

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)  
(unaudited)

	November 28, 2020	February 29, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 50,813	\$ 218,180
Accounts receivable, net	1,770,691	1,286,785
Inventories, net of LIFO reserve of \$509,337 and \$539,640	1,971,250	1,921,604
Prepaid expenses and other current assets	116,463	181,794
Current assets held for sale	42,231	92,278
Total current assets	3,951,448	3,700,641
Property, plant and equipment, net	1,045,682	1,215,838
Operating lease right-of-use assets	2,892,445	2,903,256
Goodwill	1,108,136	1,108,136
Other intangibles, net	291,013	359,491
Deferred tax assets	16,680	16,680
Other assets	123,999	148,327
Total assets	<u>\$ 9,429,403</u>	<u>\$ 9,452,369</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 7,097	\$ 8,840
Accounts payable	1,482,521	1,484,081
Accrued salaries, wages and other current liabilities	676,582	746,318
Current portion of operating lease liabilities	489,867	490,161
Current liabilities held for sale	-	37,063
Total current liabilities	2,656,067	2,766,463
Long-term debt, less current maturities	3,200,577	3,077,268
Long-term operating lease liabilities	2,676,153	2,710,347
Lease financing obligations, less current maturities	17,098	19,326
Other noncurrent liabilities	268,973	204,438
Total liabilities	8,818,868	8,777,842
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock	55,251	54,716
Additional paid-in capital	5,895,709	5,890,903
Accumulated deficit	(5,294,608)	(5,222,194)
Accumulated other comprehensive loss	(45,817)	(48,898)
Total stockholders' equity	610,535	674,527
Total liabilities and stockholders' equity	<u>\$ 9,429,403</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 November 28, 2020	Thirteen weeks ended November 30, 2019
Revenues	\$ 6,117,038	\$ 5,462,298
Costs and expenses:		
Cost of revenues	4,913,939	4,273,323
Selling, general and administrative expenses	1,156,355	1,134,854
Lease termination and impairment charges	7,453	166
Interest expense	50,835	57,856
Gain on debt retirements, net	-	(55,692)
Gain on sale of assets, net	(16,305)	(1,371)
	<u>6,112,277</u>	<u>5,409,136</u>
Income from continuing operations before income taxes	4,761	53,162
Income tax expense	437	876
Net income from continuing operations	4,324	52,286
Net loss from discontinued operations, net of tax	-	(801)
Net income	<u>\$ 4,324</u>	<u>\$ 51,485</u>
Basic and diluted income per share:		
Numerator for income per share:		
Net income from continuing operations attributable to common stockholders - basic and diluted	\$ 4,324	\$ 52,286
Net loss from discontinued operations attributable to common stockholders - basic and diluted	-	(801)
Income attributable to common stockholders - basic and diluted	<u>\$ 4,324</u>	<u>\$ 51,485</u>
Denominator:		
Basic weighted average shares	53,744	53,310
Outstanding options and restricted shares, net	335	274
Diluted weighted average shares	<u>54,079</u>	<u>53,584</u>
Basic income per share		
Continuing operations	\$ 0.08	\$ 0.98
Discontinued operations	\$ -	\$ (0.01)
Net basic income per share	<u>\$ 0.08</u>	<u>\$ 0.97</u>
Diluted income per share		
Continuing operations	\$ 0.08	\$ 0.98
Discontinued operations	\$ -	\$ (0.02)
Net diluted income per share	<u>\$ 0.08</u>	<u>\$ 0.96</u>

