

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2020</div> <div style="text-align: center; font-weight: bold;">This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2020 or fiscal plan year beginning <u>04/01/2020</u> and ending <u>03/31/2021</u>	
A	This return/report is for: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☐ a multiemployer plan </div> <div> ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☒ a single-employer plan </div> <div> ☐ a DFE (specify) ____ </div> </div>
B	This return/report is: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☐ the first return/report </div> <div> ☐ the final return/report </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☐ an amended return/report </div> <div> ☐ a short plan year return/report (less than 12 months) </div> </div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☒ Form 5558 </div> <div> ☐ automatic extension </div> <div> ☐ the DFVC program </div> </div> <div style="margin-top: 5px;"> ☐ special extension (enter description) </div>

Part II	Basic Plan Information—enter all requested information		
1a	Name of plan <u>DISCOUNT DRUG MART, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>003</u>
		1c	Effective date of plan <u>04/01/2017</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>DISCOUNT DRUG MART, INC.</u> <u>211 COMMERCE DRIVE</u> <u>MEDINA, OH 44256</u>	2b	Employer Identification Number (EIN) <u>34-1032966</u>
		2c	Plan Sponsor's telephone number <u>330-725-2340</u>
		2d	Business code (see instructions) <u>446110</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	<u>01/12/2022</u>	<u>CRAIG KWASNIEWSKI</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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Form 5500 (2020)
v. 200204

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	2535
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year.....		6a(1)	2423
a(2) Total number of active participants at the end of the plan year		6a(2)	2267
b Retired or separated participants receiving benefits.....		6b	0
c Other retired or separated participants entitled to future benefits		6c	245
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	2512
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	2
f Total. Add lines 6d and 6e		6f	2514
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	2356
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	87
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2P			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2020 Form M-1 annual report. If the plan was not required to file the 2020 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2020 This Form is Open to Public Inspection		
For calendar plan year 2020 or fiscal plan year beginning <u>04/01/2020</u> and ending <u>03/31/2021</u>				
A Name of plan <u>DISCOUNT DRUG MART, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; padding: 5px;"> B Three-digit plan number (PN) ► </td> <td style="width: 20%; padding: 5px; text-align: center;"> 003 </td> </tr> </table>		B Three-digit plan number (PN) ►	003
B Three-digit plan number (PN) ►	003			
C Plan sponsor's name as shown on line 2a of Form 5500 <u>DISCOUNT DRUG MART, INC.</u>	D Employer Identification Number (EIN) <u>34-1032966</u>			

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....		1a	040
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions		1b(1)	
(2) Participant contributions.....		1b(2)	
(3) Other		1b(3)	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)		1c(1)	
(2) U.S. Government securities		1c(2)	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred		1c(3)(A)	
(B) All other.....		1c(3)(B)	
(4) Corporate stocks (other than employer securities):			
(A) Preferred		1c(4)(A)	
(B) Common		1c(4)(B)	
(5) Partnership/joint venture interests		1c(5)	
(6) Real estate (other than employer real property)		1c(6)	
(7) Loans (other than to participants).....		1c(7)	
(8) Participant loans		1c(8)	
(9) Value of interest in common/collective trusts		1c(9)	
(10) Value of interest in pooled separate accounts		1c(10)	
(11) Value of interest in master trust investment accounts.....		1c(11)	
(12) Value of interest in 103-12 investment entities		1c(12)	
(13) Value of interest in registered investment companies (e.g., mutual funds)		1c(13)	
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14)	
(15) Other.....		1c(15)	

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	1d(1) 28186032	42515368
(2)	Employer real property.....	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f 28186032	42515772
Liabilities			
g	Benefit claims payable	1g 0	404
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i	
j	Other liabilities.....	1j 27534209	37161472
k	Total liabilities (add all amounts in lines 1g through 1j)	1k 27534209	37161876
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l 651823	5353896

