



Fourth Quarter & Full Year **2021** Financial Results

Safe Harbor Statement

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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 be limited to merger integration, restructuring, acquisition costs, and asset impairments.

David Bleisch

EVP and Chief Legal & Administrative Officer



Gerry Smith

Chief Executive Officer



ODP: Continuing to Rise to the Challenge!

Market Challenges

Macroeconomic backdrop

COVID outbreaks,
slower back to office trends

Inflation, supply chain & sourcing

Work environment/distributed workforces

Evolving customer needs

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

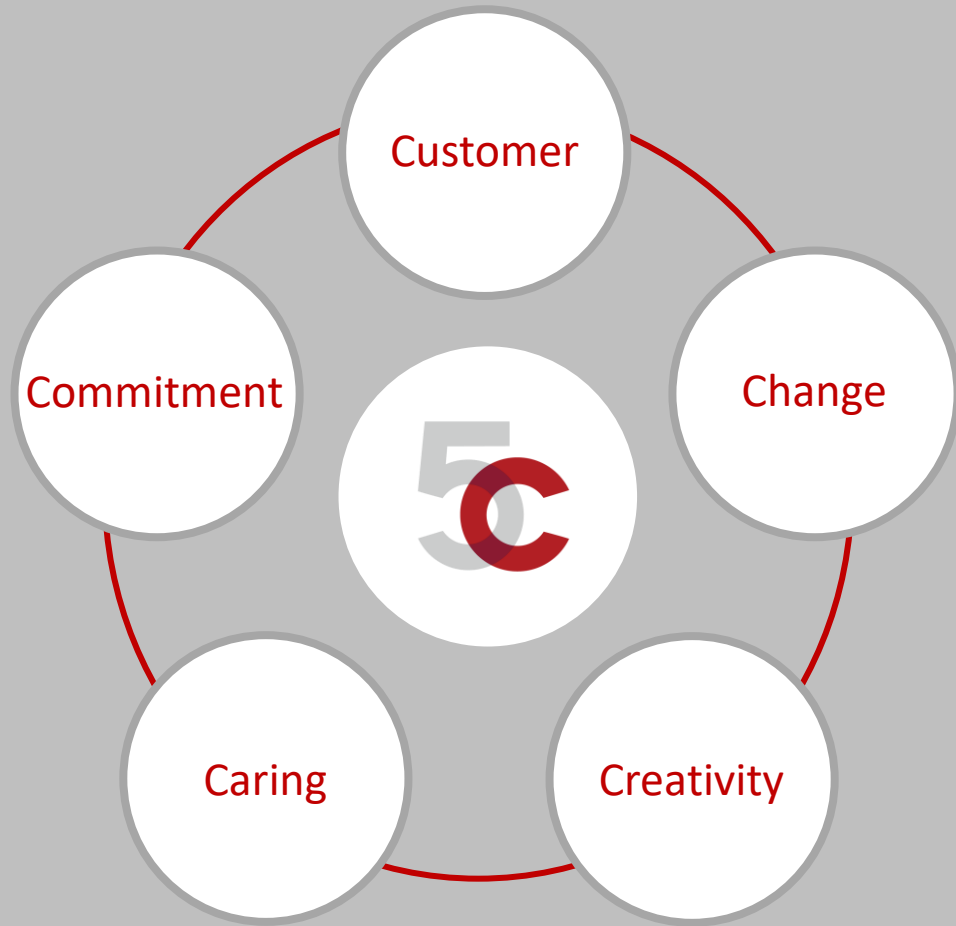
Value Businesses

New growth engines, digital
transformation, leveraging B2B assets

2021 Results

- ✓ Delivered strong operating results
- ✓ Made significant progress on strategic initiatives
- ✓ Continued to advance digital transformation/Varis
- ✓ Progress on unlocking shareholder value

Winning Culture



Strong Support of our Communities



#depot**difference**

ESG Matters

Environmental Reducing GHG emissions

Social Focused on diversity and inclusion

Governance Independent Directors and Pay for Performance

2021 Significant Accomplishments

Safety of associates and customers are priority #1

1

Drove strong operating results

2

Made significant progress on strategic initiatives

3

Advanced digital platform business (Varis)

