Gain on debt modification, net	(5,274)	-
Changes in deferred taxes	-	26,979
Changes in operating assets and liabilities:		
Accounts receivable	(636,555)	(153,269)
Inventories	4,473	(111,990)
Accounts payable	1,948	(85,623)
Operating lease right-of-use assets and operating lease liabilities	(18,493)	34,982
Other assets	79,513	(44,674)
Other liabilities	(11,484)	(8,104)
Net cash used in operating activities of continuing operations	(476,592)	(330,038)
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(63,085)	(84,060)
Intangible assets acquired	(22,572)	(15,708)
Proceeds from insured loss	12,500	-
Proceeds from dispositions of assets and investments	5,910	4,423
Proceeds from sale-leaseback transactions	8,461	-
Net cash used in investing activities of continuing operations	(58,786)	(95,345)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	849,918	-
Net proceeds from revolver	650,000	375,000
Principal payments on long-term debt	(1,056,182)	(3,451)
Change in zero balance cash accounts	(26,829)	54,712
Payments for taxes related to net share settlement of equity awards	(2,101)	(986)
Financing fees paid for early debt redemption	(2,399)	-
Deferred financing costs paid	(14,600)	(315)
Net cash provided by financing activities of continuing operations	397,807	424,960
Cash flows from discontinued operations:		
Operating activities of discontinued operations	(82,189)	(2,272)
Investing activities of discontinued operations	94,310	523
Net cash provided by (used in) discontinued operations	12,121	(1,749)
Decrease in cash and cash equivalents	(125,450)	(2,172)
Cash and cash equivalents, beginning of period	218,180	144,353
Cash and cash equivalents, end of period	\$ 92,730	\$ 142,181

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL SEGMENT OPERATING INFORMATION
(Dollars in thousands)
(unaudited)

	Thirteen weeks ended August 29, 2020	Thirteen weeks ended August 31, 2019
Retail Pharmacy Segment		
Revenues from continuing operations (a)	\$ 4,017,912	\$ 3,848,104
Cost of revenues from continuing operations (a)	2,955,999	2,815,660
Gross profit from continuing operations	1,061,913	1,032,444
LIFO (credit) charge from continuing operations	(8,750)	7,504
FIFO gross profit from continuing operations	1,053,163	1,039,948
Adjusted EBITDA gross profit from continuing operations	1,056,222	1,045,257
Gross profit as a percentage of revenues - continuing operations	26.43%	26.83%
LIFO (credit) charge as a percentage of revenues - continuing operations	-0.22%	0.20%
FIFO gross profit as a percentage of revenues - continuing operations	26.21%	27.02%
Adjusted EBITDA gross profit as a percentage of revenues - continuing operations	26.29%	27.16%
Selling, general and administrative expenses from continuing operations	1,030,075	1,044,818
Adjusted EBITDA selling, general and administrative expenses from continuing operations	933,882	952,584
Selling, general and administrative expenses as a percentage of revenues - continuing operations	25.64%	27.15%
Adjusted EBITDA selling, general and administrative expenses as a percentage of revenues - continuing operations	23.24%	24.75%
Cash interest expense	46,767	56,304
Non-cash interest expense	3,240	3,798
Total interest expense	50,007	60,102
Interest expense - continuing operations	50,007	60,102
Interest expense - discontinued operations	-	-
Adjusted EBITDA - continuing operations	122,340	92,673
Adjusted EBITDA as a percentage of revenues - continuing operations	3.04%	2.41%
Pharmacy Services Segment		
Revenues (a)	\$ 2,038,378	\$ 1,579,069
Cost of revenues (a)	1,939,946	1,467,074
Gross profit	98,432	111,995
Gross profit as a percentage of revenues	4.83%	7.09%
Adjusted EBITDA	29,263	41,517
Adjusted EBITDA as a percentage of revenues	1.44%	2.63%

(a) - Revenues and cost of revenues include \$74,320 and \$60,909 of inter-segment activity for the thirteen weeks ended August 29, 2020 and August 31, 2019, respectively, that is eliminated in consolidation.