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A) 1626182	
	(B) Participants	2a(1)(B)	
	(C) Others (including rollovers).....	2a(1)(C)	
(2)	Noncash contributions	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)	1626182
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans.....	2b(1)(E)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)	0
(2)	Dividends: (A) Preferred stock.....	2b(2)(A)	
	(B) Common stock	2b(2)(B) 10784	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	
	(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)	10784
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B) 3999102	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		5636068

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	61270	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		61270
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		872725
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		933995

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		4702073
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **SIKICH LLP**

(2) EIN: **36-3168081**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		1600000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)	X		
4j	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2020</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2020 or fiscal plan year beginning 04/01/2020 and ending 03/31/2021		
A Name of plan DISCOUNT DRUG MART, INC. EMPLOYEE STOCK OWNERSHIP PLAN		B Three-digit plan number (PN) ▶ 003
C Plan sponsor's name as shown on line 2a of Form 5500 DISCOUNT DRUG MART, INC.		D Employer Identification Number (EIN) 34-1032966
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 58-1428634		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?		☐ Yes ☒ No
11 a Does the ESOP hold any preferred stock?		☐ Yes ☒ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)		☐ Yes ☒ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?		☒ Yes ☐ No
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2020 v. 200204		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____



**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Years Ended March 31, 2021 and 2020

An abstract background featuring a complex pattern of overlapping, semi-transparent geometric shapes, primarily triangles and polygons, in shades of gray and white, creating a sense of depth and architectural structure.

SIKICH.COM

**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

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INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of
Discount Drug Mart, Inc. Employee
Stock Ownership Plan and Trust

Report on the Financial Statements

We have audited the accompanying financial statements of Discount Drug Mart, Inc. Employee Stock Ownership Plan and Trust (the Plan), which comprise the statements of net assets available for benefits as of March 31, 2021 and 2020, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Discount Drug Mart, Inc. Employee Stock Ownership Plan and Trust as of March 31, 2021 and 2020, and the changes in its net assets available for benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2, investments amounting to \$42,515,368 and \$28,186,032 and representing 100% of total assets as of March 31, 2021 and 2020, respectively, whose fair values, in the absence of readily ascertainable fair values, have been estimated by the trustees and management with the assistance of an independent third party appraisal firm. Our opinion is not modified with respect to this matter.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) and schedule of reportable transactions as of or for the year ended March 31, 2021, are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sikich LLP

Akron, Ohio
January 11, 2022

FINANCIAL STATEMENTS

**DISCOUNT DRUG MART, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

March 31, 2021 and 2020

	2021			2020		
	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
ASSETS						
Investment at fair value	\$ 3,338,689	\$ 39,176,679	\$ 42,515,368	\$ 2,027,829	\$ 26,158,203	\$ 28,186,032
LIABILITIES						
Loans payable	-	37,161,472	37,161,472	-	27,534,209	27,534,209
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 3,338,689</u>	<u>\$ 2,015,207</u>	<u>\$ 5,353,896</u>	<u>\$ 2,027,829</u>	<u>\$ (1,376,006)</u>	<u>\$ 651,823</u>

See accompanying notes to financial statements.

**DISCOUNT DRUG MART, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

STATEMENTS OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS

For the Years Ended March 31, 2021 and 2020

	2021			2020		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ADDITIONS IN NET ASSETS ATTRIBUTED TO						
Investment income						
Net appreciation in fair value of investments	\$ 222,619	\$ 3,776,483	\$ 3,999,102	\$ 68,784	\$ 1,399,031	\$ 1,467,815
Dividend	-	10,784	10,784	-	7,934	7,934
Total investment income	222,619	3,787,267	4,009,886	68,784	1,406,965	1,475,749
Contributions						
Employer	61,270	1,564,912	1,626,182	9,037	1,234,179	1,243,216
Shares allocated as of March 31, 2021 and 2020, 13,801 and 9,950, respectively, at estimated fair value	1,088,241	-	1,088,241	706,979	-	706,979
Total contributions	1,149,511	1,564,912	2,714,423	716,016	1,234,179	1,950,195
Total additions	1,372,130	5,352,179	6,724,309	784,800	2,641,144	3,425,944
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO						
Benefits paid to participants	61,270	-	61,270	9,037	-	9,037
Interest expense	-	872,725	872,725	-	682,030	682,030
Shares allocated as of March 31, 2021 and 2020, 13,801 and 9,950, respectively, at estimated fair value	-	1,088,241	1,088,241	-	706,979	706,979
Total deductions	61,270	1,960,966	2,022,236	9,037	1,389,009	1,398,046
NET INCREASE	1,310,860	3,391,213	4,702,073	775,763	1,252,135	2,027,898
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	2,027,829	(1,376,006)	651,823	1,252,066	(2,628,141)	(1,376,075)
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$ 3,338,689</u>	<u>\$ 2,015,207</u>	<u>\$ 5,353,896</u>	<u>\$ 2,027,829</u>	<u>\$ (1,376,006)</u>	<u>\$ 651,823</u>

