



# Third Quarter 2024 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 risk that the Company will not be able to achieve the expected benefits of its strategic plans, including the benefits related to Project Core. 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 on 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 limited to merger integration, restructuring, acquisition costs, and asset impairments.

The Company’s full year guidance in 2024 included in this presentation includes non-GAAP measures, such as adjusted EBITDA, adjusted Operating Income, adjusted Earnings Per Share (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 restructuring charges, capital expenditures, 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



# Third Quarter 2024 Performance

## Challenging performance due to ongoing weak macroeconomic and business conditions

- Sluggish consumer activity; Restrictive spending environment during highly competitive period
- Major hurricanes impacted largest service areas

## Primary impact in Office Depot consumer division

- Back-to-school demand lower industry-wide

## ODP Business Solutions

- Restrictive enterprise spending environment
- Top-line trends appear to be stabilizing
- Strong pipeline; signed one of the largest contracts in company history
- Targeting new, adjacent industry segments

## Veyer

- Continued traction with 3<sup>rd</sup> party customers; ~30% increase in external revenue
- Launched supply chain services for one of the world's largest social media-focused eCommerce platforms

## Streamlined business and completed sale of Varis Division

# Driving Initiatives & B2B Strategy

**A Robust B2B Asset Base Built Over Nearly 40 Years**



1

## Accelerating B2B pivot

- Leveraging core strengths and B2B assets built over nearly 40 years
- Nationwide supply chain & global procurement; Extensive B2B customer base; Compelling value proposition
- Strong balance sheet

2

## Executing initiatives; Large B2B customer wins; Gaining traction

-  Signed key contract worth up to \$1.5B in revenue over 10-years; among the largest in ODP's history
-  Launched supply chain services for one of the largest social media-focused eCommerce platforms in the world

3

## Building presence and targeting new, high-growth, industry verticals

- Leveraging core capabilities beyond office supplies; building distribution and supply relationships
- Hospitality industry; large and growing segment; excellent match to ODP's core strengths
- Spotlights distribution/supply proficiency; beyond office supplies; reliability & service excellence

4

## Accelerating investment in core B2B growth opportunities

- Tremendous opportunity to invest in near and long-term growth
- Capital allocation directed to core B2B growth opportunities

Leveraging nationwide supply chain and procurement expertise, B2B customer base, compelling value proposition & strong balance sheet to drive sustainable future EBITDA and cash flow growth

# 3Q24 Financial Overview

Max Hood, SVP Chief Accounting Officer & Controller



# Third Quarter 2024 Summary

Third Quarter		
(\$ in millions, except per share amounts) <sup>(1)</sup>	2024	2023
Sales	\$1,780	\$2,007
Operating Income	\$102	\$108
Adjusted Operating Income <sup>(1)</sup>	\$41	\$112
Net Income From Continuing Operations	\$68	\$82
Diluted Earnings Per Share From Continuing Operations	\$2.04	\$2.09
Adjusted Net Income From Continuing Operations <sup>(1)</sup>	\$24	\$85
Adjusted Earnings Per Share From Continuing Operations (Fully Diluted) <sup>(1)</sup>	\$0.71	\$2.17
Adjusted EBITDA <sup>(1)</sup>	\$62	\$138
Operating Cash Flow From Continuing Operations	\$81	\$120
Free Cash Flow <sup>(2)</sup>	\$58	\$99
Adjusted Free Cash Flow <sup>(1)(3)</sup>	\$68	\$102

- (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](http://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](http://investor.theodpcorp.com).
- (3) As used in this presentation, Adjusted Free Cash Flow is defined as Free Cash Flow excluding cash charges associated with the Company's Project Core Restructuring, and related expenses. Adjusted Free Cash Flow is a non-GAAP financial measure and reconciliations from GAAP financial measures on the Company's Investor Relations website at [investor.theodpcorp.com](http://investor.theodpcorp.com).

