

# Third Quarter **2022** Financial Results

# Safe Harbor Statement

The Private Securities Litigation Reform Act of 1995, as amended, (the “Act”) provides protection from liability in private lawsuits for “forward-looking” statements made by public companies under certain circumstances, provided that the public company discloses with specificity the risk factors that may impact its future results. The Company wants to take advantage of the “safe harbor” provisions of the Act. Certain statements made during this presentation are forward-looking statements under the Act. Except for historical financial and business performance information, statements made during this presentation should be considered forward-looking as referred to in the Act. Much of the information that looks towards future performance of the Company is based on various factors and important assumptions about future events that may or may not actually come true, including the impacts on our business due to the unknown severity and duration of the COVID-19 pandemic including its impact on our supply chain, labor shortages and inflationary pressures and the risk that the Company will not be able to achieve the expected benefits of its strategic plans, including its strategic shift to maintain all of its businesses under common ownership. As a result, operations and financial results in the future could differ materially and substantially from those discussed in the forward-looking statements made during this presentation. Certain risks and uncertainties are detailed from time to time in the Company’s filings with the United States Securities and Exchange Commission (“SEC”).

You are strongly urged to review all such filings for a more detailed discussion of such risks and uncertainties. The Company’s SEC filings are available at no charge at [www.sec.gov](http://www.sec.gov) and at the Company’s website at [investor.theodpcorp.com](http://investor.theodpcorp.com).

During portions of today’s presentation, the Company may refer to results which are non-GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures is available on the Company’s website at [investor.theodpcorp.com](http://investor.theodpcorp.com). These measures exclude charges or credits not indicative of core operations and the tax effects of these items, which may include but not be limited to merger integration, restructuring, acquisition costs, and asset impairments.

# Gerry Smith

Chief Executive Officer



A faint, light gray target icon with a central bullseye and a crosshair, positioned behind the text on the left side of the slide.

**Creating  
Long-term  
Shareholder  
Value**

**~\$1B  
share repurchase  
plan in place**

**Executed over the  
next three years**

# Realigned Four Business Unit (4-BU) Model



B2B Distribution

Expand margins,  
grow in adjacencies,  
cash flow

**Office DEPOT**  
**OfficeMax**

Omnichannel Retail

Generate stable  
cash flows



3rd Party Logistics

Drive incremental  
income by leveraging  
current asset base

**VARIS**

Digital procurement  
technology platform

Expand client base and  
accelerate growth

THE  
**ODP**  
CORPORATION

Provide efficient  
shared services

Establish goals  
and incentives

Allocate  
capital efficiently

# 3Q22: Performance Summary

- 1 Delivered solid operating results in a challenging macroeconomic environment
- 2 Strong revenue growth at ODP Business Solutions offset by lower revenue results at Office Depot
- 3 Lower margins related to revenue mix and peak investment year impacts for Varis
- 4 Veyer provides strong support for internal and external customers; Varis progresses towards expanded launch of the platform
- 5 Enhanced returns to shareholders and bought back ~1.9 million shares

**Remaining true to core tenets and low cost model approach**

# 3Q22 Financial Overview

Anthony Scaglione, EVP & Chief Financial Officer



# Third Quarter 2022 Summary

Third Quarter		
(\$ in millions, except per share amounts) <sup>(1)</sup>	2022	2021
Sales	\$2,172	\$2,179
Operating Income	\$84	\$104
Adjusted Operating Income <sup>(1)</sup>	\$95	\$122
Net Income From Continuing Operations	\$67	\$73
Diluted Earnings Per Share From Continuing Operations	\$1.36	\$1.33
Adjusted Net Income From Continuing Operations <sup>(1)</sup>	\$73	\$96
Adjusted Earnings Per Share From Continuing Operations (Most Diluted) <sup>(1)</sup>	\$1.48	\$1.76
Adjusted EBITDA <sup>(1)</sup>	\$131	\$162
Operating Cash Flow From Continuing Operations	\$163	\$121
Free Cash Flow <sup>(2)</sup>	\$138	\$102
Adjusted Free Cash Flow <sup>(3)</sup>	\$160	\$123

- **Inflation and global supply chain dynamics continuing to create industry challenges and increased costs**
- **Revenue results flat YOY driven by stronger sales in ODP Business Solutions Division offset by lower sales in Office Depot due to reduced store footprint and lower traffic**
- **Improving back-to-office trends helping to drive ODP Business Solutions performance**
- **Low-cost model, flexible supply chain and pricing strategies helped drive operating income**
  - Adjusted operating income <sup>(1)</sup> of \$95 million
  - Adjusted EBITDA <sup>(1)</sup> of \$131 million
- **Strong adjusted free cash flow; Prudent inventory management**

(1) As presented throughout this release, adjusted results represent non-GAAP financial measures and exclude charges or credits not indicative of core operations and the tax effect of these items, which may include but not be limited to merger integration, restructuring, acquisition costs, and asset impairments. Reconciliations from GAAP to non-GAAP financial measures can be found in this release as well as on the Company's Investor Relations website at investor.theodpcorp.com.

