

RRD REPORTS FOURTH QUARTER AND FULL YEAR 2022 RESULTS

FULL YEAR GAAP NET SALES INCREASED 8% OVER PRIOR YEAR; ORGANIC NET SALES UP NEARLY 10%; FOURTH QUARTER REPRESENTED THE SEVENTH CONSECUTIVE QUARTER OF ORGANIC SALES GROWTH

FULL YEAR ADJUSTED EBITDA INCREASED 22% OVER THE PRIOR YEAR PERIOD

Chicago, March 1, 2023 – R.R. Donnelley & Sons Company (“RRD” or the “Company”) today reported financial results for the fourth quarter and full year of 2022.

Full Year Key messages

- GAAP net sales, including the impact of foreign exchange, increased \$403 million or 8.1%; Non-GAAP organic net sales growth, excluding the impact of foreign exchange, was 9.6%
- GAAP net income from continuing operations was up \$153 million versus the prior year period
- Non-GAAP adjusted EBITDA of \$506 million increased 22% compared to 2021; related margin increased 110 bps to 9.4%
- Non-GAAP adjusted net income of \$177 million was up \$76 million versus the prior year period
- Gross leverage ratio of 3.0x and net leverage ratio of 2.4x; both improved 0.5x from December 31, 2021 due to higher adjusted EBITDA compared to the prior year

Financial highlights

The following table provides an overview of RRD’s financial performance:

	4th Quarter Results		
	Q4 2022	Q4 2021	% Change
Net sales	\$1.39 billion	\$1.38 billion	0.6%
Income from operations	\$229.2 million	\$41.0 million	nm
Net income (loss) from continuing operations	\$130.9 million	\$(9.8) million	nm
Adjusted income from operations - non-GAAP ⁽¹⁾	\$99.6 million	\$100.3 million	(0.7%)
Adjusted EBITDA - non-GAAP ⁽¹⁾	\$132.9 million	\$137.1 million	(3.1%)
Adjusted net income - non-GAAP ⁽¹⁾	\$32.2 million	\$46.5 million	(30.8%)
	Full Year Results		
	FY 2022	FY 2021	% Change
Net sales	\$5.37 billion	\$4.96 billion	8.1%
Income from operations	\$369.8 million	\$169.9 million	nm
Net income from continuing operations	\$161.4 million	\$8.6 million	nm
Adjusted income from operations - non-GAAP ⁽¹⁾	\$368.1 million	\$262.7 million	40.1%
Adjusted EBITDA - non-GAAP ⁽¹⁾	\$505.9 million	\$413.6 million	22.3%
Adjusted net income - non-GAAP ⁽¹⁾	\$176.8 million	\$101.3 million	74.5%

(1) Refer to "Use of Non-GAAP Information" for additional information on the usage and presentation of non-GAAP financial measures, and refer to the schedules for reconciliations to the most directly comparable GAAP financial measures.

During the fourth quarter of 2022, the Company realigned its reportable segments to reflect changes in the manner in which the chief operating decision maker assesses information for decision-making purposes. All prior amounts have been reclassified to conform to the current reporting structure.

Net sales in the fourth quarter were \$1.39 billion, up \$8.0 million or 0.6% from the fourth quarter of 2021. The majority of the increase relates to higher client demand for many of the Company's products and services, and price increases to offset inflationary cost increases. In particular, the Company experienced strong growth in Labels products. Organic net sales increased 2.8%, excluding a negative impact of \$30.0 million due to changes in foreign exchange rates.

Income from operations was \$229.2 million in the fourth quarter of 2022 compared to \$41.0 million in the fourth quarter of 2021. During the fourth quarter of 2022, other operating income was \$130.6 million compared to expense of \$27.6 million in the prior year. Other operating income recorded in the fourth quarter of 2022 included a \$134.2 million gain recognized on the completion of the sale of a printing facility in Shenzhen, China and transfer of the related land use rights.

Net income from continuing operations was \$130.9 million in the fourth quarter of 2022 compared to a net loss from continuing operations of \$9.8 million reported in the fourth quarter of 2021. The 2022 effective tax rate of 34.0% decreased from 162.4% in the prior year period primarily due to higher earnings relative to the non-deductible tax adjustments.