**Continued challenging macroeconomic and business conditions**

**Revenue results primarily driven by lower sales in Office Depot, partially related to 53 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 <sup>(1)</sup> of \$41 million
- Adjusted EBITDA <sup>(1)</sup> of \$62 million
- Adjusted EPS from continuing operations <sup>(1)</sup> of \$0.71 per share (fully diluted)
- Adjusted free cash flow <sup>(1)(3)</sup> of \$68 million

**Executing on initiatives to drive future revenue traction**



## Valuable Partner for the Evolving Needs of Business

**B2B distribution business serving large enterprises, medium and small businesses**

### Challenging macroeconomic and business environment

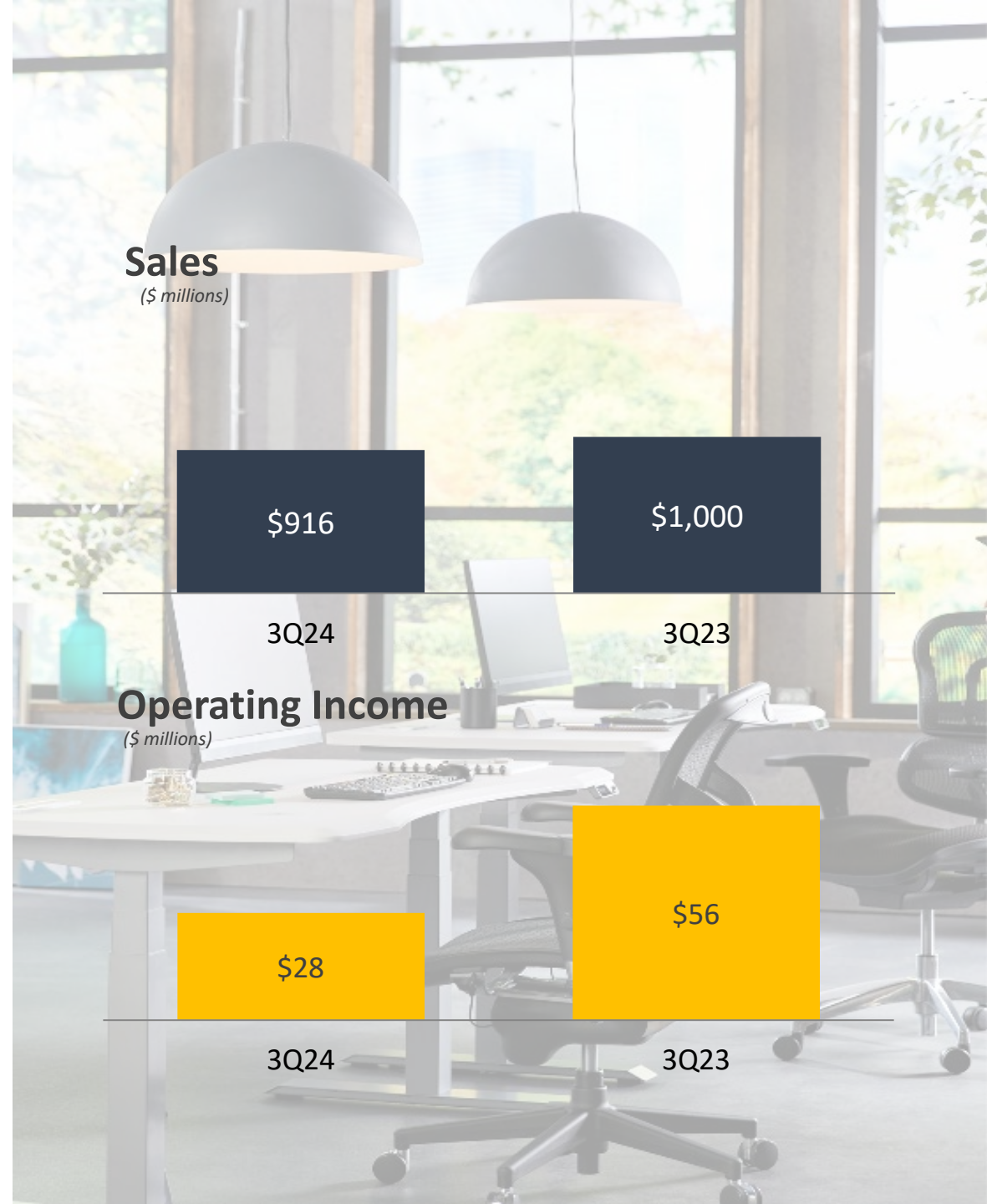
- Macroeconomic factors causing enterprise spending constraints during highly competitive period
- Lower sales of larger ticket items
- Impact from hurricanes
- Sales trends appear to be stabilizing

