



Fourth Quarter & Full Year 2024 Financial Results

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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.

Gerry Smith

Chief Executive Officer



The ODP Corporation - Key Takeaways

Leveraging core assets to expand growth in B2B market segments

1

2024 was a challenging year, however ODP's core strengths in supply chain, distribution, and large B2B customer base provides flexibility and helps maintain strong competitive position; Winning substantial new B2B business

2

Leveraging core assets and capabilities to expand into new industry segments beyond office supplies; Entering the \$16 billion Hospitality industry segment

3

Launching "Optimize for Growth" restructuring plan to further accelerate B2B opportunities and reduce reliance on retail

Positioning ODP for sustainable long-term growth

Core Strengths Provide Flexible Foundation to Drive Future Growth



- Challenging market environment in 2024
- Core competencies in Supply Chain, Procurement, and Distribution, combined with large B2B customer base, are key differentiators
- Competitive foundation provides opportunities to drive sustainable profitable growth
- Winning substantial new business in 2024
 - Largest B2B enterprise customer win in Company history
 - Launched strategic warehousing and fulfillment services supporting one of the world's largest social media-driven e-commerce platforms
- Entry into new industry segments -- Hospitality

Leveraging core assets to expand growth in B2B market segments

Expanding Into New Industry Segments Beyond Office Supplies

Expanding into higher growth, large industry segments beyond office supplies ... true inflection point for ODP

Signed monumental agreement with leading hotel management company

Large and growing market segment - \$16B and growing

Preferred supplier/distributor

Positions ODP to capture growth in large and expanding addressable market

**\$16B
Hospitality
Addressable
Market**

Launching “Optimize for Growth” Plan

Accelerating Growth in B2B

- **Launching: “Optimize for Growth” restructuring plan**
- **Leverages core strengths and accelerates speed to capture growth in B2B; reduces reliance on retail business; Reduces fixed costs**
- **Prioritizes investments and assets to drive B2B growth and expand into new industry segments**
- **Suspends growth investments in retail while continuing to optimize our retail store footprint**



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4Q24 & Full Year Financial Overview

Max Hood, SVP, Co-Chief Financial Officer



Fourth Quarter 2024 Summary

Fourth Quarter		
(\$ in millions, except per share amounts)	2024	2023
Sales	\$1,624	\$1,803
Operating Income	\$20	\$52
Adjusted Operating Income ⁽¹⁾	\$32	\$57
Net Income From Continuing Operations	\$11	\$39
Diluted Earnings Per Share From Continuing Operations	\$0.36	\$1.02
Adjusted Net Income From Continuing Operations ⁽¹⁾	\$20	\$43
Adjusted Earnings Per Share From Continuing Operations (Fully Diluted) ⁽¹⁾	\$0.66	\$1.13
Adjusted EBITDA ⁽¹⁾	\$58	\$83
Operating Cash Flow From Continuing Operations	\$34	\$71
Free Cash Flow ⁽²⁾	\$9	\$46
Adjusted Free Cash Flow ⁽³⁾	\$(57)	\$48

Continued challenging macroeconomic and business conditions

Revenue results primarily driven by lower sales in Office Depot, partially related to 47 fewer stores in service YOY and reduced transactions; lower sales at ODP Business Solutions

- Adjusted operating income ⁽¹⁾ of \$32 million
- Adjusted EBITDA ⁽¹⁾ of \$58 million
- Adjusted EPS from continuing operations ⁽¹⁾ of \$0.66 per share (fully diluted)

Free cash flow⁽²⁾ results include investments in working capital related to new business contracts including investments in new inventory.

(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, asset impairments, and \$70 million in operating income related to legal matter monetization where the Company is engaged in legal proceedings as a plaintiff. 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 presentation, 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 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 restructuring programs, and related expenses, as well as \$70 million in legal matter monetization. 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.

Full Year 2024 Summary

Full Year		
(\$ in millions, except per share amounts)	2024	2023
Sales	\$6,990	\$7,823
Operating Income	\$163	\$330
Adjusted Operating Income ⁽¹⁾	\$173	\$351
Net Income From Continuing Operations	\$106	\$247
Diluted Earnings Per Share From Continuing Operations	\$3.08	\$6.22
Adjusted Net Income From Continuing Operations ⁽¹⁾	\$114	\$263
Adjusted Earnings Per Share From Continuing Operations (Fully Diluted) ⁽¹⁾	\$3.30	\$6.61
Adjusted EBITDA ⁽¹⁾	\$268	\$459
Operating Cash Flow From Continuing Operations	\$159	\$360
Free Cash Flow ⁽²⁾	\$60	\$277
Adjusted Free Cash Flow ⁽³⁾	\$33	\$288

