SECOND QUARTER FISCAL 2022

Earnings conference call

Heyward Donigan
Chief Executive Officer

Jim Peters
Chief Operating Officer

Matt Schroeder
Chief Financial Officer

9/23/21

RITE AID

Don't just get healthy. Get thriving.

Cautionary Statement Regarding Forward Looking Statements

Statements in this presentation that are not historical, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements regarding Rite Aid Corporation's (the "Company") outlook and guidance for fiscal 2022; the continued impact of the global coronavirus (COVID-19) pandemic on the Company's business; and any assumptions underlying any of the foregoing. Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should," and "will" 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 involve risks, assumptions and uncertainties, including, but not limited to: risks related to the impact of the COVID-19 global pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, and other impacts to the business, or on the Company's ability to execute business continuity plans, as a result of the COVID-19 pandemic; the impact of COVID-19 on the Company's workforce, operations, stores, expenses, and supply chain, and the operations or behaviors of the Company's customers, suppliers and business partners; the Company's ability to successfully implement the Company's RxEvolution and other strategies; the impact of the Company's high level of indebtedness, the ability to refinance such indebtedness on acceptable terms and the Company's ability to satisfy its obligations and the other covenants contained in the Company's debt agreements; outcome of pending or new litigation including related to Opioids, "usual and customary" pricing or other matters; the Company's ability to monetize the CMS receivable created in the Company's Part D business; general competitive, economic, industry, market, political (including healthcare reform) and regulatory conditions (including changes to laws or regulations relating to labor or wages), civil unrest (including any resulting store closures, damage, or loss of inventory), as well as other factors that impact the markets in which we operate; the impact of private and public third-party payers continued reduction in prescription drug reimbursements and efforts to encourage mail order; the Company's ability to manage expenses and its investments in working capital; the Company's ability to achieve the benefits of the Company's efforts to reduce the costs of its generic and other drugs; the Company's ability to achieve cost savings and other benefits of its organizational restructuring within its anticipated timeframe, if at all; the outcome of the Company's continuing efforts to monitor and comply with applicable laws, regulations, policies and procedures; and the Company's ability to partner and have relationships with health plans and health systems. These and other risks, assumptions and uncertainties are more fully described in Item 1A (Risk Factors) of the Company's most recent Annual Report on Form 10-K and in other documents that it files or furnishes with the Securities and Exchange Commission (the "SEC"), which you are encouraged to read. To the extent that COVID-19 adversely affects the Company's business and financial results, it may also have the effect of heightening many of such risk factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to rely on these forward-looking statements, which speak only as of the date they are made. The degree to which COVID-19 may adversely affect the Company's results and operations, including its ability to achieve its outlook for fiscal 2022 guidance, will depend on numerous evolving factors and future developments, which are highly uncertain, including, but not limited to, the duration and spread of the COVID-19 outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. As a result, the impact on the Company's financial and operating results cannot be reasonably estimated with specificity at this time, but the impact could be material. The Company expressly disclaims any current intention, and assumes no duty, to update publicly any forward-looking statement after the distribution of this presentation, whether as a result of new information, future events, changes in assumptions or otherwise.