Non-GAAP adjusted EBITDA of \$132.9 million decreased \$4.2 million from the prior year period. The decrease was primarily due to the impact of lower volume in Asia driven by unusually high demand for export books in the fourth quarter of 2021 and in Supply Chain Solutions, driven by strong demand for COVID test kits in the fourth quarter of 2021. These impacts were partially offset by ongoing cost control initiatives and favorable foreign exchange.

Non-GAAP adjusted net income from continuing operations of \$32.2 million in the fourth quarter of 2022 decreased from \$46.5 million in the fourth quarter of 2021 primarily due to higher income taxes, higher interest expense and lower adjusted income from operations.

Other highlights and information

Cash used in operating activities during the twelve months ended December 31, 2022 was \$16.9 million compared to cash provided by operating activities of \$92.1 million in the prior year. The increase in cash used is primarily driven by working capital investments due to increased volume, including initiatives to accumulate inventory to better ensure availability for clients, inflation and higher merger related payments.

Capital expenditures during the twelve months ended December 31, 2022 were \$74.7 million versus \$73.3 million in the prior year.

As of December 31, 2022, cash on hand was \$299.9 million, up \$19.7 million from December 31, 2021. Total debt outstanding at the end of the quarter was \$1.52 billion, up \$56.5 million from the prior year end. Availability under the credit facility was \$257.6 million at December 31, 2022. Total liquidity, including cash on hand, was \$557.5 million.

At December 31, 2022, the Company's pension and OPEB plans were overfunded by \$22.0 million which was below the \$42.1 million overfunded amount at December 31, 2021.

During the fourth quarter of 2022, the Company completed the sale of its printing facility in Shenzhen, China and recorded a gain of \$134.2 million. The Company expects to repatriate the cash from this sale to the US in 2023 and intends to use the proceeds to reduce debt.

During the third quarter of 2022, the Company elected to change its inventory valuation method for inventories previously accounted for using the last-in, first-out method to the first-in, first-out method. The change in inventory valuation method has been retrospectively applied to all periods presented herein. The cumulative effect of this change in accounting principle on periods prior to those presented is reflected as an adjustment to the opening balance of retained earnings as of January 1, 2020.

Distribution of future earnings releases

As part of its transition to a privately owned company, the Company has publicly issued a press release related to its quarterly earnings and posted the release to its website for each of the quarters in 2022. Beginning with the Company's results for the first quarter of 2023, the Company expects to no longer issue its results publicly. Instead creditors, investors, clients, suppliers and other parties may submit a request to the Company for access to financial information on the investor relations page on the Company's website, which may be granted in the Company's discretion (subject to the requirements of the Company's contractual commitments and applicable law).

About RRD

RRD is a leading global provider of marketing, packaging, print, and supply chain solutions that elevate engagement across the complete customer journey. The Company offers the industry's most trusted portfolio of creative execution and world-wide business process consulting, with services designed to lower environmental impact. With 22,000 clients, including 93% of the Fortune 100, and 32,000 employees across 28 countries, RRD brings the expertise, execution, and scale designed to transform customer touchpoints into meaningful moments of impact.

For more information, visit the Company's web site at www.rrd.com.

Use of non-GAAP information

This news release contains non-GAAP financial measures, including non-GAAP SG&A, non-GAAP income from operations, non-GAAP Adjusted EBITDA, non-GAAP effective tax rate, non-GAAP adjusted net income, non-GAAP organic net sales and gross and net leverage ratios. The Company believes that these non-GAAP measures, when presented in conjunction with comparable GAAP measures, provide useful information about its operating results and enhance the overall ability to assess the Company's financial performance. These measures should be considered in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. RRD uses these non-GAAP measures, together with other measures of performance under GAAP, to compare the relative performance of operations in planning, budgeting and reviewing the performance of its business. Additional information relating to the adjustments for the non-GAAP SG&A, non-GAAP income from operations, non-GAAP Adjusted EBITDA, non-GAAP effective tax rate, non-GAAP adjusted net income, non-GAAP organic net sales and gross and net leverage ratios for RRD is set forth in the attached schedules.

