



Fourth Quarter & Full Year **2022** Financial Results

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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 and on the Company’s website at 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. These measures exclude charges or credits not indicative of core operations and the tax effects of these items, which may include but not limited to merger integration, restructuring, acquisition costs, and asset impairments.

The Company’s outlook through 2023 included in this presentation includes non-GAAP measures, such as adjusted EBITDA, adjusted Operating Income, adjusted EPS and adjusted Free Cash Flow. These measures exclude charges or credits not indicative of core operations, which may include but not be limited to merger integration expenses, restructuring charges, acquisition-related costs, executive transition costs, asset impairments and other significant items that currently cannot be predicted without unreasonable efforts. The exact amount of these charges or credits are not currently determinable but may be significant. Accordingly, the Company is unable to provide equivalent GAAP measures or reconciliations from GAAP to non-GAAP for these financial measures.

Gerry Smith

Chief Executive Officer



Rising Up to Meet the Challenges & Remaining True to Our Core Tenets

Driving operational excellence

Market Challenges

Inflation rising to a 40-year high

Supply chain and procurement conditions
challenging

Rising labor costs

Fuel prices up 50% on average YOY

Focus on Key Tenets

1

Drive Low-Cost Model

Lower fixed cost, scalable model

2

**Transition to Higher
Growth Opportunities**

Expanding our value proposition

3

**Evolving into Higher
Value Businesses**

New B2B growth engines

Rising Up

- ✓ Operational excellence
- ✓ Low-cost model approach
- ✓ Utilized world class supply chain operations
- ✓ Diverse routes to market
- ✓ Pricing flexibility
- ✓ Balance sheet flexibility