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirty-nine weeks ended November 28, 2020	Thirty-nine weeks ended November 30, 2019
Revenues	\$ 18,126,384	\$ 16,201,151
Costs and expenses:		
Cost of revenues	14,564,621	12,741,014
Selling, general and administrative expenses	3,469,644	3,433,036
Lease termination and impairment charges	22,734	2,115
Intangible asset impairment charges	29,852	-
Interest expense	151,389	176,228
Gain on debt modifications and retirements, net	(5,274)	(55,692)
Gain on sale of assets, net	(17,473)	(5,670)
	<u>18,215,493</u>	<u>16,291,031</u>
Loss from continuing operations before income taxes	(89,109)	(89,880)
Income tax (benefit) expense	(7,534)	35,878
Net loss from continuing operations	(81,575)	(125,758)
Net income (loss) from discontinued operations, net of tax	9,161	(1,695)
Net loss	<u>\$ (72,414)</u>	<u>\$ (127,453)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss from continuing operations attributable to common stockholders - basic and diluted	\$ (81,575)	\$ (125,758)
Net income (loss) from discontinued operations attributable to common stockholders - basic and diluted	9,161	(1,695)
Loss attributable to common stockholders - basic and diluted	<u>\$ (72,414)</u>	<u>\$ (127,453)</u>
Denominator:		
Basic and diluted weighted average shares	<u>53,600</u>	<u>53,159</u>
Basic and diluted loss per share		
Continuing operations	\$ (1.52)	\$ (2.37)
Discontinued operations	\$ 0.17	\$ (0.03)
Net basic and diluted loss per share	<u>\$ (1.35)</u>	<u>\$ (2.40)</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Thirteen weeks ended November 28, 2020	Thirteen weeks ended November 30, 2019
OPERATING ACTIVITIES:		
Net income	\$ 4,324	\$ 51,485
Net loss from discontinued operations, net of tax	-	(801)
Net income from continuing operations	\$ 4,324	\$ 52,286
Adjustments to reconcile to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	83,336	82,007
Lease termination and impairment charges	7,453	166
LIFO credit	(9,487)	(7,440)
Gain on sale of assets, net	(16,305)	(1,371)
Stock-based compensation expense	2,867	3,506
Gain on debt retirements, net	-	(55,692)
Changes in operating assets and liabilities:		
Accounts receivable	128,777	252,767
Inventories	(24,005)	19,333
Accounts payable	(488)	47,378
Operating lease right-of-use assets and operating lease liabilities	(6,826)	(12,179)
Other assets	(4,248)	1,959
Other liabilities	57,351	40,993
Net cash provided by operating activities of continuing operations	222,749	423,713
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(64,304)	(45,075)
Intangible assets acquired	(6,131)	(17,727)
Proceeds from dispositions of assets and investments	3,176	51,548
Proceeds from sale-leaseback transactions	80,551	-
Net cash provided by (used in) investing activities of continuing operations	13,292	(11,254)
FINANCING ACTIVITIES:		
Net payments to revolver	(309,000)	(115,000)
Principal payments on long-term debt	(1,194)	(101,251)
Change in zero balance cash accounts	32,374	(66,461)
Payments for taxes related to net share settlement of equity awards	(64)	(587)
Financing fees paid for early debt redemption	-	(518)
Deferred financing costs paid	(74)	-
Net cash used in financing activities of continuing operations	(277,958)	(283,817)
Cash flows from discontinued operations:		
Operating activities of discontinued operations	-	(4,876)
Investing activities of discontinued operations	-	23,551
Net cash provided by discontinued operations	-	18,675
(Decrease) increase in cash and cash equivalents	(41,917)	147,317
Cash and cash equivalents, beginning of period	92,730	142,181
Cash and cash equivalents, end of period	\$ 50,813	\$ 289,498

## RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Dollars in thousands)  
(unaudited)

	Thirty-nine weeks ended November 28, 2020	Thirty-nine weeks ended November 30, 2019
OPERATING ACTIVITIES:		
Net loss	\$ (72,414)	\$ (127,453)
Net income (loss) from discontinued operations, net of tax	9,161	(1,695)
Net loss from continuing operations	\$ (81,575)	\$ (125,758)
Adjustments to reconcile to net cash (used in) provided by operating activities of continuing operations:		
Depreciation and amortization	249,556	248,977
Lease termination and impairment charges	22,734	2,115
Intangible asset impairment charges	29,852	-
LIFO (credit) charge	(30,303)	7,553
Gain on sale of assets, net	(17,473)	(5,670)
Stock-based compensation expense	8,677	13,598
Gain on debt modifications and retirements, net	(5,274)	(55,692)
Changes in deferred taxes	-	26,979
Changes in operating assets and liabilities:		
Accounts receivable	(507,778)	99,498
Inventories	(19,532)	(92,657)
Accounts payable	1,460	(38,245)
Operating lease right-of-use assets and operating lease liabilities	(25,319)	22,803
Other assets	75,265	(42,715)
Other liabilities	45,867	32,889
Net cash (used in) provided by operating activities of continuing operations	(253,843)	93,675
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(127,389)	(129,135)
Intangible assets acquired	(28,703)	(33,435)
Proceeds from insured loss	12,500	-
Proceeds from dispositions of assets and investments	9,086	55,971
Proceeds from sale-leaseback transactions	89,012	-
Net cash used in investing activities of continuing operations	(45,494)	(106,599)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	849,918	-
Net proceeds from revolver	341,000	260,000
Principal payments on long-term debt	(1,057,376)	(104,702)
Change in zero balance cash accounts	5,545	(11,749)
Payments for taxes related to net share settlement of equity awards	(2,165)	(1,573)
Financing fees paid for early debt redemption	(2,399)	(518)
Deferred financing costs paid	(14,674)	(315)
Net cash provided by financing activities of continuing operations	119,849	141,143
Cash flows from discontinued operations:		
Operating activities of discontinued operations	(82,189)	(7,148)
Investing activities of discontinued operations	94,310	24,074
Net cash provided by discontinued operations	12,121	16,926
(Decrease) increase in cash and cash equivalents	(167,367)	145,145
Cash and cash equivalents, beginning of period	218,180	144,353
Cash and cash equivalents, end of period	\$ 50,813	\$ 289,498

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirteen weeks ended November 28, 2020	Thirteen weeks ended November 30, 2019
<b>Retail Pharmacy Segment</b>		
Revenues from continuing operations (a)	\$ 4,109,592	\$ 3,909,946
Cost of revenues from continuing operations (a)	3,029,884	2,839,094
Gross profit from continuing operations	1,079,708	1,070,852
LIFO credit from continuing operations	(9,487)	(7,440)
FIFO gross profit from continuing operations	1,070,221	1,063,412
Adjusted EBITDA gross profit from continuing operations	1,072,547	1,065,523
Gross profit as a percentage of revenues - continuing operations	26.27%	27.39%
LIFO credit as a percentage of revenues - continuing operations	-0.23%	-0.19%
FIFO gross profit as a percentage of revenues - continuing operations	26.04%	27.20%
Adjusted EBITDA gross profit as a percentage of revenues - continuing operations	26.10%	27.25%
Selling, general and administrative expenses from continuing operations	1,067,027	1,044,236
Adjusted EBITDA selling, general and administrative expenses from continuing operations	983,990	956,944
Selling, general and administrative expenses as a percentage of revenues - continuing operations	25.96%	26.71%
Adjusted EBITDA selling, general and administrative expenses as a percentage of revenues - continuing operations	23.94%	24.47%
Cash interest expense	47,500	54,068
Non-cash interest expense	3,335	3,788
Total interest expense	50,835	57,856
Interest expense - continuing operations	50,835	57,856
Interest expense - discontinued operations	-	-
Adjusted EBITDA - continuing operations	88,557	108,579
Adjusted EBITDA as a percentage of revenues - continuing operations	2.15%	2.78%
<b>Pharmacy Services Segment</b>		
Revenues (a)	\$ 2,084,402	\$ 1,613,109
Cost of revenues (a)	1,961,011	1,494,986
Gross profit	123,391	118,123
Gross profit as a percentage of revenues	5.92%	7.32%
Adjusted EBITDA	48,848	49,511
Adjusted EBITDA as a percentage of revenues	2.34%	3.07%

(a) - Revenues and cost of revenues include \$76,956 and \$60,757 of inter-segment activity for the thirteen weeks ended November 28, 2020 and November 30, 2019, respectively, that is eliminated in consolidation.