(2) As used in this release, Free Cash Flow is defined as cash flows from operating activities less capital expenditures. Free Cash Flow is a non-GAAP financial measure and reconciliations from GAAP financial measures can be found in this release as well as on the Company's Investor Relations website at investor.theodpcorp.com.

(3) As used in this release, Adjusted Free Cash Flow is defined as Free Cash Flow excluding cash charges associated with the Company's Maximize B2B Restructuring, the Business Acceleration Program, and expenses incurred in connection with our previously planned separation of the consumer business. Adjusted Free Cash Flow is a non-GAAP financial measure and reconciliations from GAAP financial measures can be found in this release as well as on the Company's Investor Relations website at investor.theodpcorp.com.

# Business Unit Reporting Structure

Four Synergistic BUs with Standalone P&Ls

2020



4-BU  
Structure



*B2B  
Distribution*

**Office DEPOT  
OfficeMax**

*Omnichannel  
Consumer  
(Retail &  
eCommerce)*



*Supply Chain  
and Logistics*

**VARIS**

*B2B Digital  
Platform*

2022

THE  
**ODP**  
CORPORATION

# ODP Business Solutions Division – 3Q22

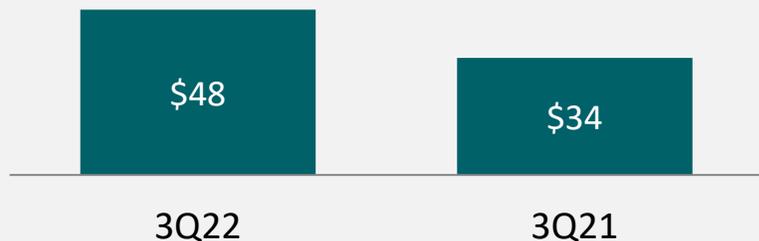
## Sales

(\$ millions)



## Operating Income

(\$ millions)



- **Sales increased 9% versus 3Q21**
  - Improved back-to-office trends driving stronger traction in contract channel YOY
  - Leveraging supply chain capabilities and pricing flexibility
- **Increased demand for core supplies and adjacency categories**
  - Core supplies, workspaces, copy and print, and cleaning and breakroom and technology categories increased as businesses continued to return to the office
  - Sourcing challenges persist for certain categories
  - Adjacency categories remained at 45% of total ODP Business Solutions revenue
- **Operating income of \$48 million versus \$34 million in 3Q21**
  - Higher sales volume and pricing discipline offset increased supply chain costs
- **Strong retention and net new wins**

# Office Depot Division – 3Q22

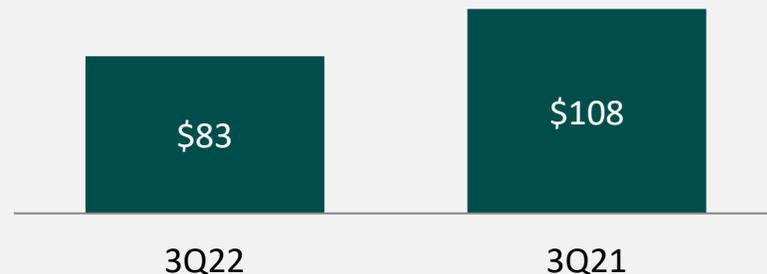
## Sales

(\$ millions)



## Operating Income

(\$ millions)

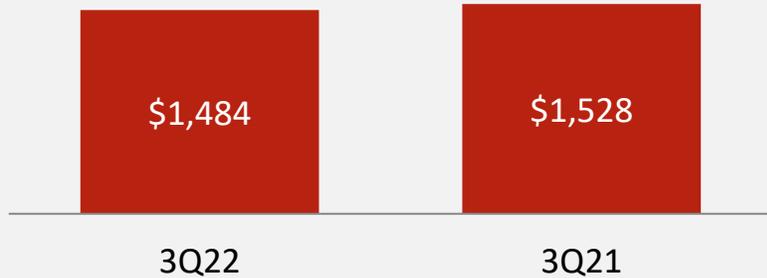


- **Sales decreased 8% versus 3Q21**
  - Driven by 75 fewer stores in service YOY, including 11 store reductions during the quarter, and lower traffic
  - Stronger YOY demand for copy and print services, offset by lower sales for categories in stronger demand during the pandemic
  - Supply chain sourcing challenges in technology and ink
- **Lower traffic trends partially offset by stronger sales-per-shopper and increases in BOPIS sales on same store basis**
- **Highly competitive back-to-school selling season**
- **Operating income of \$83 million versus \$108 million in 3Q21**
  - Lower sales and higher supply chain costs and impacts related to inflation