Operational Excellence and Creating Long-Term Shareholder Value

Winning Culture



Customer • Commitment • Change
Caring • Creativity



Strong Support of Our Communities & Environment



#depotdifference



ESG

Environmental: Reducing GHG emissions and plastic use

Social: Support diversity and inclusion

Governance: Independent Directors and Pay for Performance

Three Horizon Strategy: Unleashing the Power of ODP's Physical/Digital Assets

Driving operational excellence and long-term multiple expansion

Company Multiple Expansion

First Horizon

Second Horizon

Third Horizon

Office DEPOT
OfficeMax

odp BUSINESS SOLUTIONS™

VEYER™

VARIS™

Omnichannel Retail

B2B Distribution

3rd Party Logistics

Digital procurement technology platform

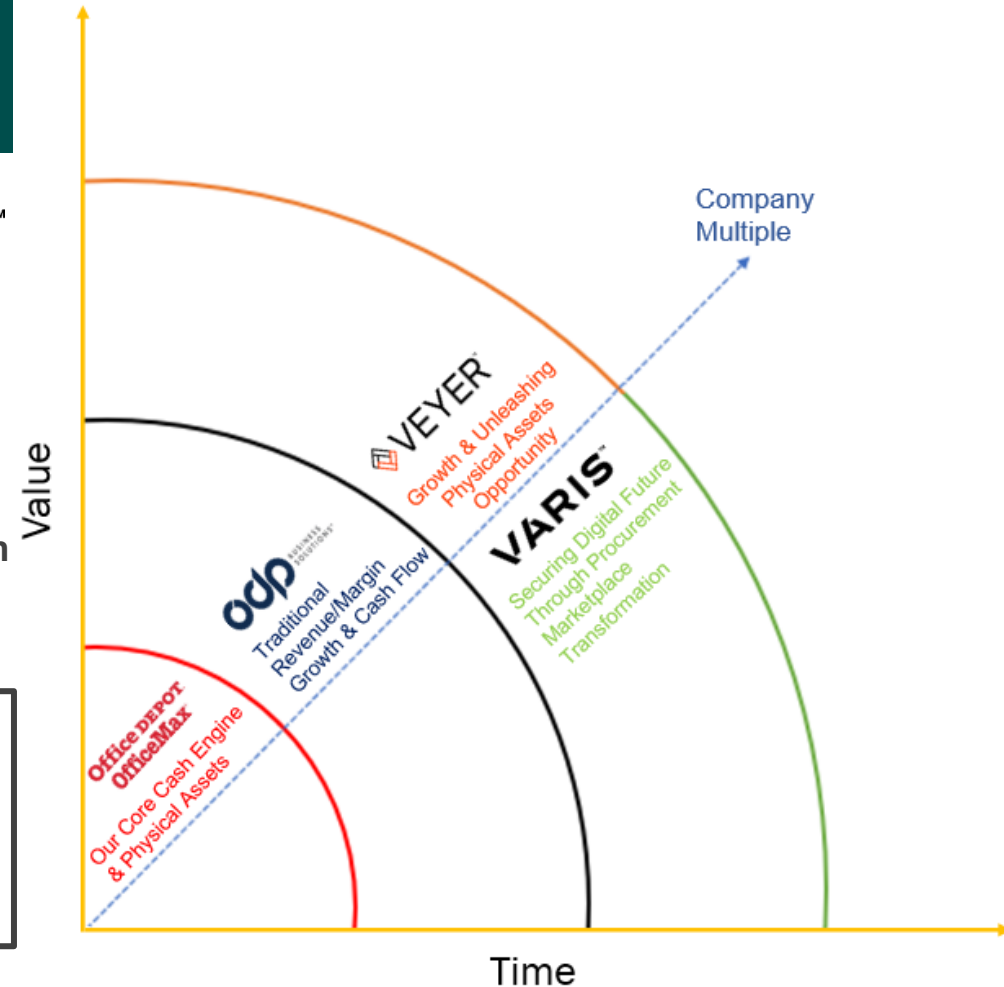
Generate stable cash flow

Expand margins, grow in adjacencies, cash flow

Drive incremental income by leveraging current asset base

Expand client base and accelerate growth

- ◆ Low-Cost Model Focus
- ◆ Diligently Manage Balance Sheet
- ◆ Disciplined Capital Allocation
- ◆ Operational Excellence
- ◆ EPS and EBITDA Growth
- ◆ Live Our 5C Culture



2022 Key Accomplishments

- 1 Announced a **\$1 billion share repurchase program**; Repurchased \$266 million shares
- 2 Demonstrated **operational excellence** and delivered solid operating performance consistent with our guidance
- 3 Stood-up **Veyer**: supply chain/logistics; Launched **Varis**: B2B digital platform business
- 4 Launched our **realigned four-business unit model** unlocking shareholder value

Driving operational excellence and remaining shareholder focused

A faint, light gray target icon with a central bullseye and a leaf-like shape extending from the top right, positioned behind the text.

**Enhancing
Long-term
Shareholder
Value**

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

- **~\$266M total share repurchases in 2022**
- **~\$197M in 4Q22**

Operational Excellence & Low-Cost Model Drive Delivered Results

Delivered solid performance despite a challenging industry backdrop

- Operational excellence and supply chain flexibility positioned ODP to deliver solid performance
- Consolidated revenue results up including positive impact of 53rd week
- Doubled operating income at ODP Business Solutions through disciplined execution and stronger back-to-office trends; Offset by lower consumer activity
- Office Depot Division continued to deliver solid operating results; Strong NPS
- Private fleet, distribution assets, and flexible pricing strategies helped mitigate some of the supply chain and inflationary cost pressures
- Operational excellence and low-cost model helped drive \$296 million in adjusted operating income*

**\$296
Million***

Adjusted Operating Income

*Non-GAAP financial measure. A reconciliation of GAAP to non-GAAP financial measures can be found at investor.theodpcorp.com.