Continued challenging macroeconomic and business conditions

Revenue results primarily driven by lower sales in Office Depot, partially related to 47 fewer stores in service YOY and reduced transactions; lower sales at ODP Business Solutions

Adjusted operating results exclude \$70 million of income related to legal matter monetization where the Company is engaged in legal proceedings as a plaintiff

- Adjusted operating income ⁽¹⁾ of \$173 million
- Adjusted EBITDA ⁽¹⁾ of \$268 million
- Adjusted EPS from continuing operations ⁽¹⁾ of \$3.30 per share (fully diluted)
- Adjusted free cash flow ⁽³⁾ of \$33 million

Executing on initiatives to drive future revenue traction

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Valuable Partner for the Evolving Needs of Business

B2B distribution business serving large enterprises, medium and small businesses

Challenging macroeconomic and business environment

- Macroeconomic factors causing enterprise spending constraints during highly competitive period
- Lower sales of larger ticket items
- Implementing initiatives to drive top-line traction

Adjacency categories 44% of total division revenue

Operating income was \$25 million in 4Q24 versus \$34 million in prior year period

Executing several initiatives to improve performance

Progress on initiating service to largest B2B enterprise contract in Company history, worth up to \$1.5B in revenue over 10-year period

Signed milestone agreement with leading hospitality management company, positioning ODP in a new, higher growth, industry segment



Office DEPOT OfficeMax[®]

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

Industry leading net promotor score (NPS)

Sales challenged by weaker macroeconomic conditions,
fewer transactions, and fewer stores in service YOY

- More cautious consumer spending & 47 fewer stores in service YOY; closed 16 stores in quarter
- Highly competitive back-to-school season
- Lower demand in supply and adjacency categories
- Comparable store sales down 8%

Operating income of \$30 million in 4Q24 versus \$43 million in prior year period; Sequential improvement

Executing initiatives to improve traction

- Expanding value proposition
- Expanding TSA Precheck services
- Celebrations categories and greeting cards
- Targeted promotions, new marketing efforts, partnerships

Sales (\$ millions)



Operating Income (\$ millions)





Veyer Supply Chain & Logistics

Nationwide supply chain services and global sourcing

- Core competencies in distribution, fulfillment, transportation, global sourcing and purchasing; global sourcing presence in Asia

Delivering best-in-class service

- Next business day delivery capability to ~98.5% of the US population
- Servicing ODP Business Solutions and Office Depot at a low cost
- Providing supply chain services for 3rd party customers

Gaining traction with 3rd party customers

- Adding new nationally-branded customers
- Launched service for one of world's largest social media-focused eCommerce platforms
- Revenue generated from 3rd party customers was \$20 million 4Q24, up 150% versus prior year
- EBITDA from 3rd party customers \$1 million in 4Q24, as Company invested in resources to on-board slate of new customers

Making progress with tech stack modernization

- Improving capabilities for the future
- Deploying Gartner Magic Quadrant-level tech stack
- Veyer network visibility
- Deploying new warehouse management systems



4Q24 & Full Year Financial Overview

Adam Haggard, SVP, Co-Chief Financial Officer



Balance Sheet / Cash Flow Highlights

Strong Available Liquidity	<p>Total available liquidity of approximately \$644 million at end of 4Q24</p> <ul style="list-style-type: none">• \$166 million in cash and cash equivalents• \$478 million available credit under the Fourth Amended Credit Agreement• \$279 million in total debt
Operating Cash Flow	<p>Operating cash flow from continuing operations of \$34 million in 4Q24</p> <ul style="list-style-type: none">• Included \$4 million of restructuring spend• Prudent inventory and working capital management
Capital Expenditures & Other	<p>Capital expenditures of \$25 million in 4Q24</p> <p>Continued investments in the Company's B2B platform</p>
Adjusted Free Cash Flow*	<p>Adjusted Free Cash Flow of \$(57) million in 4Q24</p>
Share Repurchases	<p>Repurchased 1.4 million shares of Company stock for \$43 million in 4Q24</p>

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Executing “Optimize for Growth” Plan

Accelerating Growth in B2B

- Executing: “Optimize for Growth” restructuring plan
- Leverages core strengths and accelerates speed to capture growth in B2B; Expanding into new industry segments
- Suspends growth investments in retail while continuing to optimize retail store footprint
- Reduces reliance on retail; reduces fixed costs associated with retail operations, including store and distribution center leases
- Multi-year plan; expected total costs in range of \$185 - \$230 million
- Expected \$380 million uplift in EBITDA; \$1.3 billion in total value creation over life of plan
 - Cost savings; lease liability reductions; supply chain optimization
 - Does not consider benefit from early capture of B2B revenue



Q&A