**Adjacency categories 44% of total division revenue**

**Operating income was \$28 million in 3Q24 versus \$56 million in prior year period**

**Executing several initiatives to improve performance**

**Converting pipeline: Signed large contract worth up to \$1.5B in revenue over 10-year period and positioned to pursue growth in new, adjacent, industry vertical**



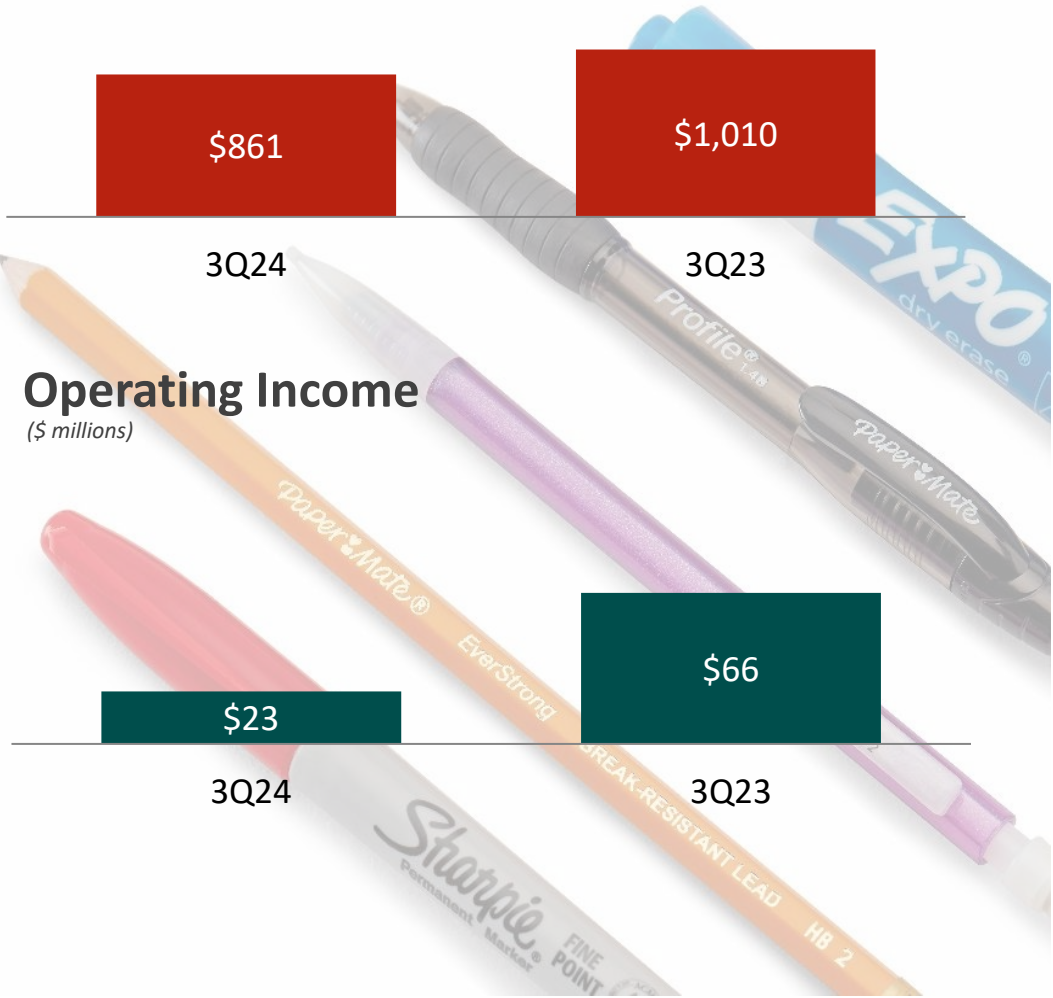


# Office DEPOT OfficeMax<sup>®</sup>

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

## Sales

(\$ millions)