Valuable Partner for the Evolving Needs of Business

Continued improvement in back-to-office trends

- Enterprise sector continuing to recover helping increase demand

Drove stronger sales across nearly all categories; adjacency sales remained at ~44% of Division revenue

- Increase in core supplies, copy & print, and cleaning & breakroom categories; Lower technology sales
- Adjacencies ~44% of total ODP Business Solutions revenue

Strong renewal win rate & net customer wins

Operating income doubled versus last year!

- Operational excellence
- Account-by-account review helping to drive margin improvements
- Flexible sourcing & supply network; pricing flexibility
- Private fleet; 3PL relationships helping to offset supply chain challenges





Office DEPOT[®] OfficeMax[®]

Strong Value Proposition to Education, Home Office & Small Business Customers

- Strong support for Education, Home Office/Hybrid customers; Home office supply headquarters source for small businesses
- Planned store reductions, lower store & eCommerce traffic post pandemic resulted in lower sales YOY
- Strong sales-per-shopper and omni-channel sales supported by our 20-minute pick-up guarantee
- Industry leading Net Promoter Scores – ~70%+
- Increase in demand for copy and print services; Offset by lower sales of supplies, cleaning and PPE; Technology and PC products post-COVID
- Continued strong operating results and cash flow generation



Launched Veyer Supply Chain & Logistics

World-class supply chain services and sourcing

- Core competencies in distribution, fulfillment, transportation, global sourcing and purchasing
- Global sourcing operations in Asia

Delivering best in class service

- Servicing ODP's internal customers at a low cost
- Leveraging its existing capacity to provide services to third party customers

Building the pipeline for future business

- On track to reach at least \$30 million in EBITDA from external sources by 2025
- EBITDA from 3rd party sources continuing to grow





VARIS

Innovative Digitally Native B2B Platform

Innovative digital procurement ecosystem for buying organizations and the supplier who serve them

Solid progress throughout 2022; Launched platform in 4Q22

Attracting new customers & suppliers; GTV focused

- Adding new customers, partners and suppliers
- Customers driving increased platform usage
- Continuing to receive positive customer feedback; continuing development of the technology and capabilities

Peak year of investment in prior year (2022)

Continuing to evaluate alternative sources of investment in order to accelerate plan and scale

2023 Priorities – Operational Excellence & Drive Shareholder Returns

- **Remain focused on enhancing shareholder value and continue to execute upon share repurchase plan**
- **Well positioned to navigate the continued challenging macro-economic environment**
 - Operational excellence; Low-cost business model mindset; Strong balance sheet; Flexible routes to market
- **Continued relentless focus on our low-cost model & operational excellence**
 - Focus on cash generation
- **Execute our three horizons strategy and drive value through our 4-business unit model**
 - Unleash power of ODP's assets; drive long-term multiple expansion!
- **Live our 5C Culture**
- **Drive shareholder value: Remain on path to hit investor day and long-range commitments**

2022 Financial Overview

Anthony Scaglione, EVP & Chief Financial Officer



Fourth Quarter 2022 Summary

Fourth Quarter		
(\$ in millions, except per share amounts) ⁽¹⁾	2022	2021
Sales	\$2,106	\$2,042
Operating Income	\$55	\$31
Adjusted Operating Income ⁽¹⁾	\$58	\$47
Net Income From Continuing Operations	\$36	\$32
Diluted Earnings Per Share From Continuing Operations	\$0.76	\$0.61
Adjusted Net Income From Continuing Operations ⁽¹⁾	\$40	\$37
Adjusted Earnings Per Share From Continuing Operations (Most Dilutive) ⁽¹⁾	\$0.85	\$0.71
Adjusted EBITDA ⁽¹⁾	\$89	\$87
Operating Cash Flow From Continuing Operations	\$158	\$88
Free Cash Flow ⁽²⁾	\$127	\$62
Adjusted Free Cash Flow ⁽³⁾	\$147	\$80