See accompanying notes to financial statements.

DISCOUNT DRUG MART, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and 2020

1. DESCRIPTION OF PLAN

The following description of Discount Drug Mart, Inc. Employee Stock Ownership Plan and Trust (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is an employee stock ownership plan (ESOP) established April 1, 2017 to allow employees to share in the ownership of Discount Drug Mart, Inc. (the Company). The Plan is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code (IRC) of 1986, as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by an administrative committee comprised of individuals appointed by the Company's Board of Directors. Mills, Potoczak & Company serves as the Plan's trustee.

The Plan holds the common stock in a trust established under the Plan. During 2021 and 2020, the Plan allocated 13,801 and 9,950 shares, respectively, of Company common shares with loans from the Company to eligible employees' accounts. On September 17, 2020 the Plan purchased 142,486 shares of additional Discount Drug Mart, Inc. common stock with the proceeds of a borrowing (see Note 6) of \$10,330,234. The stock was purchased at a price of \$72.50 per share. As the Plan makes each payment of principal and interest, an appropriate percent of common stock is allocated to eligible employees' accounts in accordance with applicable regulations under the IRC.

The loans from the Company are secured by the unallocated shares purchased with the notes. Accordingly, the financial statements of the plan years ended March 31, 2021 and 2020, present separately the assets and liabilities and changes pertaining to 1) the accounts of employees with vested rights in allocated stock (allocated) and 2) stock not yet allocated to employees (unallocated). Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Eligibility

Employees of the Company are generally eligible to participate in the Plan after working at least 1,000 hours during a plan year, attaining one year of service, and reaching at least 21 years of age. Employees were given credit for years of service completed prior to the Plan commencing. Participants who do not have at least 1,000 hours of service during such calendar year or are not employed on the last working day of a Plan year are generally not eligible for an allocation of Company contributions for such year. Allocations are made to eligible participants in the ratio that each participant's eligible compensation for the Plan year bears to the total eligible compensation paid to all participants during the Plan year.

DISCOUNT DRUG MART, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

1. DESCRIPTION OF PLAN (Continued)

Employer Contributions

The Plan is funded solely by the Company's contribution to the Plan as determined by the Company's Board of Directors. Plan shares purchased with debt proceeds are held in suspense. During the period that debt is outstanding, the Company is obligated to make contributions that will be sufficient to enable the Plan's trustee to make payments of principal and interest. As debt service payments are made by the Plan, shares are released from suspense and allocated to active participants. The lender has no rights against shares once they are allocated under the ESOP.

Contributions are limited to the maximum allowable by the Internal Revenue Service (IRS). Contributions and forfeitures from the accounts of terminated participants are allocated to participants as of the end of the plan year.

Participant Accounts

Each participant's individual account is credited as of the last day of each plan year with an allocation of (a) shares of the Company's common stock released by the trustee from the unallocated account, (b) any Company dividends, (c) Plan earnings, and (d) forfeitures of terminated participant's nonvested accounts. Allocations are based on a participant's eligible compensation, relative to total eligible compensation. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account balance.

Vesting

Participants are credited annually with Company contributions and trust income. A participant becomes 100% vested in Company contributions and trust income upon completing three years of service. Participants who reach normal retirement age (65), become disabled or die while employed, become 100% vested in their accrued benefit, regardless of years of service.