4

Enhanced returns to shareholders

Building a More Valuable Enterprise

Low-Cost Model & Operational Excellence Drove Strong Operating Results

Delivered solid performance despite industry challenges

- Operational excellence and supply chain flexibility positioned ODP to deliver solid performance
- Back-to-office trends slower due to COVID variants; slightly better traction in enterprise contract channel
- Retail Division outperformed
- Private fleet, distribution assets, diverse third-party relationships, and flexible pricing strategies helped mitigate some of the supply chain cost pressures
- Low-cost model helped drive \$305 million in adjusted operating income

**\$305
Million***

Adjusted Operating Income

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

BSD: Strong Value Proposition

Serving customers “anywhere”; Positioned for “Back-to-Office”

Back-to-office recovering, but at a slow pace

- Slower return-to-office activity due to Covid variants
- Private enterprise & education sector beginning to recover
- Contract channel sales up, offset by lower sales in eCommerce channel
- Sourcing and supply challenges for technology related products

Growth opportunities ahead in return-to-office; adjacency categories remain at ~44% of sales

- Increase in core supply categories; up YOY in Contract channel
- Adjacencies ~44% of total BSD despite lower PPE and furniture sales; Copy & Print services up
- Technology-related product sourcing remains a challenge
- Strong renewal win rate; net customer wins – positioned for future

Prior investments partially mitigating supply chain pressures

- Private fleet; 3PL relationships; contract base carrier agreements
- Flexible sourcing & supply network; pricing flexibility





Retail: Strong Performance in 2021

Strong support for schools, education customers, and small business;
Low-cost operating model driving strong operating results

- Support for schools and hybrid workers; continued home office supply headquarters source for small businesses
- Optimized Retail footprint; expected increase in sales for open stores with stable traffic trends and strong conversion and sales per shopper
- Improved Back-to-School season during year; Back-to-School supplies industry expected to continue to recover in future
- Lower sales of PPE and cleaning SKU's compared to last year's strong demand during pandemic
- Strong operating margins
- Technology product availability continues to be a challenge

ODP: Building a More Valuable Business

2020



Holding Company
Reorganization
.....
Maximize B2B

2022



Aligning Assets to
Support our Business

Varis: Strong Progress in 2021



Leading procure-to-pay (P2P) platform

Attracting new business

Initializing new customers

Advanced our collaboration with Microsoft

Attracting industry leading talent

Continuing to work closely with suppliers

Strong interest from supplier community

Broad capabilities and reach on new digital platform

The VARIS logo, with 'VARIS' in white uppercase letters on a black background. The letter 'V' has a green diagonal bar.

BUYERS

Buyer Focused
Purchasing
with "B2C-Like"
User Experience

SELLERS

Supplier Focused
Go-to-Market
Solution

VARIS

Innovative Platform for Buyers & Suppliers

2021 Financial Overview

Anthony Scaglione, EVP & Chief Financial Officer



Fourth Quarter 2021 Summary

Fourth Quarter		
(\$ in millions, except per share amounts) ⁽¹⁾	2021	2020
Sales	\$2,042	\$2,085
Operating Income	\$31	\$20
Adjusted Operating Income ⁽²⁾	\$47	\$40
Net Income From Continuing Operations	\$32	\$31
Diluted Earnings Per Share From Continuing Operations	\$0.61	\$0.57
Adjusted Net Income From Continuing Operations ⁽²⁾	\$37	\$23
Adjusted Earnings Per Share From Continuing Operations (Most Diluted) ⁽²⁾	\$0.71	\$0.43
Adjusted EBITDA ⁽²⁾	\$87	\$78
Operating Cash Flow From Continuing Operations	\$88	\$15
Free Cash Flow ⁽³⁾	\$62	\$6
Adjusted Free Cash Flow ⁽⁴⁾	\$80	\$20

- **Global supply chain dynamics creating industry challenges and increased costs**
- **Reduced store footprint drove decline in reported revenue**
- **Stronger demand for copy and print, core supplies, workspaces, offset by lower demand for cleaning and PPE categories**
- **Low-cost model, Maximize B2B plan, cost efficiency plans helped drive operating income**
 - GAAP operating income of \$31 million
 - Adjusted operating income ⁽²⁾ of \$47 million
 - Adjusted EBITDA ⁽²⁾ of \$87 million

(1) Reflects reclassification of financial results of the CompuCom Division to Discontinued operations, net of tax in the Consolidated Statements of Operations for all periods presented. The Company also reclassified the related assets and liabilities as assets and liabilities held for sale on the accompanying Consolidated Balance Sheets as of December 25, 2021, and December 26, 2020. Cash flows from the Company's discontinued operations are presented in the Consolidated Statements of Cash Flows for all periods.