RITE AID CORPORATION AND SUBSIDIARIES  
SUPPLEMENTAL SEGMENT OPERATING INFORMATION  
(Dollars in thousands)  
(unaudited)

	Thirty-nine weeks ended November 28, 2020	Thirty-nine weeks ended November 30, 2019
<b>Retail Pharmacy Segment</b>		
Revenues from continuing operations (a)	\$ 12,250,775	\$ 11,622,858
Cost of revenues from continuing operations (a)	9,027,618	8,489,067
Gross profit from continuing operations	3,223,157	3,133,791
LIFO (credit) charge from continuing operations	(30,303)	7,553
FIFO gross profit from continuing operations	3,192,854	3,141,344
Adjusted EBITDA gross profit from continuing operations	3,227,196	3,151,043
Gross profit as a percentage of revenues - continuing operations	26.31%	26.96%
LIFO (credit) charge as a percentage of revenues - continuing operations	-0.25%	0.06%
FIFO gross profit as a percentage of revenues - continuing operations	26.06%	27.03%
Adjusted EBITDA gross profit as a percentage of revenues - continuing operations	26.34%	27.11%
Selling, general and administrative expenses from continuing operations	3,206,078	3,160,379
Adjusted EBITDA selling, general and administrative expenses from continuing operations	2,953,317	2,865,783
Selling, general and administrative expenses as a percentage of revenues - continuing operations	26.17%	27.19%
Adjusted EBITDA selling, general and administrative expenses as a percentage of revenues - continuing operations	24.11%	24.66%
Cash interest expense	141,635	164,982
Non-cash interest expense	9,754	11,246
Total interest expense	151,389	176,228
Interest expense - continuing operations	151,389	176,228
Interest expense - discontinued operations	-	-
Adjusted EBITDA - continuing operations	273,879	285,260
Adjusted EBITDA as a percentage of revenues - continuing operations	2.24%	2.45%
<b>Pharmacy Services Segment</b>		
Revenues (a)	\$ 6,100,026	\$ 4,758,470
Cost of revenues (a)	5,761,420	4,432,124
Gross profit	338,606	326,346
Gross profit as a percentage of revenues	5.55%	6.86%
Adjusted EBITDA	122,521	117,367
Adjusted EBITDA as a percentage of revenues	2.01%	2.47%

(a) - Revenues and cost of revenues include \$224,417 and \$180,177 of inter-segment activity for the thirty-nine weeks ended November 28, 2020 and November 30, 2019, respectively, that is eliminated in consolidation.

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

	Thirteen weeks ended November 28, 2020	Thirteen weeks ended November 30, 2019
Reconciliation of net income to adjusted EBITDA:		
Net income - continuing operations	\$ 4,324	\$ 52,286
Adjustments:		
Interest expense	50,835	57,856
Income tax expense	437	876
Depreciation and amortization	83,336	82,007
LIFO credit	(9,487)	(7,440)
Lease termination and impairment charges	7,453	166
Gain on debt retirements, net	-	(55,692)
Merger and Acquisition-related costs	1,136	-
Stock-based compensation expense	2,867	3,506
Restructuring-related costs	12,175	25,275
Inventory write-downs related to store closings	704	93
Gain on sale of assets, net	(16,305)	(1,371)
Other	(70)	528
Adjusted EBITDA - continuing operations	\$ 137,405	\$ 158,090
Percent of revenues - continuing operations	2.25%	2.89%



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

	Thirty-nine weeks ended November 28, 2020	Thirty-nine weeks ended November 30, 2019
Reconciliation of net loss to adjusted EBITDA:		
Net loss - continuing operations	\$ (81,575)	\$ (125,758)
Adjustments:		
Interest expense	151,389	176,228
Income tax (benefit) expense	(7,534)	35,878
Depreciation and amortization	249,556	248,977
LIFO (credit) charge	(30,303)	7,553
Lease termination and impairment charges	22,734	2,115
Intangible asset impairment charges	29,852	-
Gain on debt modifications and retirements, net	(5,274)	(55,692)
Merger and Acquisition-related costs	1,136	3,599
Stock-based compensation expense	8,677	13,598
Restructuring-related costs	71,096	93,770
Inventory write-downs related to store closings	2,596	4,083
Gain on sale of assets, net	(17,473)	(5,670)
Other	1,523	3,946
Adjusted EBITDA - continuing operations	\$ 396,400	\$ 402,627
Percent of revenues - continuing operations	2.19%	2.49%