Payment of Benefits

Upon termination of service, death, disability, or retirement, participants with a vested interest in their account of \$25,000 or less will receive a lump-sum distribution. Participants with a vested interest in their account of more than \$25,000 can receive their distribution in annual installments over a period not to exceed five years at the discretion of the Plan. The amount to be distributed is based upon the immediately preceding valuation date. Distributions are made in cash or, if a participant elects, shares of Company common stock plus cash for any fractional share of common stock.

DISCOUNT DRUG MART, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

1. DESCRIPTION OF PLAN (Continued)

Payment of Benefits, Continued

Under the provisions of the Plan, the Company is obligated to repurchase participant shares, which have been distributed under the terms of the Plan if the shares are not publicly traded or if the shares are subject to trading limitations.

For the years ended March 31, 2021 and 2020, the Plan distributed and the Company repurchased from participants 862 and 134 shares each year, respectively, at the current appraised value.

If separated from service prior to retirement, death, or disability, distributions are taken in cash over a period of time determined by the size of the vested balance.

Forfeitures

Forfeitures for participants who terminate will be allocated after the expiration of a five-year period during which the forfeiture balances are reinstated if the participants are rehired or subsequent to the terminated participant receiving a full distribution from the Plan, whichever is earlier. Allocations are made in the same manner as Company contributions. There were approximately 257 and 614 forfeiture shares allocated to plan participants in 2021 and 2020, respectively.

Voting Rights

With respect to matters (subject to Ohio law or the Company's Articles of Incorporation or Code of Regulations) which must be voted upon by plan participants, each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the trustee prior to the time that such rights are to be exercised. The trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

Administrative Expenses

As provided in the Plan agreement, administrative expenses may be paid either by the Plan or by the Company. The Company has historically paid the operating expenses of the Plan.

DISCOUNT DRUG MART, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

1. DESCRIPTION OF PLAN (Continued)

Right of First Refusal

Any participant who receives shares of Company common stock from the trust shall be required to offer in writing to sell the shares first to the Company, and then to the trustee, before transferring the shares to any other person. The Company and the trustee then shall have the option to purchase the shares at a price equal to the greater of (i) the fair market value of the shares, as determined by the trustee based upon the valuation by an independent appraiser within the meaning of Section 401(a)(28)(C) of the IRC; or (ii) the price set forth in a bona fide written offer from an independent prospective purchaser. The Company and the trustee shall have 14 days from the date that they receive the notice of the shareholder's desire to transfer his or her shares to exercise their rights of first refusal.

Put Option

Under federal income tax regulations, the Company stock that is held by the Plan and its participants and is not readily tradeable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand, under certain circumstances, that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current value of the common stock.

The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to distribute part of the value of their investment in Company common stock into investments which are more diversified. Participants who are at least 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the balance in their stock account, less any amounts previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify can receive a cash distribution or roll over amounts into another qualified account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Administrative Committee and trustee determines the Plan's valuation policies utilizing information provided by the investment advisers and the trustee.

The investment in the Company common shares is valued as of March 31, 2021 and 2020 at \$42,515,368 (\$78.85 per share) and \$28,186,032 (\$71.05 per share), respectively, based upon an appraisal performed by an independent valuation firm, and approved by management. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

New Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standards Update (ASU) 2018-13, Changes to the Disclosure Requirements for Fair Value Measurements. This standard is intended to improve the effectiveness of disclosures in the notes to the financial statements and modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. This has been applied for the year ended March 31, 2021 with no significant impact on the financial statements.

Payment of Benefits

Benefits are recorded when paid.

**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends

When declared, dividends may be used to repay any ESOP loan taken out by the trustee to finance the purchase of Company common stock or paid directly in cash by the trustee to the participants in proportion to the amounts of Company common stock allocated to their Company common stock as of the record date of the dividends. Participants are fully vested in all reinvested dividends.

Subsequent Events

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Plan has evaluated subsequent events through January 11, 2022, which was the date that these financial statements were available for issuance, and determined that there were no significant nonrecognized subsequent events through that date.