- **Inflation and global supply chain dynamics continued 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; Results include positive impact of 53rd week**
- **Improving back-to-office trends helped drive ODP Business Solutions performance**
- **Low-cost model, flexible supply chain and pricing strategies helped drive operating income**
 - Adjusted operating income ⁽¹⁾ of \$58 million
 - Adjusted EBITDA ⁽¹⁾ of \$89 million
- **Strong adjusted free cash flow; Prudent inventory management**

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Full Year 2022 Summary

Full Year		
(\$ in millions, except per share amounts) ⁽¹⁾	2022	2021
Sales	\$8,491	\$8,465
Operating Income	\$243	\$234
Adjusted Operating Income ⁽¹⁾	\$296	\$305
Net Income From Continuing Operations	\$178	\$187
Diluted Earnings Per Share From Continuing Operations	\$3.61	\$3.42
Adjusted Net Income From Continuing Operations ⁽¹⁾	\$216	\$234
Adjusted Earnings Per Share From Continuing Operations (Most Dilutive) ⁽¹⁾	\$4.40	\$4.28
Adjusted EBITDA ⁽¹⁾	\$437	\$465
Operating Cash Flow From Continuing Operations	\$237	\$344
Free Cash Flow ⁽²⁾	\$138	\$271
Adjusted Free Cash Flow ⁽³⁾	\$201	\$328

- Includes favorable impact related to the 53rd week
- 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 helped to drive ODP Business Solutions performance
- Low-cost model & operational excellence helped drive operating income
 - Adjusted operating income ⁽¹⁾ of \$296 million
 - Adjusted EBITDA ⁽¹⁾ of \$437 million
- Strong adjusted free cash flow performance in the second half of 2022; Impressive inventory management

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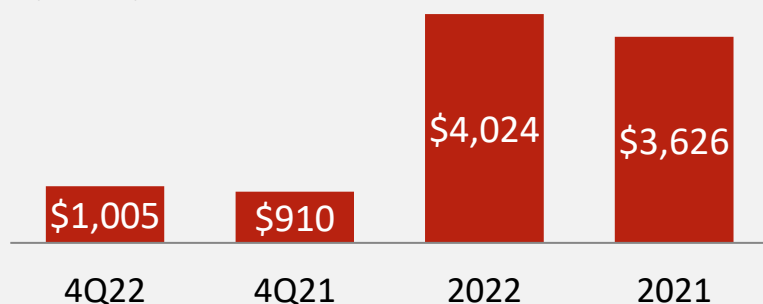
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ODP Business Solutions Division

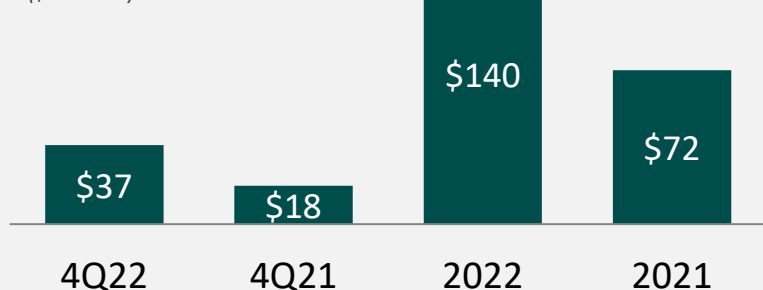
Sales

(\$ millions)



Operating Income

(\$ millions)