Use of forward-looking statements

This news release includes certain “forward-looking statements” within the meaning of the federal securities laws, with respect to the business, strategy and plans of the Company and its expectations relating to future financial condition and performance. Statements that are not historical facts, including statements about RRD’s management’s beliefs and expectations, are forward-looking statements. Words such as “believes,” “anticipates,” “estimates,” “expects,” “intends,” “aims,” “potential,” “will,” “would,” “could,” “considered,” “likely,” “estimate” and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. While RRD believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond RRD’s control. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur. Actual results may differ materially from those in the forward-looking statements and may vary from RRD’s current expectations depending upon a number of factors affecting the business and risks associated with the performance of the business. These factors include such risks and uncertainties detailed in RRD’s periodic reports to investors and in other investor communications of RRD from time to time. RRD does not undertake to and specifically disclaims any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect future events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.

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Source: RRD

R. R. Donnelley & Sons Company
Condensed Consolidated Statements of Operations
For the Three and Twelve Months Ended December 31, 2022 and 2021
(UNAUDITED)
(in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
Net sales	\$ 1,385.2	\$ 1,377.2	\$ 5,366.7	\$ 4,963.7
Cost of sales ⁽¹⁾	1,097.7	1,101.0	4,273.1	3,988.5
Gross profit ⁽¹⁾	287.5	276.2	1,093.6	975.2
Selling, general and administrative expenses (SG&A) ^{(1) (2)}	162.0	162.3	653.4	600.6
Restructuring, impairment and other (income) charges-net	(1.9)	13.8	41.5	33.3
Depreciation and amortization	28.8	31.5	119.7	130.5
Other operating (income) expense ⁽³⁾	(130.6)	27.6	(90.8)	40.9
Income from operations	229.2	41.0	369.8	169.9
Interest expense-net	35.3	29.2	112.8	127.6
Investment and other income-net	(4.1)	(4.8)	(18.1)	(19.9)
Loss on debt extinguishment	(0.3)	0.9	2.0	7.1
Income from continuing operations before income taxes	198.3	15.7	273.1	55.1
Income tax expense	67.4	25.5	111.7	46.5
Net income (loss) from continuing operations	130.9	(9.8)	161.4	8.6
Gain on sale of discontinued operations, net of tax	—	—	—	0.6
Net income (loss)	130.9	(9.8)	161.4	9.2
Less: income attributable to noncontrolling interests	5.1	0.5	5.7	0.7
Net income (loss) attributable to RRD common stockholders	\$ 125.8	\$ (10.3)	\$ 155.7	\$ 8.5

Additional information:

Gross margin ⁽¹⁾	20.8%	20.1%	20.4%	19.6%
SG&A as a % of total net sales ⁽¹⁾	11.7%	11.8%	12.2%	12.1%
Operating margin	16.5%	3.0%	6.9%	3.4%
Effective tax rate	34.0%	162.4%	40.9%	84.4%

(1) Exclusive of depreciation and amortization.

(2) Inclusive of \$36.0 million in accelerated incentive compensation expense related to the Merger for the year ended December 31, 2022.

(3) Inclusive of \$30.0 million in transaction costs related to the Merger for the year ended December 31, 2022.

R. R. Donnelley & Sons Company
Condensed Consolidated Balance Sheets
As of December 31, 2022 and December 31, 2021
(UNAUDITED)
(in millions)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 299.9	\$ 280.2
Receivables, less allowances for credit losses	1,056.0	1,063.4
Inventories	490.9	377.1
Prepaid expenses and other current assets	137.8	110.5
Total Current Assets	<u>1,984.6</u>	<u>1,831.2</u>
Property, plant and equipment - net	374.3	408.4
Goodwill	401.1	405.4
Other intangible assets - net	31.0	49.8
Deferred income taxes	12.4	28.4
Operating lease assets	199.1	214.5
Other noncurrent assets	160.2	211.9
Total Assets	<u>\$ 3,162.7</u>	<u>\$ 3,149.6</u>
<u>Liabilities</u>		
Accounts payable	843.6	895.3
Accrued liabilities and other	372.6	352.9
Short-term operating lease liabilities	64.3	70.8
Short-term and current portion of long-term debt	80.4	—
Total Current Liabilities	<u>1,360.9</u>	<u>1,319.0</u>
Long-term debt	1,442.4	1,466.3
Pension liabilities	42.0	62.5
Long-term income tax liability	44.6	60.3
Long-term operating lease liabilities	138.5	149.9
Other noncurrent liabilities	88.7	238.3
Total Liabilities	<u>\$ 3,117.1</u>	<u>\$ 3,296.3</u>
<u>Equity</u>		
Common stock	—	0.9
Additional paid-in capital	2,285.7	2,686.9
Accumulated deficit	(2,133.1)	(2,218.8)
Accumulated other comprehensive loss	(124.6)	(63.1)
Treasury stock	—	(566.4)
Total RRD stockholders' equity	28.0	(160.5)
Noncontrolling interests	17.6	13.8
Total Equity	<u>\$ 45.6</u>	<u>\$ (146.7)</u>
Total Liabilities and Equity	<u>\$ 3,162.7</u>	<u>\$ 3,149.6</u>