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL SEGMENT OPERATING INFORMATION

(Dollars in thousands)

(unaudited)

	Twenty-six weeks ended August 29, 2020	Twenty-six weeks ended August 31, 2019
Retail Pharmacy Segment		
Revenues from continuing operations (a)	\$ 8,141,183	\$ 7,712,912
Cost of revenues from continuing operations (a)	5,997,734	5,649,973
Gross profit from continuing operations	2,143,449	2,062,939
LIFO (credit) charge from continuing operations	(20,816)	14,993
FIFO gross profit from continuing operations	2,122,633	2,077,932
Adjusted EBITDA gross profit from continuing operations	2,154,649	2,085,520
Gross profit as a percentage of revenues - continuing operations	26.33%	26.75%
LIFO (credit) charge as a percentage of revenues - continuing operations	-0.26%	0.19%
FIFO gross profit as a percentage of revenues - continuing operations	26.07%	26.94%
Adjusted EBITDA gross profit as a percentage of revenues - continuing operations	26.47%	27.04%
Selling, general and administrative expenses from continuing operations	2,139,051	2,116,143
Adjusted EBITDA selling, general and administrative expenses from continuing operations	1,969,327	1,908,839
Selling, general and administrative expenses as a percentage of revenues - continuing operations	26.27%	27.44%
Adjusted EBITDA selling, general and administrative expenses as a percentage of revenues - continuing operations	24.19%	24.75%
Cash interest expense	94,135	110,914
Non-cash interest expense	6,419	7,458
Total interest expense	100,554	118,372
Interest expense - continuing operations	100,554	118,372
Interest expense - discontinued operations	-	-
Adjusted EBITDA - continuing operations	185,322	176,681
Adjusted EBITDA as a percentage of revenues - continuing operations	2.28%	2.29%
Pharmacy Services Segment		
Revenues (a)	\$ 4,015,624	\$ 3,145,361
Cost of revenues (a)	3,800,409	2,937,138
Gross profit	215,215	208,223
Gross profit as a percentage of revenues	5.36%	6.62%
Adjusted EBITDA	73,673	67,856
Adjusted EBITDA as a percentage of revenues	1.83%	2.16%

(a) - Revenues and cost of revenues include \$147,461 and \$119,420 of inter-segment activity for the twenty-six weeks ended August 29, 2020 and August 31, 2019, respectively, that is eliminated in consolidation.

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA
(In thousands)
(unaudited)

	Thirteen weeks ended August 29, 2020	Thirteen weeks ended August 31, 2019
Reconciliation of net loss to adjusted EBITDA:		
Net loss - continuing operations	\$ (13,197)	\$ (78,705)
Adjustments:		
Interest expense	50,007	60,102
Income tax expense	47	27,628
Depreciation and amortization	87,117	83,044
LIFO (credit) charge	(8,750)	7,504
Lease termination and impairment charges	11,528	1,471
Gain on debt modification, net	(5,274)	-
Merger and Acquisition-related costs	-	514
Stock-based compensation expense	3,936	4,712
Restructuring-related costs	23,186	25,145
Inventory write-downs related to store closings	1,058	3,149
Loss (gain) on sale of assets, net	1,092	(1,587)
Other	853	1,213
Adjusted EBITDA - continuing operations	\$ 151,603	\$ 134,190
Percent of revenues - continuing operations	2.53%	2.50%

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA
(In thousands)
(unaudited)

	Twenty-six weeks ended August 29, 2020	Twenty-six weeks ended August 31, 2019
Reconciliation of net loss to adjusted EBITDA:		
Net loss - continuing operations	\$ (85,899)	\$ (178,044)
Adjustments:		
Interest expense	100,554	118,372
Income tax (benefit) expense	(7,971)	35,002
Depreciation and amortization	166,220	166,970
LIFO (credit) charge	(20,816)	14,993
Lease termination and impairment charges	15,281	1,949
Intangible asset impairment charges	29,852	-
Gain on debt modification, net	(5,274)	-
Merger and Acquisition-related costs	-	3,599
Stock-based compensation expense	5,810	10,092
Restructuring-related costs	58,921	68,495
Inventory write-downs related to store closings	1,892	3,990
Gain on sale of assets, net	(1,168)	(4,299)
Other	1,593	3,418
Adjusted EBITDA - continuing operations	\$ 258,995	\$ 244,537
Percent of revenues - continuing operations	2.16%	2.28%

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
ADJUSTED NET INCOME
(Dollars in thousands, except per share amounts)
(unaudited)