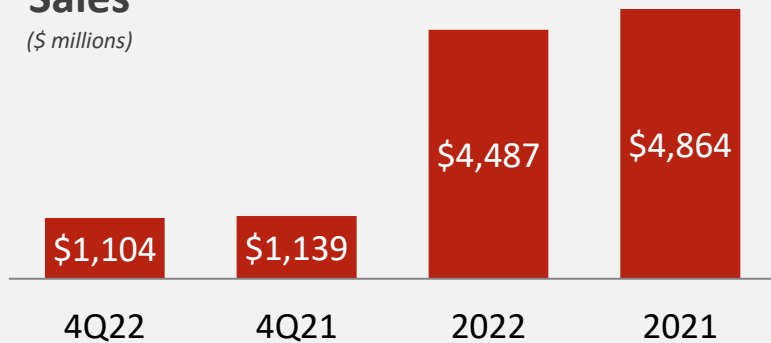
- **4Q22 Sales increased 10% versus 4Q21⁽¹⁾**
 - Improved back-to-office trends driving stronger traction
 - Leveraging supply chain capabilities and pricing flexibility
 - Favorable 53rd week impact to sales of \$58 million
- **Increased demand for core supplies and adjacency categories**
 - Core supplies, cleaning and breakroom, furniture and copy and print categories increased as businesses continued to return to the office
 - Adjacency categories remained at ~ 44% of total ODP Business Solutions revenue
- **4Q22 operating income was \$37 million⁽¹⁾ versus \$18 million in 4Q21**
 - Sales mix and cost efficiencies helped offset higher costs; Favorable 53rd week impact to operating income of \$5 million
- **Growing pipeline of new business; net new wins; high retention**

(1) Included favorable impacts related to the 53rd week in 2022

Office Depot Division

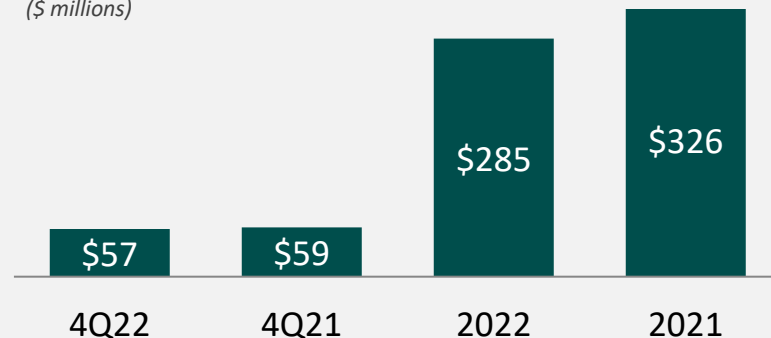
Sales

(\$ millions)



Operating Income

(\$ millions)



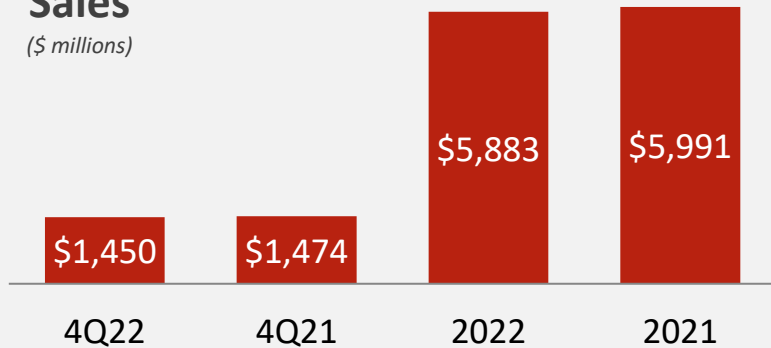
- **Sales decreased 3% versus 4Q21⁽¹⁾**
 - Primarily driven by 58 fewer stores in service YOY, including 29 stores during the quarter, and lower overall traffic
 - Stronger YOY demand for copy and print services, offset by lower sales for categories in stronger demand during pandemic
 - Favorable 53rd week impact to sales of \$70 million
- **Lower traffic trends partially offset by stronger sales-per-shopper and strong BOPIS sales on same store basis**
- **4Q22 operating income of \$57 million⁽¹⁾ versus \$59 million in 4Q21**
 - Lower sales and higher supply chain costs and impacts related to inflation
 - Favorable 53rd week impact to operating income of \$15 million