Non-GAAP Financial Measures

The following presentation includes the non-GAAP financial measures Adjusted Net Income (Loss), Adjusted Net Income (Loss) per Diluted Share, Adjusted EBITDA, Adjusted EBITDA Gross Profit and Adjusted EBITDA SG&A, which are non-GAAP financial measures. See the attached tables for a reconciliation of Adjusted Net Income (Loss), Adjusted Net Income (Loss) per Diluted Share and Adjusted EBITDA to net income (loss), and net income (loss) per diluted share, which are the most directly comparable GAAP financial measures. Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Diluted Share exclude amortization expense, merger and acquisition-related costs, non-recurring litigation settlements, gains or losses on debt modifications and retirements, LIFO adjustments, goodwill and intangible asset impairment charges, and restructuring-related costs. The Company believes Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Diluted Share serve as appropriate measures to be used in evaluating the performance of its business and help its investors better compare its operating performance over multiple periods. Adjusted EBITDA is defined as net income (loss) excluding the impact of income taxes, interest expense, depreciation and amortization, LIFO adjustments, charges or credits for facility closing and impairment, goodwill and intangible asset impairment charges, inventory write-downs related to store closings, gains or losses on debt modifications and retirements, and other items (including stock-based compensation expense, merger and acquisition-related costs, non-recurring litigation settlements, severance, restructuring-related costs, costs related to facility closures, and gain or loss on sale of assets). The add back of LIFO (credit) charge when calculating Adjusted EBITDA, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Diluted Share removes the entire impact of LIFO (credits) charges, and effectively reflects the Company's results as if the company was on a FIFO inventory basis. The Company believes Adjusted EBITDA serves as an appropriate measure in evaluating the performance of its business and helps its investors better compare its operating performance with its competitors. Adjusted EBITDA Gross Profit includes LIFO adjustments, depreciation and amortization (COGS portion only) and other items. See the attached tables for a reconciliation of Adjusted EBITDA Gross Profit to Revenue, which is the most directly comparable GAAP financial measure. Adjusted EBITDA SG&A excludes depreciation and amortization (SG&A portion only), stock-based compensation expense, merger and acquisition-related costs, litigation settlements and other items. See the attached tables for a reconciliation of Adjusted EBITDA SG&A to Revenue, which is the most directly comparable GAAP financial measure. The Company believes Adjusted EBITDA Gross Profit and Adjusted EBITDA SG&A serve as appropriate measures in evaluating the performance of its business and helps its investors better compare its operating performance with its competitors.

Q2 FY2022 FINANCIAL REVIEW

Q2 FY2022 at a Glance

- **2.2%** *Increase in total revenues*
- **$106M** *Adjusted EBITDA**
- **6.5%** *Increase in retail segment revenues*
- **7.1%** *Increase in number of prescriptions filled (adjusted to 30 day equivalents)*
- **26%** *Increase in Elixir Adjusted EBITDA**
- **Administered approximately 2.5 million COVID-19 vaccines**

**Adjusted EBITDA reconciliation located in the Appendix*

Key Second Quarter FY2022 Highlights

Retail Pharmacy:

- *6.5% total growth in retail revenues*
- *Same store sales increased 2.6%*
- *Administered over 700K COVID-19 tests*
- *Acute prescription count increased 1.5%, excluding benefit from COVID-19 vaccines*
- *Maintenance prescription count increased 2.4% on a same store basis*
- *Completed the conversion of all Bartell stores and the distribution center*

Elixir:

- *3.2M lives under management*
- *Delivered $37M in Adjusted EBITDA*
- *Specialty revenue up 8.2%*
- *Filled 18% of scripts at a Rite Aid pharmacy*

Entered into an amendment to our Senior Secured Credit Agreement, which extended our debt maturity profile and improved pricing on our FILO term loan

Ended the quarter with approximately $1.7 billion in liquidity

Continued Progress On Our Key Strategic Pillars

Establishing Elixir as a clearly differentiated market leader

- *Appointed Lance Neil as Chief Operator Officer*
- *Selecting a single rebate aggregation partner for health plan and PBM business to improve pricing*
- *Integration between Rite Aid and Elixir back office functions nearly complete*
- *Putting anchored limited networks in relevant markets and using our pharmacists to engage consumer in personalized health solutions powered by Rite Aid and Health Dialog*

Unlocking the value of our pharmacists

- *Completed over 124K Medication Therapy Management (MTM) claims a 58% increase versus last quarter*
- *Customers booked almost 700K future vaccine appointments with the scheduling platform*
- *Ancillary vaccines increased 140% per store per week since beginning of the quarter*
- *Grew 30 day adjusted scripts 9.9% on a 2-year stack*
- *Maintenance scripts are up 7.1% on a 2-year stack*

Renewing our retail and digital experience

- *Front end comps up 3.0% on a 2-year stack*
- *Front end strength in vitamins, color cosmetics and baby care. Up approximately 7% on a 2-year stack*
- *Over 2,100 store exterior refresh's have been completed*
- *183% revenue growth in marketplace and delivery business since last year*
- *34% increase in digital script refills*