3. ADMINISTRATION OF TRUST ASSETS

The Plan's assets, which consist of Discount Drug Mart, Inc. common stock, are held by the trustee of the Plan.

Company contributions are held and managed by the trustee, which invests cash or stock received, interest, and dividend income and makes distributions to participants. The trustee also administers the payment of interest and principal on the loans, which is reimbursed to the trustee through contributions as determined by the Company.

Certain administrative functions are performed by officers or employees of the Company who make up the Administrative Committee. No such officer or employee receives compensation from the Plan or trust. Administrative expenses for the trustee's fees are paid as determined by the Company's Board of Directors and are not included in the Plan's financial statements.

**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

NOTES TO FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- a. Quoted prices for similar assets or liabilities in active markets,
- b. Quoted prices for identical or similar assets or liabilities in inactive markets,
- c. Inputs other than quoted prices that are observable for the asset or liability,
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

DISCOUNT DRUG MART, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for assets measured at fair value.

Common stock: Investments in the Company common stock are valued by an independent appraisal as of the last day of each annual reporting period. In approaching the valuation, a variety of factors are taken into consideration, including:

- a. The nature and history of the business, its current position, and its outlook,
- b. The general and relevant economic conditions prevailing at the time of the appraisal; and
- c. The current conditions and outlook in the market in which the subject company competes.

The approach to determining fair value of the common stock involved the following:

- a. Determine estimated fair value of shares of common stock using the Guideline Public Company Method. Comparative valuation analysis is a technique that determines a value based on a direct comparison of the subject company to publicly traded companies where pricing and other financial data are available.
- b. Determine estimated fair value of shares of common stock using the Discounted Cash Flow Method. Discounted Cash Flow Method values a company based on projected cash flows.
- c. Compare the findings under both the Guideline Public Company Method and the Discounted Cash Flow Method
- d. Apply a Marketability Discount to the results. Applying a discount to reflect the lack of marketability.

Plan management accumulates the data as requests by its independent financial advisor from the audited financial statements of the Company. The trustees' independent advisor prepares a preliminary report which the trustees review in detail, discusses and approves. The results of this process are documented by the trustees.

These policies and procedures are reassessed annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third party information.

**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

NOTES TO FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of March 31:

	<u>2021</u> <u>Level 3</u>	<u>2020</u> <u>Level 3</u>
Investment in employer stock at fair value	\$ 42,515,368	\$ 28,186,032

Changes in Fair Value of Level 3 Assets

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits.

The following table sets forth a summary of certain changes in the fair value of the Plan's level 3 assets for the plan years ended March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 28,186,032	\$ 16,837,500
Purchases of shares	10,330,234	9,880,716
Unrealized gains relating to instruments still held at the reporting date	<u>3,999,102</u>	<u>1,467,816</u>
Balance, end of year	<u>\$ 42,515,368</u>	<u>\$ 28,186,032</u>

**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

NOTES TO FINANCIAL STATEMENTS (Continued)

5. INVESTMENTS

Investments at March 31, 2020 and 2019 are presented in the following table:

	<u>2021</u>	<u>2020</u>
Common stock of Discount Drug Mart, Inc.	\$ 42,515,368	\$ 28,186,032

The common stock of Discount Drug Mart, Inc. owned by the Plan as of March 31, was as follows:

	<u>2021</u>	<u>2020</u>
ALLOCATED SHARES, BEGINNING OF YEAR	\$ 28,541	\$ 18,591
Shares allocated during the year	<u>13,801</u>	<u>9,950</u>
ALLOCATED SHARES, END OF YEAR	42,342	28,541
UNALLOCATED SHARES, END OF YEAR	<u>496,851</u>	<u>368,166</u>
TOTAL ESOP SHARES	<u>\$ 539,193</u>	<u>\$ 396,707</u>
Fair market value per share	\$ 78.85	\$ 71.05