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

(3) As used in this presentation, Free Cash Flow is defined as cash flow from operating activities less capital expenditures. Free cash flow is a non-GAAP financial measure. A reconciliation of GAAP to non-GAAP financial measures can be found at investor.theodpcorp.com.

(4) As used in this presentation, Adjusted Free Cash Flow is defined as free cash flow excluding cash charges associated with the Company's Maximize B2B Restructuring Plan, the Business Acceleration Program, and the planned separation of the consumer business. Adjusted Free Cash Flow is a non-GAAP financial measure and reconciliations from GAAP financial measures can be found at the Company's investor relations website at investor.theodpcorp.com.

Full Year 2021 Summary

Full Year		
(\$ in millions, except per share amounts) ⁽¹⁾	2021	2020
Sales	\$8,465	\$8,872
Operating Income	\$234	\$6
Adjusted Operating Income ⁽²⁾	\$305	\$290
Net Income Loss From Continuing Operations	\$187	\$(63)
Diluted Earnings Loss Per Share From Continuing Operations	\$3.42	\$(1.20)
Adjusted Net Income From Continuing Operations ⁽²⁾	\$234	\$184
Adjusted Earnings Per Share From Continuing Operations (Most Diluted) ⁽²⁾	\$4.28	\$3.40
Adjusted EBITDA ⁽²⁾	\$465	\$449
Operating Cash Flow From Continuing Operations	\$344	\$425
Free Cash Flow ⁽³⁾	\$271	\$367
Adjusted Free Cash Flow ⁽⁴⁾	\$328	\$422

- **Planned store closures primarily drove revenue decline**
- **Pricing and strength of the distribution network helped offset supply chain constraints, inflation, and slower pace of back-to-office trends due to the pandemic**
- **Slight improvements in BSD's contract channel offset by expected lower demand in eCommerce channel; Strong performance in Retail channel**
- **Low-cost model, Maximize B2B plan, cost efficiency plans helped drive operating performance**
 - GAAP operating income of \$234 million
 - Adjusted operating income ⁽²⁾ of \$305 million
 - Adjusted EBITDA ⁽²⁾ of \$465 million

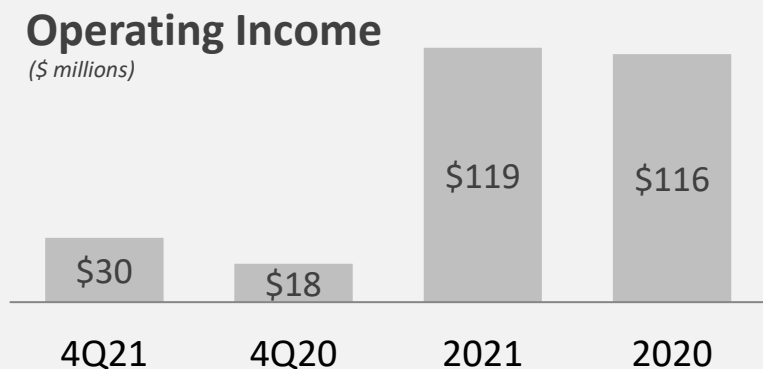
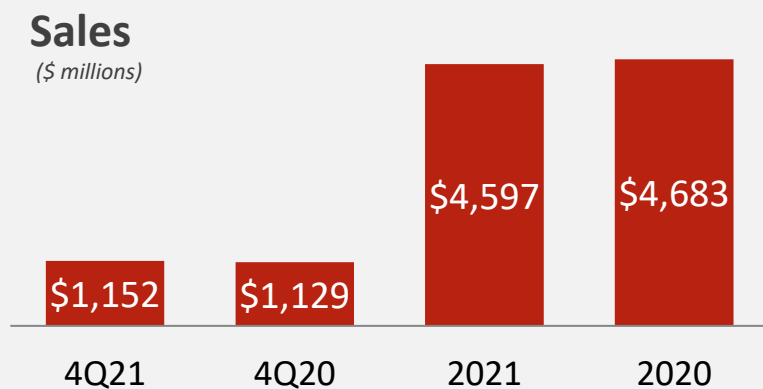
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Business Solutions Division