R. R. Donnelley & Sons Company
Condensed Consolidated Statement of Cash Flows
For the Twelve Months Ended December 31, 2022 and 2021
(UNAUDITED)
(in millions)

	<u>2022</u>	<u>2021</u>
Net income	\$ 161.4	\$ 9.2
Adjustment to reconcile net loss to net cash (used in) provided by operating activities	1.9	130.7
Changes in operating assets and liabilities	(175.1)	(42.8)
Pension and other postretirement benefits plan contributions	(5.1)	(5.0)
Net cash (used in) provided by operating activities	\$ (16.9)	\$ 92.1
Capital expenditures	(74.7)	(73.3)
All other cash provided by investing activities	40.2	18.0
Net cash used in investing activities	\$ (34.5)	\$ (55.3)
Net cash provided by (used in) financing activities	\$ 110.9	\$ (75.3)
Effect of exchange rate on cash, cash equivalents and restricted cash	(23.4)	1.2
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 36.1	\$ (37.3)
Cash, cash equivalents and restricted cash at beginning of year	320.3	357.6
Cash, cash equivalents and restricted cash at end of period	\$ 356.4	\$ 320.3

R. R. Donnelley & Sons Company
Reconciliation of GAAP to Non-GAAP Measures
For the Twelve Months Ended December 31, 2022 and 2021
(UNAUDITED)
(in millions)

	For the Twelve Months Ended December 31, 2022						For the Twelve Months Ended December 31, 2021						
	Cost of sales	SG&A (1)	Income from operations	Interest expense	Income tax expense	Net income from continuing operations attributable to RRD stockholders	Cost of sales	SG&A (1)	Income from operations	Investment and other income - net	Interest expense	Income tax expense	Net income from continuing operations attributable to RRD stockholders
GAAP basis measures	\$4,273.1	\$653.4	\$ 369.8	\$ 112.8	\$ 111.7	\$ 155.7	\$3,988.5	\$600.6	\$ 169.9	\$ (19.9)	\$ 127.6	\$ 46.5	\$ 7.9
Non-GAAP adjustments:													
Restructuring, impairment and other charges-net (2)	—	—	41.5	—	(1.7)	43.2	—	—	33.3	—	—	3.4	29.9
Merger-related expenses (3)	(0.3)	(37.5)	67.0	—	(0.5)	67.5	(0.1)	(17.8)	40.8	—	—	4.3	36.5
Gain (loss) on swap terminations	—	—	—	0.7	(0.1)	(0.6)	—	—	—	—	(9.2)	4.1	5.2
Loss on debt extinguishments	—	—	—	—	0.2	1.8	—	—	—	—	—	2.7	4.4
All other (4)	—	(9.7)	(110.2)	—	(14.2)	(90.8)	—	(0.7)	18.7	(0.5)	—	2.0	17.4
Total Non-GAAP adjustments	(0.3)	(47.2)	(1.7)	0.7	(16.3)	21.1	(0.1)	(18.5)	92.8	(0.5)	(9.2)	16.5	93.4
Non-GAAP measures	<u>\$4,272.8</u>	<u>\$606.2</u>	<u>\$ 368.1</u>	<u>\$ 113.5</u>	<u>\$ 95.4</u>	<u>\$ 176.8</u>	<u>\$3,988.4</u>	<u>\$582.1</u>	<u>\$ 262.7</u>	<u>\$ (20.4)</u>	<u>\$ 118.4</u>	<u>\$ 63.0</u>	<u>\$ 101.3</u>
Additional non-GAAP information:													
Gross Margin (1)						2022	2021						
Adjusted SG&A as a % of total net sales (1)						20.4%	19.6%						
Adjusted operating margin						11.3%	11.7%						
Adjusted effective tax rate						6.9%	5.3%						
						35.0%	38.3%						

(1) Exclusive of depreciation and amortization.

