

**THE ODP CORPORATION**  
**RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES**

We report our results in accordance with accounting principles generally accepted in the United States (“GAAP”). We also review certain financial measures excluding impacts of transactions that are not related to our core operations (“non-GAAP”). Management believes that the presentation of these non-GAAP financial measures enhances the ability of its investors to analyze trends in its business and provides a means to compare periods that may be affected by various items that might obscure trends or developments in its business. Management uses both GAAP and non-GAAP measures to assist in making business decisions and assessing overall performance. Non-GAAP measures help to evaluate programs and activities that are intended to attract and satisfy customers, separate from expenses and credits directly associated with Merger, restructuring, and certain similar items. Certain non-GAAP measures are also used for short and long-term incentive programs.

Our measurement of these non-GAAP financial measures may be different from similarly titled financial measures used by others and therefore may not be comparable. These non-GAAP financial measures should not be considered superior to the GAAP measures, but only to clarify some information and assist the reader. We have included reconciliations of this information to the most comparable GAAP measures in the tables included within this material.

Free cash flow is a non-GAAP measure, which we define as cash flows from operating activities less capital expenditures. We believe that free cash flow is an important indicator that provides additional perspective on our ability to generate cash to fund our strategy and expand our distribution network. Adjusted free cash flow is also a non-GAAP measure, which we define as free cash flow excluding cash charges associated with the Company’s Maximize B2B Restructuring Plan and its Business Acceleration Program and the Federal Trade Commission cash settlement.

**THE ODP CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**NET INCOME (LOSS)**  
(Dollars in millions, except per share amounts) \*

	13 Weeks Ended		52 Weeks Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
<b>Net Income (Loss)</b>				
Net Income (Loss)	\$ 18	\$ 55	\$ (319)	\$ 99
Add (Less):				
Charges and credits, after tax	12	14	508	129
Adjusted net income	<u>\$ 30</u>	<u>\$ 68</u>	<u>\$ 189</u>	<u>\$ 228</u>
EPS (most dilutive) - GAAP	\$ 0.34	\$ 1.00	\$ (6.05)	\$ 1.80
Charges and credits, after tax	(0.21)	(0.24)	(9.55)	(2.33)
Adjusted EPS (most dilutive)	<u>\$ 0.55</u>	<u>\$ 1.24</u>	<u>\$ 3.50</u>	<u>\$ 4.13</u>
Weighted-average shares used:				
Basic	53	54	53	54
Diluted	54	55	53	55
<b>Charges/Credits</b>				
Merger and transaction related expenses, net				
Severance and retention	\$ -	\$ -	\$ -	\$ 1
Transaction and integration	-	5	17	23
Facility closure, contract termination, and other expenses, net	1	-	1	-
Total Merger and transaction related expenses, net	<u>1</u>	<u>5</u>	<u>18</u>	<u>24</u>
Restructuring expenses				
Severance	3	-	45	40
Professional fees	-	10	21	41
Facility closure, contract termination, and other expenses, net	11	(4)	37	11
Total Restructuring expenses	<u>14</u>	<u>6</u>	<u>103</u>	<u>92</u>
Total Merger and restructuring expenses, net	15	11	121	116
Selling, general, and administrative expenses - Executive transition costs and other	-	1	-	3
Asset impairments	8	6	431	56
Loss on extinguishment and modification of debt	-	-	12	-
Other income, net - Indemnification asset adjustments	-	-	(1)	-
Charges and credits, pretax	<u>23</u>	<u>18</u>	<u>563</u>	<u>175</u>
Income tax effect of charges and credits	11	4	55	46
Charges and credits, after tax	<u>\$ 12</u>	<u>\$ 14</u>	<u>\$ 508</u>	<u>\$ 129</u>

\* Amounts may not foot due to rounding. The sum of the quarterly amounts may not equal the reported amounts for the year due to rounding.

