Delivering Innovative and Sustainable Solutions

Through Collaboration and Expertise

Veritiv

2021 ANNUAL REPORT

Veritiv Corporation (NYSE: VRTV), headquartered in Atlanta and a Fortune 500® company, is a full-service provider of packaging, JanSan, and hygiene products, services, and solutions. Additionally, Veritiv provides print and publishing products and logistics and supply chain management solutions. Serving customers in a wide range of industries in both North America and globally, we have distribution centers throughout the U.S., Canada, and Mexico and team members around the world helping shape the success of our customers. With approximately 6,100 employees, we are driven by our values: *Integrity, One Team, People Commitment, Customer Focus, Operational Excellence, and Passion for Results.*

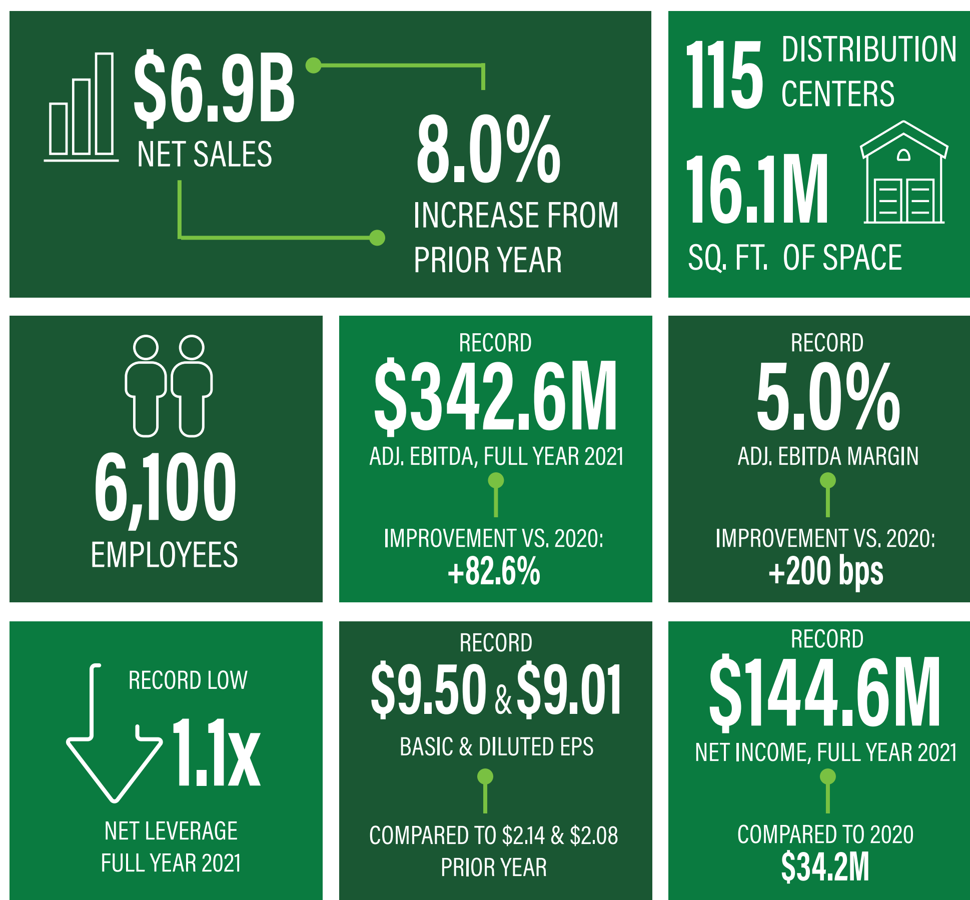
We put decades of industry knowledge, expertise, and proven supply chain ingenuity to work for our customers in a wide range of industries and a variety of businesses—including more than half of Fortune 500® companies. Our focus is on the success of our customers' businesses and their brands. Driven by our innovative people, our values, and providing exceptional service, helping to shape our customers' business success is at the heart of everything we do.

FINANCIAL HIGHLIGHTS

In millions, except per share amounts, at December 31	**2021**	2020
Net Sales	**$6,850.5**	$6,345.6
Cost of Products Sold	**$5,417.9**	$5,040.2
Net Sales Less Cost of Products Sold	**$1,432.6**	$1,305.4
Net Income (Loss)	**$144.6**	$34.2
Earnings (Loss) Per Share:		
Basic	**$9.50**	$2.14
Diluted	**$9.01**	$2.08
Weighted Average Shares Outstanding:		
Basic	**15.22**	15.96
Diluted	**16.05**	16.48
Adjusted EBITDA	**$342.6**	$187.6

[1] See Note 16 of the Notes to Consolidated Financial Statements for information regarding our Non-GAAP measurement.

VERITIV BY THE NUMBERS*



*As of December 31, 2021

TO OUR SHAREHOLDERS

Delivering Innovative and Sustainable Solutions Through Collaboration and Expertise

Businesses across the globe continued to experience an unprecedented operating environment in 2021 with logistics challenges, a constrained supply chain, labor shortages, and rising costs, and we were not immune. Despite the challenges, our team remained focused on our strengths and collaborated successfully with our customers and suppliers to deliver record performance and above-market growth in our Packaging, Print, and Publishing segments.

Our strength is our people. Our team is knowledgeable, hardworking, and resilient. With our expertise and ability to collaborate with the world's most critical businesses, we deliver what others cannot. Our global sourcing capabilities, industry-leading suppliers, and internally managed supply chain are key differentiators. Our warehouse and transportation teams delivered products and services essential to the health and safety of our communities, all while maintaining industry-leading safety performance. Our office teams demonstrated their flexibility and dedication daily by supporting our operations from their homes.