(2) *Restructuring, impairment and other (income) charges-net*: charges incurred in the year ended December 31, 2022 primarily included \$20.8 million for employee termination costs, \$17.1 million in other restructuring charges, primarily lease terminations and environmental costs, and a \$12.0 million impairment charge related to an equity investment offset by net gains of \$13.8 million on the sale of restructured facilities. Charges incurred in the year ended December 31, 2021 primarily included \$21.9 million in other restructuring charges, primarily lease terminations and environmental costs, \$10.7 million for multi-employer pension plan charges and \$8.4 million for employee termination costs, partially offset by net gains on the sale of restructured facilities.

(3) *Merger-related expenses*: expenses in the year ended December 31, 2022 primarily included \$36.0 million in accelerated incentive compensation expense and \$30.0 million in transaction costs related to the Merger. Expenses incurred in the year ended December 31, 2021 included \$17.9 million of incentive compensation, a \$12 million break fee paid to Atlas Holdings and other professional fees incurred in connection with the Merger.

(4) *All other*: charges incurred in the year ended December 31, 2022 primarily included a \$134.2 million gain on the completion of the sale of a printing facility in Shenzhen, China and transfer of the related land use rights offset by expenses related to the systems intrusion identified in December 2021 and ongoing SEC and DOJ investigations in RRD Brazil. Charges incurred in the year ended December 30, 2021 primarily included expenses related to the ongoing SEC and DOJ investigations in RRD Brazil.

R. R. Donnelley & Sons Company
Segment GAAP to Non-GAAP Income (Loss) from Operations,
Non-GAAP Adjusted EBITDA, Margin and Capital Expenditures Reconciliation
For the Three Months Ended December 31, 2022 and 2021
(UNAUDITED)
(in millions)

	Packaging and Supply Chain Solutions	Print and Fulfillment	Global Services	Corporate	Consolidated
For the Three Months Ended December 31, 2022					
Net sales	\$ 665.5	\$ 604.9	\$ 114.8	\$ —	\$ 1,385.2
Income (loss) from operations	191.8	58.0	14.5	(35.1)	229.2
Operating margin %	28.8%	9.6%	12.6%	nm	16.5%
Non-GAAP Adjustments					
Restructuring, impairment and other (income) charges-net	0.6	(5.8)	0.2	3.1	(1.9)
Other	(134.2)	2.9	—	3.6	(127.7)
Total Non-GAAP adjustments	(133.6)	(2.9)	0.2	6.7	(129.6)
Non-GAAP income (loss) from operations	\$ 58.2	\$ 55.1	\$ 14.7	\$ (28.4)	\$ 99.6
Non-GAAP operating margin %	8.7%	9.1%	12.8%	nm	7.2%
Depreciation and amortization	10.8	14.2	2.5	1.3	28.8
Investment and other income-net ⁽¹⁾	—	—	0.9	3.6	4.5
Non-GAAP Adjusted EBITDA	\$ 69.0	\$ 69.3	\$ 18.1	\$ (23.5)	\$ 132.9
Non-GAAP Adjusted EBITDA margin %	10.4%	11.5%	15.8%	nm	9.6%
Capital expenditures	\$ 17.9	\$ 3.8	\$ 2.3	\$ 1.6	\$ 25.6
For the Three Months Ended December 31, 2021					
Net sales	\$ 702.8	\$ 566.8	\$ 107.6	\$ —	\$ 1,377.2
Income (loss) from operations	66.1	39.1	15.5	(79.7)	41.0
Operating margin %	9.4%	6.9%	36.3%	nm	3.0%
Non-GAAP Adjustments					
Restructuring, impairment and other charges-net	1.9	1.4	(1.6)	12.1	13.8
Other	—	1.0	—	44.5	45.5
Total Non-GAAP adjustments	1.9	2.4	—	56.6	59.3
Non-GAAP income (loss) from operations	\$ 68.0	\$ 41.5	\$ 15.5	\$ (23.1)	\$ 100.3
Non-GAAP operating margin %	9.7%	7.3%	14.4%	nm	7.3%
Depreciation and amortization	11.7	14.7	2.8	2.3	31.5
Investment and other income-net ⁽¹⁾	—	—	1.3	4.0	5.3
Non-GAAP Adjusted EBITDA	\$ 79.7	\$ 56.2	\$ 19.6	\$ (16.8)	\$ 137.1
Non-GAAP Adjusted EBITDA margin %	11.3%	9.9%	18.2%	nm	10.0%
Capital expenditures	\$ 11.6	\$ 6.4	\$ 2.5	\$ 4.2	\$ 24.7