**THE ODP CORPORATION**  
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**OPERATING INCOME (LOSS)**  
(Dollars in millions)\*

	13 Weeks Ended		52 Weeks Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
<b>Operating Income (Loss)</b>				
Operating income (loss)	\$ 21	\$ 74	\$ (252)	\$ 191
Add:				
Charges and credits, pretax	23	18	552	175
Adjusted operating income	<u>\$ 44</u>	<u>\$ 92</u>	<u>\$ 300</u>	<u>\$ 367</u>
Sales	\$ 2,288	\$ 2,508	\$ 9,710	\$ 10,647
Operating income (loss) margin	0.9%	3.0%	-2.6%	1.8%
Adjusted operating income margin	1.9%	3.7%	3.1%	3.4%

\* Amounts may not foot due to rounding. The sum of the quarterly amounts may not equal the reported amounts for the year due to rounding.

The Company's outlook for 2021 adjusted operating income excludes charges or credits not indicative of our 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 operating income outlook for 2021.

**THE ODP CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**ADJUSTED EBITDA**  
(Dollars in millions)\*

	13 Weeks Ended		52 Weeks Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
<b>Adjusted EBITDA</b>				
Net income (loss)	18	55	(319)	99
Income tax expense (benefit)	(3)	18	24	47
Income (loss) before income taxes	15	73	(295)	146
Add (subtract):				
Interest income	-	(6)	(4)	(23)
Interest expense	7	21	42	89
Adjusted depreciation and amortization**	45	50	185	202
Charges and credits, pretax	23	18	563	175
Adjusted EBITDA	<u>89</u>	<u>156</u>	<u>491</u>	<u>590</u>
<u>Depreciation and amortization**</u>				
Reported (GAAP)	\$ 46	\$ 50	\$ 189	\$ 204
Less: Accelerated depreciation	1	-	4	2
Adjusted (non-GAAP)	<u>\$ 45</u>	<u>\$ 50</u>	<u>\$ 185</u>	<u>\$ 202</u>

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\*\*Adjusted depreciation and amortization represents a non-GAAP measure and excludes accelerated depreciation caused by updating the salvage value and shortening the useful life of depreciable fixed assets to coincide with the planned store closures under an approved restructuring plan, but only if impairment is not present.

**THE ODP CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FREE CASH FLOW**  
(Dollars in millions)\*

We define free cash flow as net cash provided by (used in) operating activities less capital expenditures. We believe that reporting free cash flow is useful to management and investors because it relates operating cash flow to the capital that is spent to continue and improve our existing businesses. Further, free cash flow facilitates management's ability to strengthen our balance sheet, repay our debt obligations and consider investment alternatives. Free cash flow is not a measure of financial performance under generally accepted accounting principles in the U.S. and may not be defined and calculated by other companies in the same manner. Free cash flow does not represent the residual cash flow available for discretionary expenditures as it does not incorporate certain cash payments, including payments made on capital lease obligations, scheduled debt repayments or other firm commitments and payments. Free cash flow should not be considered in isolation or as an alternative to cash flow provided by operating activities as an indicator of performance.

We define adjusted free cash flow as free cash flow excluding cash charges associated with the Company's Maximize B2B Restructuring Plan and its Business Acceleration Program and the Federal Trade

	13 Weeks Ended		52 Weeks Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
<b>Cash Flow Summary (As Reported)</b>				
Net cash provided by (used in) operating activities	\$ (4)	\$ 152	\$ 485	\$ 366
Net cash provided by (used in) investing activities	(10)	23	736	(119)
Net cash used in financing activities	(5)	(67)	(1,193)	(212)
Effect of exchange rate changes on cash and cash equivalents	5	2	1	5
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ (14)</u>	<u>\$ 110</u>	<u>\$ 29</u>	<u>\$ 40</u>
<b>Free Cash Flow</b>				
Net cash provided by (used in) operating activities	\$ (4)	\$ 152	\$ 485	\$ 366
Less: Capital expenditures	(14)	(27)	(68)	(150)
Free Cash Flow	<u>(18)</u>	<u>125</u>	<u>417</u>	<u>216</u>
Adjustments for certain cash charges:				
Maximize B2B Restructuring Plan	12	-	28	-
Business Acceleration Program	2	10	29	69
Federal Trade Commission settlement	-	-	-	25
Adjusted Free Cash Flow	<u>\$ (4)</u>	<u>\$ 135</u>	<u>\$ 474</u>	<u>\$ 310</u>

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