## Operating Income

(\$ millions)

Industry leading net promotor score (NPS)

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

- More cautious consumer spending & 53 fewer stores in service YOY; closed 9 stores in quarter
- Highly competitive back-to-school season
- Lower demand in supply and adjacency categories
- Comparable store sales down 10%

Operating income of \$23 million in 3Q24 versus \$66 million  
in prior year period

Executing initiatives to improve traction

- Expanding value proposition
- Expanding TSA Precheck services & launching passport photos
- Celebrations, greeting cards, and dorm room accessories
- New marketing efforts and partnerships



## 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 to over 98.5% of the US population
- Servicing ODP Business Solutions and Office Depot at a low cost
- Providing supply chain services for 3<sup>rd</sup> party customers

### Gaining traction with 3<sup>rd</sup> party customers

- Adding new nationally-branded customers
- Launched service for one of world's largest social media-focused eCommerce platforms
- Revenue generated from 3<sup>rd</sup> party customers up ~30% YOY
- Evaluating significant new business opportunities

### Making progress with tech stack modernization

- Improving capabilities for the future
- Deploying Gartner Magic Quadrant-level tech stack
- Successfully implemented "Veyer Kinetic"
- Deploying new warehouse management systems



# 3Q24 Financial Overview

Adam Haggard, SVP Planning & Analysis



# Balance Sheet / Cash Flow Highlights

## Strong Available Liquidity

Total available liquidity of approximately \$728 million at end of 3Q24

- \$192 million in cash and cash equivalents, of which \$11 million is presented as current assets held for sale related to the Varis Division
- \$536 million available credit under the Fourth Amended Credit Agreement
- \$246 million in total debt

## Operating Cash Flow

Operating cash flow from continuing operations of \$81 million in 3Q24

- Included \$10 million of restructuring spend
- Prudent inventory and working capital management

## Capital Expenditures & Other

Capital expenditures of \$22 million in 3Q24

Continued investments in the Company's B2B platform

## Adjusted Free Cash Flow\*

Adjusted Free Cash Flow of \$68 million in 3Q24

## Share Repurchase

Repurchased \$295 million of our stock since beginning of year; includes over \$272 million in repurchases since initiation of new authorization

\* 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 Project Core and Maximize B2B restructuring plans and related expenses. Free Cash Flow and Adjusted Free Cash Flow are non-GAAP financial measures and reconciliations from GAAP financial measures can be found at the Company's Investor Relations website at [investor.theodpcorp.com](http://investor.theodpcorp.com).

# Updated Full Year 2024 Guidance

	Updated Full Year 2024
Sales	Approximately \$7 billion
Adjusted EBITDA <sup>(1)</sup>	\$260 million - \$300 million
Adjusted Operating Income <sup>(1)</sup>	\$160 million - \$200 million
Adjusted Earnings per Share (fully diluted) <sup>(*) (1)</sup>	\$3.10 - \$3.80 per share
Adjusted Free Cash Flow <sup>(1) (2)</sup>	Suspends

\*Adjusted Earnings per Share (fully diluted) (EPS) guidance for 2024 excludes potential discrete (tax) items that may affect quarter to quarter fluctuations and includes expected impact from share repurchases.

(1) The Company's guidance for full year 2024 includes adjusted results representing non-GAAP financial measures that exclude charges or credits not indicative of core operations, and the tax effect of these items, which may include but not be limited to restructuring charges, capital expenditures, 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.

(2) As used in this presentation, Adjusted Free Cash Flow is defined as Free Cash Flow excluding cash charges associated with the Company's Project Core Restructuring and related expenses.

# Key Takeaways

- 1. Navigating challenging macroeconomic and business climate**
- 2. Leveraging core B2B strengths and making significant progress on initiatives**
- 3. Gaining traction and building momentum for the future**
  - Large new wins and targeting new industry segments
- 4. Investing to capture near and long-term B2B growth**
  - Enormous opportunity

**Clear & Promising Path Ahead**

Q&A