(1) Represents amounts in investment and other income-net that are not non-GAAP adjustments, and primarily includes pension and postretirement benefits interest cost, expected return on plan assets and net amortization.

R. R. Donnelley & Sons Company
Segment GAAP to Non-GAAP Income (Loss) from Operations,
Non-GAAP Adjusted EBITDA, Margin and Capital Expenditures Reconciliation
For the Twelve Months Ended December 31, 2022 and 2021
(UNAUDITED)
(in millions)

	Packaging and Supply Chain Solutions	Print and Fulfillment	Global Services	Corporate	Consolidated
For the Twelve Months Ended December 31, 2022					
Net sales	\$ 2,755.1	\$ 2,167.6	\$ 444.0	\$ —	\$ 5,366.7
Income (loss) from operations	388.7	142.7	54.3	(215.9)	369.8
Operating margin %	14.1%	6.6%	12.2%	nm	6.9%
Non-GAAP Adjustments					
Restructuring, impairment and other (income) charges-net	2.3	(2.8)	4.4	37.6	41.5
Merger related expenses	0.5	—	0.2	66.3	67.0
Other	(134.2)	8.5	0.1	15.4	(110.2)
Total Non-GAAP adjustments	(131.4)	5.7	4.7	119.3	(1.7)
Non-GAAP income (loss) from operations	\$ 257.3	\$ 148.4	\$ 59.0	\$ (96.6)	\$ 368.1
Non-GAAP operating margin %	9.3%	6.8%	13.3%	nm	6.9%
Depreciation and amortization	44.2	58.2	10.2	7.1	119.7
Investment and other income-net ⁽¹⁾	—	—	3.8	14.3	18.1
Non-GAAP Adjusted EBITDA	\$ 301.5	\$ 206.6	\$ 73.0	\$ (75.2)	\$ 505.9
Non-GAAP Adjusted EBITDA margin %	10.9%	9.5%	16.4%	nm	9.4%
Capital expenditures	\$ 40.9	\$ 13.7	\$ 6.1	\$ 14.0	\$ 74.7
For the Twelve Months Ended December 31, 2021					
Net sales	\$ 2,567.0	\$ 1,960.8	\$ 435.9	\$ —	\$ 4,963.7
Income (loss) from operations	211.2	87.6	55.1	(184.0)	169.9
Operating margin %	8.2%	4.5%	12.6%	nm	3.4%
Non-GAAP Adjustments					
Restructuring, impairment and other-net	6.0	5.1	3.4	18.8	33.3
Merger related expenses	—	—	—	40.8	40.8
Other	—	1.0	—	17.7	18.7
Total Non-GAAP adjustments	6.0	6.1	3.4	77.3	92.8
Non-GAAP income (loss) from operations	\$ 217.2	\$ 93.7	\$ 58.5	\$ (106.7)	\$ 262.7
Non-GAAP operating margin %	8.5%	4.8%	13.4%	nm	5.3%
Depreciation and amortization	46.4	62.6	11.5	10.0	130.5
Investment and other income-net ⁽¹⁾	—	—	4.6	15.8	20.4
Non-GAAP Adjusted EBITDA	\$ 263.6	\$ 156.3	\$ 74.6	\$ (80.9)	\$ 413.6
Non-GAAP Adjusted EBITDA margin %	10.3%	8.0%	17.1%	nm	8.3%
Capital expenditures	\$ 37.7	\$ 16.8	\$ 5.4	\$ 13.4	\$ 73.3

(1) Represents amounts in investment and other income-net that are not non-GAAP adjustments, and primarily includes pension and postretirement benefits interest cost, expected return on plan assets and net amortization.