New York State “Back to School” COVID-19 Testing Program

- *No Cost testing for New York students K-12*
- *Partnered with US Department of Health and Human Services (HHS) and BioReference Laboratories, Inc.*
- *COVID-19 testing at one of the 115 Rite Aid drive-thru NY locations*
- *Support for testing has the potential to further expand and grow partnerships with additional school districts for the 2021-22 school year*

COVID-19 Update

- *Approximately 2.5M COVID-19 Vaccines Administered in Second Quarter*
- *8M vaccinations total since we began administering late last year*
- *Vaccinated nearly 3.5M individual customers and starting to see some of the new customers utilize Rite Aid pharmacy for prescriptions*
- *COVID testing demand increased and conducted over 700K free PCR tests with average turnaround 2 days*
- *Preparing for increased vaccinations to support workplace mandates*

FY 2022 Guidance at a Glance

- **$25.1B – $25.5B** *Total revenues*
- **($221M) – ($197M)** *Net loss*
- **$460M – $500M** *Adjusted EBITDA*
- **($0.90) – ($0.53)** *Diluted adjusted net loss per share*
- **$300M** *Capital expenditures*

APPENDIX

Q2 Fiscal 2022 Summary

($ in millions, except per share amounts)

	13 Weeks Ended August 28, 2021		13 Weeks Ended August 29, 2020	
Revenues	$ 6,113.0		$ 5,982.0	
Net loss	$ (100.3)		$ (13.2)	
Net loss per Diluted Share	$ (1.86)		$ (0.25)	
Adjusted Net (Loss) Income per Diluted Share	$ (0.41)		$ 0.25	
Adjusted EBITDA	$ 106.2	*1.74%*	$ 151.6	*2.53%*

Note: Data on this slide and throughout the presentation is on a continuing operations basis.

Q2 - Fiscal 2022 Reconciliation of Net Loss to Adjusted EBITDA

($ in thousands)

	13 Weeks Ended August 28, 2021	13 Weeks Ended August 29, 2020
Net loss	$ (100,301)	$ (13,197)
Adjustments:		
• Interest expense	48,592	50,007
• Income tax expense	3,310	47
• Depreciation and amortization	73,859	87,117
• LIFO credit	(3,993)	(8,750)
• Facility exit and impairment charges	11,353	11,528
• Loss (gain) on debt modifications and retirements, net	2,839	(5,274)
• Merger and Acquisition-related costs	4,591	-
• Stock-based compensation expense	5,792	3,936
• Restructuring-related costs	9,584	23,186
• Inventory write-downs related to store closings	798	1,058
• Litigation settlements	34,212	-
• Loss on sale of assets, net	12,378	1,092
• Other	3,146	853
Adjusted EBITDA	$ 106,160	$ 151,603
Percent of revenues	1.74%	2.53%

Q2 - Fiscal 2022 Reconciliation of Net Loss to Adjusted Net (Loss) Income

($ in thousands, except per share amounts)

	13 Weeks Ended August 28, 2021	13 Weeks Ended August 29, 2020
Net loss	$ (100,301)	$ (13,197)
Add back - Income tax expense	3,310	47
Loss before income taxes	$ (96,991)	$ (13,150)
Adjustments:		
Amortization expense	19,953	22,695
LIFO credit	(3,993)	(8,750)
Loss (gain) on debt modifications and retirements, net	2,839	(5,274)
Merger and Acquisition-related costs	4,591	-
Restructuring-related costs	9,584	23,186
Litigation settlements	34,212	-
Adjusted (loss) income before income taxes	$ (29,805)	$ 18,707
Adjusted income tax (benefit) expense	(7,839)	5,171
Adjusted net (loss) income	$ (21,966)	$ 13,536
Net loss per diluted share	$ (1.86)	$ (0.25)
Adjusted net (loss) income per diluted share	$ (0.41)	$ 0.25

Q2 - Fiscal 2022 Summary – Retail Pharmacy Segment

($ in millions)

	13 Weeks Ended August 28, 2021		13 Weeks Ended August 29, 2020	
Revenues	$ 4,277.2		$ 4,017.9	
Adjusted EBITDA Gross Profit [1]	$ 1,138.9	*26.63%*	$ 1,056.2	*26.29%*
Adjusted EBITDA SG&A[1]	$ 1,069.5	*25.01%*	$ 933.9	*23.24%*
Adjusted EBITDA	$ 69.4	*1.62%*	$ 122.3	*3.04%*

(1) Refer to slides 16 and 17 for the reconciliations of these non-GAAP measures to their applicable GAAP measures.