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

	Thirteen weeks ended November 28, 2020	Thirteen weeks ended November 30, 2019
Net income from continuing operations	\$ 4,324	\$ 52,286
Add back - Income tax expense	437	876
Income before income taxes - continuing operations	<u>4,761</u>	<u>53,162</u>
Adjustments:		
Amortization expense	21,236	24,920
LIFO credit	(9,487)	(7,440)
Gain on debt retirements, net	-	(55,692)
Merger and Acquisition-related costs	1,136	-
Restructuring-related costs	<u>12,175</u>	<u>25,275</u>
Adjusted income before income taxes - continuing operations	29,821	40,225
Adjusted income tax expense (a)	8,243	11,090
Adjusted net income from continuing operations	<u>\$ 21,578</u>	<u>\$ 29,135</u>
Adjusted net income per diluted share - continuing operations:		
Numerator for adjusted net income per diluted share:		
Adjusted net income from continuing operations	<u>\$ 21,578</u>	<u>\$ 29,135</u>
Denominator:		
Basic weighted average shares	53,744	53,310
Outstanding options and restricted shares, net	335	274
Diluted weighted average shares	<u>54,079</u>	<u>53,584</u>
Net income from continuing operations per diluted share - continuing operations	\$ 0.08	\$ 0.98
Adjusted net income per diluted share - continuing operations	\$ 0.40	\$ 0.54

(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 November 28, 2020 and November 30, 2019, respectively.

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

	Thirty-nine weeks ended November 28, 2020	Thirty-nine weeks ended November 30, 2019
Net loss from continuing operations	\$ (81,575)	\$ (125,758)
Add back - Income tax (benefit) expense	(7,534)	35,878
Loss before income taxes - continuing operations	(89,109)	(89,880)
Adjustments:		
Amortization expense	68,351	79,176
LIFO (credit) charge	(30,303)	7,553
Intangible asset impairment charges	29,852	-
Gain on debt modifications and retirements, net	(5,274)	(55,692)
Merger and Acquisition-related costs	1,136	3,599
Restructuring-related costs	71,096	93,770
Adjusted income before income taxes - continuing operations	45,749	38,526
Adjusted income tax expense (a)	12,645	10,622
Adjusted net income from continuing operations	<u>\$ 33,104</u>	<u>\$ 27,904</u>
Adjusted net income per diluted share - continuing operations:		
Numerator for adjusted net income per diluted share:		
Adjusted net income from continuing operations	<u>\$ 33,104</u>	<u>\$ 27,904</u>
Denominator:		
Basic weighted average shares	53,600	53,159
Outstanding options and restricted shares, net	754	775
Diluted weighted average shares	<u>54,354</u>	<u>53,934</u>
Net loss from continuing operations per diluted share - continuing operations	\$ (1.52)	\$ (2.37)
Adjusted net income per diluted share - continuing operations	\$ 0.61	\$ 0.52

(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 thirty-nine weeks ended November 28, 2020 and November 30, 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 November 28, 2020	Thirteen weeks ended November 30, 2019
Reconciliation of adjusted EBITDA gross profit:		
Revenues	\$ 4,109,592	\$ 3,909,946
Gross Profit	1,079,708	1,070,852
Addback:		
LIFO credit	(9,487)	(7,440)
Depreciation and amortization (cost of goods sold portion only)	1,945	2,070
Other	381	41
Adjusted EBITDA gross profit - continuing operations	\$ 1,072,547	\$ 1,065,523
Percent of revenues - continuing operations	26.10%	27.25%
Reconciliation of adjusted EBITDA selling, general and administrative expenses:		
Revenues	\$ 4,109,592	\$ 3,909,946
Selling, general and administrative expenses	1,067,027	1,044,236
Less:		
Depreciation and amortization (SG&A portion only)	67,641	65,267
Stock-based compensation expense	2,429	2,976
Merger and Acquisition-related costs	1,136	-
Restructuring-related costs	11,605	18,415
Other	226	634
Adjusted EBITDA selling, general and administrative expenses - continuing operations	\$ 983,990	\$ 956,944
Percent of revenues - continuing operations	23.94%	24.47%
Adjusted EBITDA - continuing operations	\$ 88,557	\$ 108,579

