

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 of continuing operations 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 the previously planned separation of consumer business and re-alignment.

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

	13 Weeks Ended		39 Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Adjusted EBITDA				
Net Income	\$ 70	\$ 67	\$ 176	\$ 149
Discontinued operations, net of tax	-	-	-	7
Net income from continuing operations	70	67	176	142
Income tax expense	22	22	56	48
Income from continuing operations before income taxes	92	89	232	190
Add (subtract):				
Interest income	(3)	(1)	(7)	(3)
Interest expense	5	1	15	10
Depreciation and amortization	28	32	87	100
Charges and credits, pretax	4	11	15	50
Adjusted EBITDA	<u>\$ 125</u>	<u>\$ 131</u>	<u>\$ 342</u>	<u>\$ 347</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.

**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. Accelerated depreciation charges are restructuring expenses and included in the Charges and credits, pretax line item.

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

	13 Weeks Ended		39 Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Net Income				
Net Income	\$ 70	\$ 67	\$ 176	\$ 149
Discontinued operations, net of tax	-	-	-	7
Net income from continuing operations	<u>70</u>	<u>67</u>	<u>176</u>	<u>142</u>
Add (Less):				
Charges and credits, after tax	3	6	11	35
Adjusted net income from continuing operations	<u>\$ 73</u>	<u>\$ 73</u>	<u>\$ 187</u>	<u>\$ 177</u>
EPS from continuing operations (fully diluted) - GAAP	\$ 1.79	\$ 1.36	\$ 4.38	\$ 2.84
Add (Less):				
Charges and credits, after tax	0.09	0.12	0.28	0.70
Adjusted EPS from continuing operations (fully diluted)	<u>\$ 1.88</u>	<u>\$ 1.48</u>	<u>\$ 4.66</u>	<u>\$ 3.54</u>
Weighted-average shares used:				
Basic	38	48	39	49
Diluted	39	49	40	50
<u>Charges/Credits</u>				
Merger and transaction related expenses, net				
Transaction and integration	\$ -	\$ (7)	\$ -	\$ (7)
Facility closure, contract termination, and other expenses, net	-	-	-	-
Total Merger and transaction related expenses, net	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>(7)</u>
Restructuring expenses				
Severance	-	(1)	-	(2)
Professional fees	-	-	-	-
Facility closure, contract termination, and other expenses, net	1	2	2	4
Total Restructuring expenses, net	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
Other operating expenses				
Professional fees	-	14	-	47
Total Other operating expenses	<u>-</u>	<u>14</u>	<u>-</u>	<u>47</u>
Total Merger, restructuring and other operating expenses, net	<u>1</u>	<u>8</u>	<u>2</u>	<u>42</u>
Asset impairments	3	3	13	8
Other income, net	-	-	-	-
Charges and credits, pretax	4	11	15	50
Income tax effect of charges and credits	1	5	4	15
Charges and credits, after tax	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ 11</u>	<u>\$ 35</u>

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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, and the previously planned separation of consumer business and re-alignment.

	13 Weeks Ended		39 Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cash Flow Summary (As Reported)				
Net cash provided by operating activities of continuing operations	\$ 112	\$ 163	\$ 261	\$ 79
Net cash provided by (used in) investing activities of continuing operations	(19)	(23)	23	(59)
Net cash used in financing activities of continuing operations	(42)	(78)	(306)	(151)
Net cash provided by (used in) operating activities of discontinued operations	-	-	-	-
Net cash provided by investing activities of discontinued operations	-	-	5	74
Net cash provided by (used in) financing activities of discontinued operations	-	-	-	-
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1)	(5)	-	(6)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 50</u>	<u>\$ 57</u>	<u>\$ (17)</u>	<u>\$ (63)</u>
Free Cash Flow				
Net cash provided by operating activities of continuing operations	\$ 112	\$ 163	\$ 261	\$ 79
Less: Capital expenditures	(25)	(25)	(76)	(68)
Less: Change in restricted cash impacting working capital	(1)	-	(2)	-
Free Cash Flow	<u>86</u>	<u>138</u>	<u>183</u>	<u>11</u>
Adjustments for certain cash charges:				
Maximize B2B Restructuring Plan	3	2	7	5
Previously planned separation of consumer business and re-alignment	-	20	2	38
Adjusted Free Cash Flow	<u>\$ 89</u>	<u>\$ 160</u>	<u>\$ 192</u>	<u>\$ 54</u>

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THE ODP CORPORATION
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OPERATING INCOME
(Dollars in millions)*

	13 Weeks Ended		39 Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Operating income				
Operating income	\$ 91	\$ 84	\$ 232	\$ 188
Add:				
Charges and credits, pretax	4	11	15	50
Adjusted operating income	<u>\$ 95</u>	<u>\$ 95</u>	<u>\$ 247</u>	<u>\$ 238</u>
Sales	\$ 2,009	\$ 2,172	\$ 6,025	\$ 6,385
Operating income margin	4.5%	3.9%	3.9%	2.9%
Adjusted operating income margin	4.7%	4.4%	4.1%	3.7%

* 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 2023 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 2023.