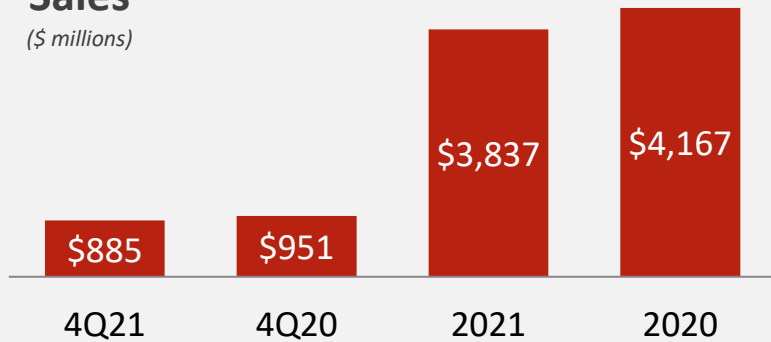


- **4Q21 Sales increased 2% versus 4Q20**
 - Enterprise contract channel sales increased YOY
 - Lower eCommerce channel demand
 - Pace of back-to-office trends slower due to Omicron variant
- **Increased demand for core supplies, furniture, copy and print; offset by lower demand for technology products**
 - Core supply demand improving as businesses slowly return to office
 - Lower demand YOY for PPE, cleaning and technology products
 - Adjacency categories remained essentially flat at 44% of total BSD revenue in the quarter
 - Inventory challenges in technology and ink
- **4Q21 operating income of \$30 million versus \$18 million in 4Q20**
 - Sales mix and cost efficiencies helped offset supply chain cost pressures
- **Growing pipeline of new business; net new wins**

Retail Division

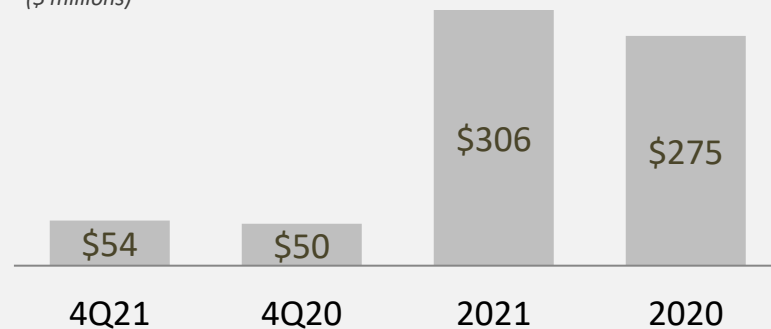
Sales

(\$ millions)



Operating Income

(\$ millions)



- **Sales decreased 7% versus 4Q20**
 - Primarily driven by 116 fewer stores in service YOY, including 46 stores during the quarter
 - Solid demand for core supply categories and Increase in demand for copy and print services; offset by lower sales in PPE, cleaning, furniture and technology
 - Supply chain sourcing challenges in technology and Ink
- **Sales-per-shopper increase offset by lower traffic trends**
- **Strong omni-channel sales supported by our 20-minute pick-up guarantee**
- **4Q21 operating income of \$54 million versus \$50 million in 4Q20**
 - Product mix, low-cost model, Maximize B2B plan drove operating performance offsetting cost pressures
 - 80 bps margin improvement in margin as a percentage of sales

Balance Sheet / Cash Flow Highlights

Strong Available Liquidity

Total available liquidity of approximately \$1.4 billion at end of 4Q21

- \$514 million in cash and cash equivalents
- \$877 million available credit under asset-based lending facility
- \$248 million in total debt

Operating Cash Flow

Operating cash flow of \$88 million in 4Q21

- Included \$7 million of restructuring costs
- Lower working capital usage relative to prior year period

Capital Expenditures & Other

Capital expenditures of \$26 million in 4Q21

Continued investments in B2B platform and digital transformation (Varis); Lower investment requirements for retail operations

Maximize B2B restructuring charges of \$7 million and separation charges of \$11 million

Adjusted Free Cash Flow*

Adjusted Free Cash Flow of \$80 million in 4Q21

Share Repurchase

Transferred ~\$185 million in share repurchase activity and commitments retiring 3.7 million shares in 4Q21

Over \$300 million committed to shareholders in 2021 through stock repurchases

Executing upon ASR

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Q&A