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)

	Thirty-nine weeks ended November 28, 2020	Thirty-nine weeks ended November 30, 2019
Reconciliation of adjusted EBITDA gross profit:		
Revenues	\$ 12,250,775	\$ 11,622,858
Gross Profit	3,223,157	3,133,791
Addback:		
LIFO (credit) charge	(30,303)	7,553
Depreciation and amortization (cost of goods sold portion only)	6,775	6,538
Restructuring-related costs - SKU optimization charges	25,763	-
Other	1,804	3,161
Adjusted EBITDA gross profit - continuing operations	\$ 3,227,196	\$ 3,151,043
Percent of revenues - continuing operations	26.34%	27.11%
Reconciliation of adjusted EBITDA selling, general and administrative expenses:		
Revenues	\$ 12,250,775	\$ 11,622,858
Selling, general and administrative expenses	3,206,078	3,160,379
Less:		
Depreciation and amortization (SG&A portion only)	199,434	195,281
Stock-based compensation expense	7,785	12,673
Merger and Acquisition-related costs	1,136	2,828
Restructuring-related costs	41,992	78,851
Other	2,414	4,963
Adjusted EBITDA selling, general and administrative expenses - continuing operations	\$ 2,953,317	\$ 2,865,783
Percent of revenues - continuing operations	24.11%	24.66%
Adjusted EBITDA - continuing operations	\$ 273,879	\$ 285,260

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	\$ 23,900,000	\$ 24,200,000
PBM Revenues	\$ 7,850,000	\$ 7,950,000
Same store sales	3.50%	4.50%
Gross Capital Expenditures	\$ 325,000	\$ 325,000
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (113,800)	\$ (88,800)
Adjustments:		
Interest expense	202,000	202,000
Income tax benefit	(12,000)	(7,000)
Depreciation and amortization	332,000	332,000
LIFO credit	(39,000)	(39,000)
Lease termination and impairment charges	57,000	57,000
Intangible asset impairment charges	30,000	30,000
Gain on debt modifications and retirements, net	(5,300)	(5,300)
Merger and Acquisition-related costs	1,200	1,200
Restructuring-related costs	80,000	80,000
Gain on sale of assets, net	(60,100)	(60,100)
Other	18,000	18,000
Adjusted EBITDA	<u>\$ 490,000</u>	<u>\$ 520,000</u>

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

	Guidance Range	
	Low	High
Net loss	\$ (113,800)	\$ (88,800)
Add back - income tax benefit	(12,000)	(7,000)
Loss before income taxes	(125,800)	(95,800)
Adjustments:		
Amortization expense	92,000	92,000
LIFO credit	(39,000)	(39,000)
Intangible asset impairment charges	30,000	30,000
Gain on debt modifications and retirements, net	(5,300)	(5,300)
Merger and Acquisition-related costs	1,200	1,200
Restructuring-related costs	80,000	80,000
Adjusted income before adjusted income taxes	33,100	63,100
Adjusted income tax expense	9,000	17,000
Adjusted net income	<u>\$ 24,100</u>	<u>\$ 46,100</u>
Diluted adjusted net income per share	\$ 0.45	\$ 0.85

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	\$ 490,000	\$ 520,000
Cash interest expense	(190,000)	(190,000)
Restructuring-related costs	(80,000)	(80,000)
Closed store rent	(25,000)	(25,000)
Working capital benefit	180,000	200,000
Cash flow from operations	375,000	425,000
Gross capital expenditures	(325,000)	(325,000)
Free cash flow	\$ 50,000	\$ 100,000