	Thirteen weeks ended August 29, 2020	Thirteen weeks ended August 31, 2019
Net loss from continuing operations	\$ (13,197)	\$ (78,705)
Add back - Income tax expense	47	27,628
Loss before income taxes - continuing operations	<u>(13,150)</u>	<u>(51,077)</u>
Adjustments:		
Amortization expense	22,695	26,596
LIFO (credit) charge	(8,750)	7,504
Gain on debt modification, net	(5,274)	-
Merger and Acquisition-related costs	-	514
Restructuring-related costs	<u>23,186</u>	<u>25,145</u>
Adjusted income before income taxes - continuing operations	18,707	8,682
Adjusted income tax expense (a)	5,171	2,394
Adjusted net income from continuing operations	<u>\$ 13,536</u>	<u>\$ 6,288</u>
Adjusted net income per diluted share - continuing operations:		
Numerator for adjusted net income per diluted share:		
Adjusted net income from continuing operations	<u>\$ 13,536</u>	<u>\$ 6,288</u>
Denominator:		
Basic weighted average shares	53,573	53,041
Outstanding options and restricted shares, net	842	651
Diluted weighted average shares	<u>54,415</u>	<u>53,692</u>
Net loss from continuing operations per diluted share - continuing operations	\$ (0.25)	\$ (1.48)
Adjusted net income per diluted share - continuing operations	\$ 0.25	\$ 0.12

(a) The fiscal year 2021 and 2020 annual effective tax rates, calculated using a federal rate plus a net state rate that excluded the impact of state NOL's, state credits and valuation allowance, was used for the thirteen weeks ended August 29, 2020 and August 31, 2019, respectively.

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
ADJUSTED NET INCOME (LOSS)
(Dollars in thousands, except per share amounts)
(unaudited)

	Twenty-six weeks ended August 29, 2020	Twenty-six weeks ended August 31, 2019
Net loss from continuing operations	\$ (85,899)	\$ (178,044)
Add back - Income tax (benefit) expense	(7,971)	35,002
Loss before income taxes - continuing operations	(93,870)	(143,042)
Adjustments:		
Amortization expense	47,115	54,256
LIFO (credit) charge	(20,816)	14,993
Intangible asset impairment charges	29,852	-
Gain on debt modification, net	(5,274)	-
Merger and Acquisition-related costs	-	3,599
Restructuring-related costs	58,921	68,495
Adjusted income (loss) before income taxes - continuing operations	15,928	(1,699)
Adjusted income tax expense (benefit) (a)	4,402	(468)
Adjusted net income (loss) from continuing operations	<u>\$ 11,526</u>	<u>\$ (1,231)</u>
Adjusted net income (loss) per diluted share - continuing operations:		
Numerator for adjusted net income (loss) per diluted share:		
Adjusted net income (loss) from continuing operations	<u>\$ 11,526</u>	<u>\$ (1,231)</u>
Denominator:		
Basic weighted average shares	53,528	53,084
Outstanding options and restricted shares, net	775	-
Diluted weighted average shares	<u>54,303</u>	<u>53,084</u>
Net loss from continuing operations per diluted share - continuing operations	\$ (1.60)	\$ (3.35)
Adjusted net income (loss) per diluted share - continuing operations	\$ 0.21	\$ (0.02)

(a) The fiscal year 2021 and 2020 annual effective tax rates, calculated using a federal rate plus a net state rate that excluded the impact of state NOL's, state credits and valuation allowance, was used for the twenty-six weeks ended August 29, 2020 and August 31, 2019, respectively.

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF ADJUSTED EBITDA GROSS PROFIT AND RECONCILIATION OF ADJUSTED EBITDA SELLING,
GENERAL AND ADMINISTRATIVE EXPENSES- RETAIL PHARMACY SEGMENT
(In thousands)
(unaudited)

	Thirteen weeks ended August 29, 2020	Thirteen weeks ended August 31, 2019
Reconciliation of adjusted EBITDA gross profit:		
Revenues	\$ 4,017,912	\$ 3,848,104
Gross Profit	1,061,913	1,032,444
Addback:		
LIFO (credit) charge	(8,750)	7,504
Depreciation and amortization (cost of goods sold portion only)	2,167	2,205
Other	892	3,104
Adjusted EBITDA gross profit - continuing operations	\$ 1,056,222	\$ 1,045,257
Percent of revenues - continuing operations	26.29%	27.16%
Reconciliation of adjusted EBITDA selling, general and administrative expenses:		
Revenues	\$ 4,017,912	\$ 3,848,104
Selling, general and administrative expenses	1,030,075	1,044,818
Less:		
Depreciation and amortization (SG&A portion only)	70,884	64,975
Stock-based compensation expense	3,631	4,432
Merger and Acquisition-related costs	-	514
Restructuring-related costs	20,441	21,055
Other	1,237	1,258
Adjusted EBITDA selling, general and administrative expenses - continuing operations	\$ 933,882	\$ 952,584
Percent of revenues - continuing operations	23.24%	24.75%
Adjusted EBITDA - continuing operations	\$ 122,340	\$ 92,673