Reconciliation of Adj. EBITDA Gross Profit – Retail Pharmacy Segment

($ in millions)

	13 Weeks Ended August 28, 2021	13 Weeks Ended August 29, 2020
Revenues	$ 4,277.2	$ 4,017.9
Gross Profit	1,140.4	1,061.9
Addback:		
LIFO credit	(4.0)	(8.8)
Depreciation and amortization (COGS portion only)	2.0	2.2
Other	0.5	0.9
Adjusted EBITDA Gross Profit	$ 1,138.9	$ 1,056.2
Adjusted EBITDA Gross Profit as a percent of revenues	26.63%	26.29%

Reconciliation of Adj. EBITDA SG&A - Retail Pharmacy Segment

($ in millions)

	13 Weeks Ended August 28, 2021	13 Weeks Ended August 29, 2020
Revenues	$ 4,277.2	$ 4,017.9
Selling, general and administrative expenses	1,163.4	1,030.1
Less:		
Depreciation and amortization (SG&A portion only)	59.1	70.9
Stock-based compensation expense	5.7	3.6
Merger and Acquisition-related costs	4.6	-
Restructuring-related costs	2.6	20.4
Litigation settlements	18.4	-
Other	3.5	1.3
Adjusted EBITDA SG&A	$ 1,069.5	$ 933.9
Adjusted EBITDA SG&A as a percent of revenues	25.01%	23.24%

Pharmacy Services Segment Results

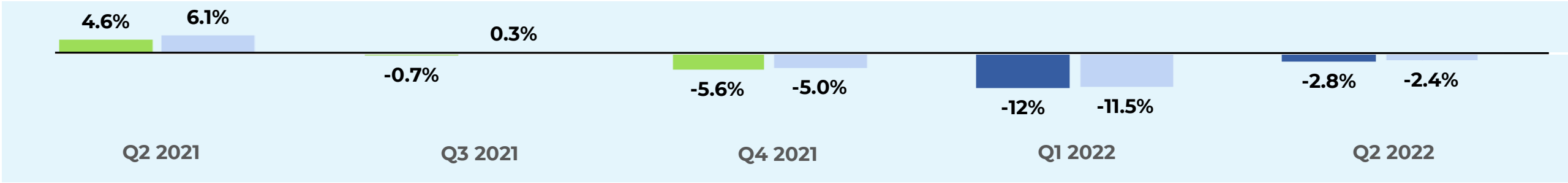
($ in millions)

	13 Weeks Ended August 28, 2021	13 Weeks Ended August 29, 2020
Revenues	$ 1,898.2	$ 2,038.4
Cost of Revenues	1,792.6	1,940.0
Gross Profit	105.6	98.4
Selling, General and Administrative Expenses	(104.4)	(86.1)
Loss on sale of assets, net	(13.7)	-
Addback:		
Depreciation and Amortization	12.8	14.1
Loss on sale of assets, net	13.7	-
Restructuring-related costs	7.0	2.7
Litigation settlements	15.8	-
Other	-	0.2
Adjusted EBITDA - Pharmacy Services Segment	$ 36.8	$ 29.3

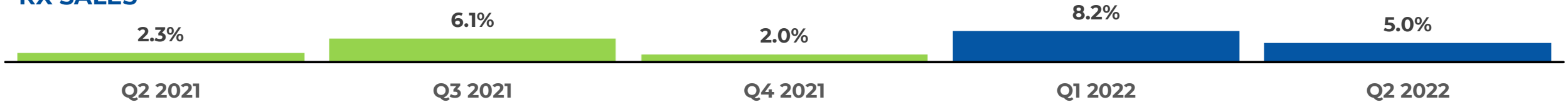
Comparable Store Sales Growth

FY2021
FY2022
Excluding cigarette and tobacco products

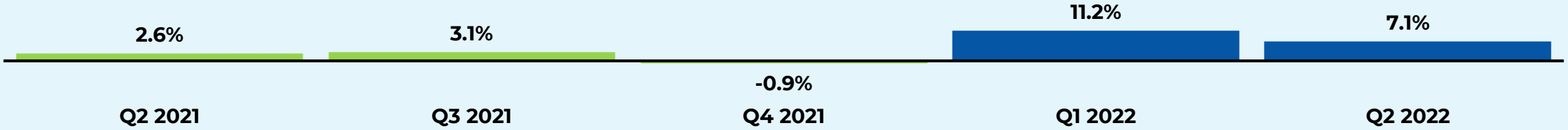
FRONT END SALES



RX SALES



SCRIPT COUNT [1]



(1) Script count growth shown on a 30-day equivalent basis.