6. LOANS PAYABLE

Loans payable at March 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Term loan payable to the Company, due in annual principal and interest payments of \$809,764 through March 2057 and bearing interest at 3%.	\$ 17,678,962	\$ 17,950,219
Term loan payable to the Company, due in annual principal and interest payments of \$432,349 through March 2057 and bearing interest at 3%.	9,439,160	9,583,990
Term loan payable to the Company, due in annual principal and interest payments of \$333,583 through March 2057 and bearing interest at 1%.	<u>10,043,350</u>	<u>-</u>
TOTAL	<u>\$ 37,161,472</u>	<u>\$ 27,534,209</u>

**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

NOTES TO FINANCIAL STATEMENTS (Continued)

6. LOANS PAYABLE (Continued)

The term loans are secured by the unallocated shares purchased with the original proceeds from the loans. The Company has guaranteed the repayment of the loans and contributes funds to the Plan to cover the principal and interest payments on a monthly basis.

Future annual maturities of the loans payable as of March 31, 2021 are as follows:

2022	\$ 661,719
2023	676,908
2024	692,505
2025	708,523
2026	724,974
Thereafter	<u>33,696,843</u>
	<u>\$ 37,161,472</u>

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company reserves the right to terminate the Plan at any time, subject to Plan provisions. In the event of plan termination, participants would become 100% vested in the value of their account and the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC.

8. TAX STATUS

The Internal Revenue Service has determined and informed the Company by letter dated August 21, 2019, that the Plan is designed in accordance with applicable sections of the IRC.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**DISCOUNT DRUG MART, INC. EMPLOYEE
STOCK OWNERSHIP PLAN AND TRUST**

NOTES TO FINANCIAL STATEMENTS (Continued)

9. PARTY-IN-INTEREST TRANSACTIONS

Plan investments as of and for the years ended March 31, 2021 and 2020 were held by the Company. As all investments are held in custody by this party, which also represents the issuer and manager of the corresponding investments that they hold, all investments and transactions thereof are considered related party transactions. Employees of the Company provide administrative services to the Plan for which no fees are charged.

10. RISKS AND UNCERTAINTIES

The Plan investments consist primarily of the Company's common stock, which is exposed to various risks, such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows, and other such techniques. Due to the level of risk associated with the investment in the common stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits, statements of changes in net assets available for benefits and participants' individual account balances.

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.

SUPPLEMENTARY INFORMATION

**DISCOUNT DRUG MART, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FORM 5500, SCHEDULE H, ITEM 4i

EIN: 34-1032966 PLAN: #003

March 31, 2021

(a)	(b) Identity of Issue, Borrower, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
	Common Stock			
*	Discount Drug Mart, Inc.	Employer Securities	\$ 40,210,951	\$ 42,515,368
TOTAL INVESTMENTS				\$ 42,515,368

* Denotes a party-in-interest to the Plan.

**DISCOUNT DRUG MART, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

SCHEDULE OF REPORTABLE TRANSACTIONS
FORM 5500, SCHEDULE H, ITEM 4j

EIN: 34-1032966 PLAN: #003

March 31, 2021

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(f) Net Gain or (Loss)
<u>Category (i) - Individual transaction in excess of 5% of plan assets</u>								
Discount Drug Mart, Inc.	Employer Securities	\$ 10,330,235	\$ -	\$ -	\$ -	\$ 10,330,235	\$ 10,330,235	\$ -

**DISCOUNT DRUG MART, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

SCHEDULE OF REPORTABLE TRANSACTIONS
FORM 5500, SCHEDULE H, ITEM 4j

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March 31, 2021

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<u>Category (i) - Individual transaction in excess of 5% of plan assets</u>								
Discount Drug Mart, Inc.	Employer Securities	\$ 10,330,235	\$ -	\$ -	\$ -	\$ 10,330,235	\$ 10,330,235	\$ -

**DISCOUNT DRUG MART, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FORM 5500, SCHEDULE H, ITEM 4i

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March 31, 2021

(a)	(b) Identity of Issue, Borrower, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
	Common Stock			
*	Discount Drug Mart, Inc.	Employer Securities	\$ 40,210,951	\$ 42,515,368
TOTAL INVESTMENTS				\$ 42,515,368

* Denotes a party-in-interest to the Plan.