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF ADJUSTED EBITDA GROSS PROFIT AND RECONCILIATION OF ADJUSTED EBITDA SELLING,
GENERAL AND ADMINISTRATIVE EXPENSES- RETAIL PHARMACY SEGMENT
(In thousands)
(unaudited)

	Twenty-six weeks ended August 29, 2020	Twenty-six weeks ended August 31, 2019
Reconciliation of adjusted EBITDA gross profit:		
Revenues	\$ 8,141,183	\$ 7,712,912
Gross Profit	2,143,449	2,062,939
Addback:		
LIFO (credit) charge	(20,816)	14,993
Depreciation and amortization (cost of goods sold portion only)	4,830	4,468
Restructuring-related costs - SKU optimization charges	25,763	-
Other	1,423	3,120
Adjusted EBITDA gross profit - continuing operations	\$ 2,154,649	\$ 2,085,520
Percent of revenues - continuing operations	26.47%	27.04%
Reconciliation of adjusted EBITDA selling, general and administrative expenses:		
Revenues	\$ 8,141,183	\$ 7,712,912
Selling, general and administrative expenses	2,139,051	2,116,143
Less:		
Depreciation and amortization (SG&A portion only)	131,793	130,014
Stock-based compensation expense	5,356	9,697
Merger and Acquisition-related costs	-	2,828
Restructuring-related costs	30,387	60,436
Other	2,188	4,329
Adjusted EBITDA selling, general and administrative expenses - continuing operations	\$ 1,969,327	\$ 1,908,839
Percent of revenues - continuing operations	24.19%	24.75%
Adjusted EBITDA - continuing operations	\$ 185,322	\$ 176,681

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF NET LOSS GUIDANCE TO ADJUSTED EBITDA GUIDANCE
YEAR ENDING FEBRUARY 27, 2021
(In thousands)
(unaudited)

	Guidance Range	
	Low	High
Total Revenues	\$ 23,500,000	\$ 24,000,000
PBM Revenues	\$ 7,550,000	\$ 7,650,000
Same store sales	3.00%	4.00%
Gross Capital Expenditures	\$ 275,000	\$ 275,000
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (190,000)	\$ (140,000)
Adjustments:		
Interest expense	202,000	202,000
Income tax benefit	(12,000)	(7,000)
Depreciation and amortization	338,000	338,000
LIFO credit	(38,000)	(38,000)
Lease termination and impairment charges	53,000	53,000
Intangible asset impairment charges	30,000	30,000
Gain on debt modification, net	(5,300)	(5,300)
Restructuring-related costs	75,000	75,000
Other	22,300	17,300
Adjusted EBITDA	<u>\$ 475,000</u>	<u>\$ 525,000</u>

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF NET LOSS GUIDANCE TO ADJUSTED NET (LOSS) INCOME GUIDANCE
YEAR ENDING FEBRUARY 27, 2021
(In thousands)
(unaudited)

	Guidance Range	
	Low	High
Net loss	\$ (190,000)	\$ (140,000)
Add back - income tax benefit	(12,000)	(7,000)
Loss before income taxes	(202,000)	(147,000)
Adjustments:		
Amortization expense	92,000	92,000
LIFO credit	(38,000)	(38,000)
Intangible asset impairment charges	30,000	30,000
Gain on debt modification, net	(5,300)	(5,300)
Restructuring-related costs	75,000	75,000
Adjusted (loss) income before adjusted income taxes	(48,300)	6,700
Adjusted income tax (benefit) expense	(12,000)	2,000
Adjusted net (loss) income	<u>\$ (36,300)</u>	<u>\$ 4,700</u>
Diluted adjusted net (loss) income per share	\$ (0.67)	\$ 0.09

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF ADJUSTED EBITDA GUIDANCE TO FREE CASH FLOW
GUIDANCE
YEAR ENDING FEBRUARY 27, 2021
(In thousands)
(unaudited)

	Guidance Range	
	Low	High
Adjusted EBITDA	\$ 475,000	\$ 525,000
Cash interest expense	(189,000)	(189,000)
Restructuring-related costs	(75,000)	(75,000)
Closed store rent	(26,000)	(26,000)
Working capital benefit	200,000	200,000
Cash flow from operations	385,000	435,000
Gross capital expenditures	(275,000)	(275,000)
Free cash flow	<u>\$ 110,000</u>	<u>\$ 160,000</u>