(1) Included favorable impacts related to the 53rd week in 2022

Veyer Division

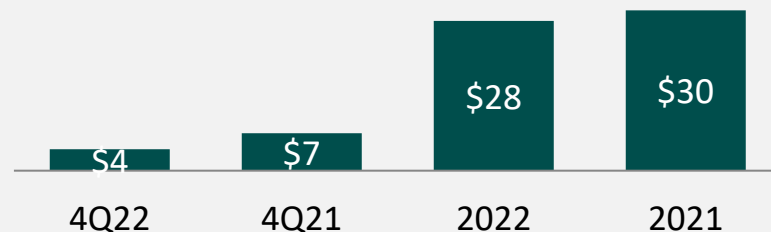
Sales

(\$ millions)



Operating Income

(\$ millions)

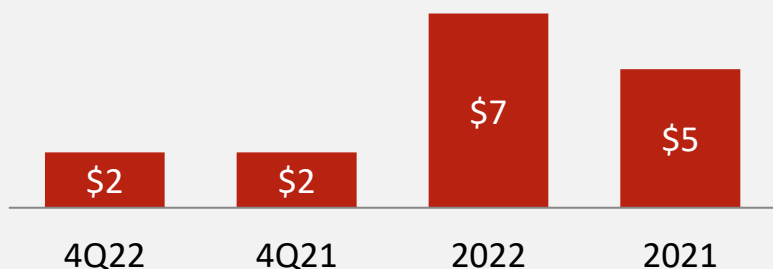


- **Sales of \$1.4 billion in 4Q22**
 - Drove strong support for its internal customers, ODP Business Solutions and Office Depot, as well as provided services for third-party customers
- **Provides services for internal customers ODP Business Solutions and Office Depot**
 - Product sourcing and supply chain services
 - 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
 - Supply chain services; Freight collection; LTL services
- **Operating results from 3rd Party customers expected to more than double in 2023**

Varis Division

Sales

(\$ millions)



Operating Income

(\$ millions)



- **Sales of \$2 million in 4Q22**
 - Mostly from existing BuyerQuest customers from prior acquisition on SaaS model
- **Recently launched platform in 4Q22**
 - Working to grow customers, gross transaction volume (GVT) and revenue
- **Peak year of investment impact**
 - Scale network and drive revenue growth
- **Continuing to add new capabilities, customers, suppliers, and build new relationships**
- **4Q22 operating loss of \$18 million versus a loss of \$13 million in 4Q21**
 - Incurred costs related to platform launch

Balance Sheet / Cash Flow Highlights

Strong Available Liquidity

Total available liquidity of approximately \$1.3 billion at end of 4Q22

- \$403 million in cash and cash equivalents
- \$856 million available credit under the Third Amended Credit Agreement
- \$188 million in total debt

Operating Cash Flow

Operating cash flow of \$158 million in 4Q22

- Included \$20 million of restructuring and other costs
- Timing of working capital items including prudent inventory management

Capital Expenditures & Other

Capital expenditures of \$31 million in 4Q22

Continued investments in the Company's digital transformation, distribution network, and eCommerce capabilities; Lower investment requirements for retail operations

Cash restructuring and separation charges of \$20 million

Adjusted Free Cash Flow*

Adjusted Free Cash Flow of \$147 million in 4Q22

Share Repurchase

Repurchased 6.4 million shares for \$266 million in 2022 which included 4.5 million shares for ~\$197 million in 4Q22

\$1 billion share repurchase authorization available through year end 2025

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Full Year 2023 Guidance

Sales	\$8.0 - \$8.4 billion
Adjusted EBITDA ⁽¹⁾	\$400 - \$430 million
Adjusted Operating Income ⁽¹⁾	\$270 - \$300 million
Adjusted Earnings per Share ^{(*) (1)}	\$4.50 - \$5.10
Adjusted Free Cash Flow ⁽²⁾	\$200 - \$230 million
Capital Expenditures	\$100 - \$120 million

*Adjusted Earnings per Share (EPS) guidance for 2023 excludes potential discrete (tax) items that may affect quarter to quarter fluctuations.

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Q&A