Capitalization Table

($ in thousands)

	August 28, 2021	February 27, 2021
Secured Debt:		
Senior secured revolving credit facility due December 2023	$ -	$ 835,897
FILO Term Loan due December 2023	-	447,770
Senior secured revolving credit facility due August 2026	1,075,260	-
FILO Term Loan due August 2026	347,391	-
	1,422,651	**1,283,667**
Second Lien Secured Debt:		
7.5% senior secured notes due July 2025	592,150	591,124
8.0% senior secured notes due November 2026	833,981	832,441
	1,426,131	**1,423,565**
Guaranteed Unsecured Debt:		
6.125% senior notes due April 2023	-	90,360
	-	**90,360**
Unguaranteed Unsecured Debt:		
7.7% notes due February 2027	236,677	236,610
6.875% fixed-rate senior notes due December 2028	28,892	28,885
	265,569	**265,495**
Lease financing obligations	22,449	23,120
Total debt	**3,136,800**	**3,086,207**
Current maturities of long-term debt and lease financing obligations	(6,726)	(6,409)
Long-term debt and lease financing obligations, less current maturities	**$ 3,130,074**	**$ 3,079,798**
Total debt, gross	$ 3,188,754	$ 3,130,233
Less: Unamortized debt issuance costs	(51,954)	(44,026)
Total Debt per balance sheet:	**$ 3,136,800**	**$ 3,086,207**

Leverage Ratio

($ in thousands)

	August 28, 2021
Total Debt:	$ 3,136,800
Less: Cash and cash equivalents	(146,564)
Net Debt	$ 2,990,236
LTM Adjusted EBITDA:	
Retail Pharmacy Segment	258,857
Pharmacy Services Segment	164,850
LTM Adjusted EBITDA	$ 423,707
Leverage Ratio	7.06

FY 2022 Guidance

($ in thousands)

	Guidance Range	
	Low	High
Total Revenues	$ 25,100,000	$ 25,500,000
PBM Revenues	$ 7,700,000	$ 7,800,000
Gross Capital Expenditures	$ 300,000	$ 300,000
Reconciliation of net loss to adjusted EBITDA:		
Net loss	$ (221,000)	$ (197,000)
Adjustments:		
Interest expense	198,000	198,000
Income tax expense	-	3,000
Depreciation and amortization	300,000	300,000
LIFO credit	(16,000)	(16,000)
Facility exit and impairment charges	87,700	97,700
Loss on debt modifications and retirements, net	3,200	3,200
Merger and Acquisition-related costs	11,000	11,000
Restructuring-related costs	30,000	30,000
Litigation settlements	48,200	48,200
Gain on sale of assets, net	(6,100)	(3,100)
Other	25,000	25,000
Adjusted EBITDA	$ 460,000	$ 500,000

FY 2022 Guidance *(cont.)*

($ in thousands)

	Guidance Range	
	Low	High
Net loss	$ (221,000)	$ (197,000)
Add back - income tax expense	-	3,000
Loss before income taxes	(221,000)	(194,000)
Adjustments:		
Amortization expense	79,000	79,000
LIFO credit	(16,000)	(16,000)
Loss on debt modifications and retirements, net	3,200	3,200
Merger and Acquisition-related costs	11,000	11,000
Restructuring-related costs	30,000	30,000
Litigation settlements	48,200	48,200
Adjusted loss before adjusted income taxes	(65,600)	(38,600)
Adjusted income tax benefit	(17,000)	(10,000)
Adjusted net loss	$ (48,600)	$ (28,600)
Diluted adjusted net loss per share	$ (0.90)	$ (0.53)

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