R. R. Donnelley & Sons Company
Reconciliation of Reported to Organic Net Sales
For the Three and Twelve Months Ended December 31, 2022
(UNAUDITED)
(in millions)

	For the Three Months Ended December 31, 2022			
	Packaging and Supply Chain Solutions	Print and Fulfillment	Global Services	Consolidated
Reported net sales change	(5.3%)	6.7%	6.7%	0.6%
Less:				
Year-over-year impact of changes in foreign currency rates	(3.7%)	---	(3.8%)	(2.2%)
Net organic sales change	(1.6%)	6.7%	10.5%	2.8%

	For the Twelve Months Ended December 31, 2022			
	Packaging and Supply Chain Solutions	Print and Fulfillment	Global Services	Consolidated
Reported net sales change	7.3%	10.5%	1.9%	8.1%
Less:				
Year-over-year impact of changes in foreign currency rates	(2.5%)	---	(2.0%)	(1.5%)
Net organic sales change	9.8%	10.5%	3.9%	9.6%

R. R. Donnelley & Sons Company

Reconciliation of GAAP Net Income (Loss) to Non-GAAP Adjusted EBITDA

For the Three and Twelve Months Ended December 31, 2022 and 2021

(UNAUDITED)

(in millions)

	For the Three Months Ended December 31,	
	2022	2021
	<u>2022</u>	<u>2021</u>
GAAP net income (loss) from continuing operations attributable to RRD stockholders	\$ 125.8	\$ (10.3)
Adjustments		
Income attributable to noncontrolling interests	5.1	0.5
Income tax expense	67.4	25.5
Interest expense - net	35.3	29.2
Depreciation and amortization	28.8	31.5
Restructuring, impairment and other charges-net	(1.9)	13.8
Merger-related expenses	—	40.8
Other	(127.3)	5.2
Total Non-GAAP adjustments	<u>7.1</u>	<u>147.4</u>
Non-GAAP adjusted EBITDA	\$ 132.9	\$ 137.1
Net sales	\$ 1,385.2	\$ 1,377.2
Non-GAAP adjusted EBITDA margin %	9.6%	10.0%
	For the Twelve Months Ended December 31,	
	2022	2021
	<u>2022</u>	<u>2021</u>
GAAP net income from continuing operations attributable to RRD stockholders	\$ 155.7	\$ 7.9
Adjustments		
Income attributable to noncontrolling interests	5.7	0.7
Income tax expense	111.7	46.5
Interest expense - net	112.8	127.6
Depreciation and amortization	119.7	130.5
Restructuring, impairment and other charges-net	41.5	33.3
Loss on debt extinguishment	2.0	7.1
Merger-related expenses	67.0	40.8
Other	(110.2)	19.2
Total Non-GAAP adjustments	<u>350.2</u>	<u>405.7</u>
Non-GAAP adjusted EBITDA	\$ 505.9	\$ 413.6
Net sales	\$ 5,366.7	\$ 4,963.7
Non-GAAP adjusted EBITDA margin %	9.4%	8.3%

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Debt Leverage Ratios

As of December 31, 2022 and 2021

(UNAUDITED)

(in millions)

	As of December 31,	
	2022	2021
Gross Leverage Ratio		
Total Debt	1,522.8	1,466.3
Trailing 12 months adjusted EBITDA on a continuing basis	505.9	413.6
Discontinued operations adjusted EBITDA (1)	n/a	n/a
Total adjusted EBITDA	505.9	413.6
Gross Leverage Ratio	3.0x	3.5x
Net Leverage Ratio		
Total Debt	1,522.8	1,466.3
Less Cash and cash equivalents	299.9	280.2
Net Debt	1,222.9	1,186.1
Trailing 12 months adjusted EBITDA on a continuing basis	505.9	413.6
Discontinued operations adjusted EBITDA (1)	n/a	n/a
Total adjusted EBITDA	505.9	413.6
Net Leverage Ratio	2.4x	2.9x