# Veyer Division – 3Q22

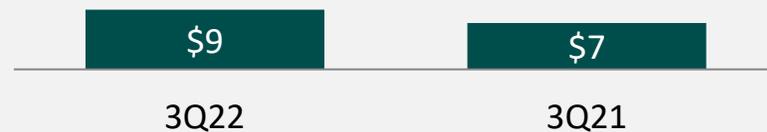
## Sales

(\$ millions)



## Operating Income

(\$ millions)



- **Provides service for internal customers ODP Business Solutions and Office Depot**
  - Product sourcing and supply chain services
  - Commercial agreements
  - Services fees & sales of services represent supply chain and logistics support services, which include warehousing, shipping and handling, and returns
- **Provide services to external parties**
  - Utilizes existing capacity
  - Freight collection and Less than Truckload (LTL) services
- **Sales of \$1.5 billion in 3Q22**
  - Drove strong support for its internal customers, ODP Business Solutions and Office Depot, as well as provided services for third-party customers
- **Operating income of \$9 million versus \$7 million in 3Q21**
  - Product mix and growth in freight collection activities

# Varis Division – 3Q22

## Sales

(\$ millions)



## Operating Income

(\$ millions)



- **Preparing platform for near-term full launch**
  - Build scale and grow revenue
- **Peak year of investment impact**
  - Launching platform
  - Scale network and drive revenue growth
- **Sales of \$2 million in 3Q22**
  - Mostly from existing BuyerQuest customers from prior acquisition
  - From current SaaS model
- **Continuing to add new capabilities, customers, suppliers, and building new relationships**
- **3Q22 operating loss of \$17 million**
  - Expected to be peak year of investment impact

# Balance Sheet / Cash Flow Highlights

<b>Strong Available Liquidity</b>	<p>Total available liquidity of approximately \$1.4 billion at end of 3Q22</p> <ul style="list-style-type: none"><li>• \$473 million in cash and cash equivalents</li><li>• \$934 million available credit under asset-based lending facility</li><li>• \$191 million in total debt</li></ul>
<b>Operating Cash Flow</b>	<p>Operating cash flow of \$163 million in 3Q22</p> <ul style="list-style-type: none"><li>• Included \$22 million of restructuring and other costs</li><li>• Timing of working capital items including prudent inventory management</li></ul>
<b>Capital Expenditures &amp; Other</b>	<p>Capital expenditures of \$25 million in 3Q22</p> <p>Continued investments in digital platform business (Varis), distribution network, and eCommerce capabilities; Lower investment requirements for retail operations</p> <p>Cash restructuring charges of \$2 million and realignment charges of \$20 million</p>
<b>Adjusted Free Cash Flow*</b>	<p>Adjusted Free Cash Flow of \$160 million in 3Q22</p>
<b>Share Repurchase</b>	<p>Repurchased ~1.9 million shares for ~70 million</p> <p>\$1 billion share repurchase authorization available through year end 2025</p>

\* Free Cash Flow is a non-GAAP financial measure and is defined as cash flows from operating activities less capital expenditures. As used in this presentation, Adjusted Free Cash Flow is defined as free cash flow excluding cash charges associated with the Company's Maximize B2B Restructuring Plan, the Business Acceleration Program, and the expenses incurred with the previously planned separation of the consumer business. Adjusted Free Cash Flow is a non-GAAP financial measure and reconciliations from GAAP financial measures can be found at the Company's investor relations website at [investor.theodpcorp.com](http://investor.theodpcorp.com).

# Reaffirming Full Year 2022 Guidance <sup>(1)</sup>

<b>Sales</b>	<b>\$8.45 - \$8.60 billion</b>
<b>Adjusted EBITDA</b>	<b>\$430 - \$460 million</b>
<b>Adjusted Operating Income</b>	<b>\$285 - \$315 million</b>
<b>Adjusted Earnings per Share</b>	<b>\$4.10 - \$4.50</b>
<b>Adjusted Free Cash Flow <sup>(2)</sup></b>	<b>\$200 - \$225 million</b>

(1) The Company's guidance for full year 2022 includes non-GAAP measures that exclude charges or credits not indicative of core operations, which may include but not be limited to merger integration expenses, restructuring charges, asset impairments, and other significant items that currently cannot be predicted without unreasonable effort. The exact amount of these charges or credits are not currently determinable, but may be significant. Accordingly, the Company is unable to provide a reconciliation to an equivalent GAAP measure for full year 2022.

(2) Free Cash Flow is a non-GAAP financial measure and is defined as cash flows from operating activities less capital expenditures. As used in this presentation, Adjusted Free Cash Flow is defined as free cash flow excluding cash charges associated with the Company's Maximize B2B Restructuring Plan, the Business Acceleration Program, and the expenses incurred with the previously planned separation of the consumer business. Adjusted Free Cash Flow is a non-GAAP financial measure and reconciliations from GAAP financial measures can be found at the Company's investor relations website at [investor.theodpcorp.com](http://investor.theodpcorp.com).