2021 was a transformative year for Veritiv. We continued the successful execution of our multi-year strategy and accelerated our efforts to improve the customer experience and simplify how we operate. We substantially completed our restructuring plan to optimize our supply chain network around our customers' locations to deliver operating efficiencies

and significant annual savings. We increased our focus on collaborating with customers and suppliers to deliver more sustainable solutions. Finally, we expanded efforts to further engage our employees and enhance our work environment through a focus on communication, recognition, and building a more inclusive, equitable workplace.

These efforts were critical in helping us deliver a record Adjusted EBITDA of $342.6 million, an 83% increase compared to 2020. We achieved record net income and record earnings per share of $144.6 million and $9.50, respectively, and the quality of our earnings continues to improve significantly as our restructuring efforts diminish and our operating results accelerate. We worked closely with our suppliers and customers to ensure timely passthrough of inflationary supplier cost increases, enabled by our disciplined approach to cost and price management. The result was record Adjusted EBITDA margins across all segments and our eighth consecutive quarter of year-over-year margin improvement. Cash and earnings growth resulted in record low net leverage, even with the successful execution of a $100 million share repurchase program to drive shareholder value.

The operational changes we implemented over the past several years have significantly improved our business fundamentals and should provide a strong foundation for the future. The relentless execution of our strategy enabled us to successfully manage our Print, Publishing, and Facility Solutions businesses, transforming them into smaller yet more profitable businesses. Our focus on becoming a leading provider of value-added packaging goods and services from concept to delivery, combined with the scale and flexibility of our business model, has positioned us as the largest packaging distributor in North America.

As we look to 2022 and beyond, we will continue to invest in higher-growth, higher-margin business across all our operating segments and further drive Packaging growth by building on our industry-leading capabilities and enhancing how we serve our customers. We also plan to significantly advance our initiatives to create healthier, safer, and more sustainable communities through our responsible operations and the expertise of our diverse team. As always, our Veritiv values will continue to guide our efforts to deliver services and solutions that make a more meaningful impact on our customers, our suppliers, and our communities.

Salvatore A. Abbate
Chief Executive Officer

Our Vision

One team shaping success through exceptional service, innovative people, and consistent values.

Our Values

ONE TEAM

We cultivate an inclusive environment by embracing diverse perspectives that foster collaboration and innovation to deliver value for our stakeholders.

INTEGRITY

We do the right things, act with honesty and consistency, and truthfully represent our capabilities.

PEOPLE COMMITMENT

We engage our employees in the organization's success and are committed to performance management and talent development.

CUSTOMER FOCUS

We are committed to understanding our customers' needs and providing solutions that add value.

OPERATIONAL EXCELLENCE

We consistently execute, measure, and improve the safety, efficiency, and quality of the work we do every single day.

PASSION FOR RESULTS

We are passionate about winning and our desire to meet financial, operational, and people commitments in the right way.

"Creating a more diverse, equitable, and inclusive culture is integral to the growth of our organization and the accomplishment of our goals. I am committed to listening and learning as we support one another on this journey to make Veritiv a more inclusive organization for our employees and the communities we serve."

BRANDI MONCRIEF Director of Diversity, Equity, and Inclusion

Deliver & Delight
Customer Experience

Veritiv is focused on our customer experience and is committed to continuous improvement. All team members are working to make it easier for our customers to do business with Veritiv, including enhancing touchpoints in the customer experience, aligned with our Deliver and Delight operating tenet. Our people share a customer-first mindset and rally around a culture of rapid response, collaborative problem solving, and honest feedback that optimizes how our organization acknowledges and addresses customer service performance.

Veritiv is measuring success through the Net Promoter Score which is a single survey question asking customers to rate the likelihood they would recommend our company. The first step was to initiate Prompt Principles, meaning teams commit to responding within the timeframe required by their customers.

Veritiv also formed seven cross-functional Continuous Improvement Councils. These councils oversee customer touchpoints and purposefully break down division within the organization and bring new perspectives to customer challenges. Since starting Continuous Improvement Councils in March, teams have brought forth challenges from which more than 100 improvements have been made to benefit customers.

Despite the challenges of virtual communication in 2021, we have continued to maintain a high level of customer service, including responding to approximately 74 percent of Customer Experience cases in two hours, with the average case response time of 2.1 hours. The resilience and adaptability of our people are evident in the ways we overcome obstacles and continue to deliver and delight our valued customers.

"Eager to implement a strategy to ensure Veritiv customers would not feel the impact of work-from-home teams, we took this opportunity to refresh our approach to customer service. We know the customer experience is influenced every day with every touchpoint within our organization."

CHRISTINA NAWROCKI
Director, Customer Experience and Sales Operations

Innovate and Grow
Sustainability

At Veritiv we collaborate with our customers and suppliers to deliver sustainable and innovative solutions. Our mission is to create healthier, safer, and more sustainable communities through our responsible operations and the expertise of our diverse team. Veritiv established a Sustainability Working Group in 2020 to coordinate the company's efforts in this area more effectively. This group is working with internal and external stakeholders and our senior management team to further develop our sustainability goals. As the leading North American packaging solutions company, we recognize it is our responsibility to drive positive social and environmental changes in our industry. We believe innovation can improve business, society, and the environment. We focus our environmental sustainability efforts in these areas: products, services, efficiencies, and people.

PRODUCTS

Veritiv is committed to sourcing environmentally sustainable products, in both our private brands and supplier brand product lines. We offer a range of products that meet widely acknowledged environmental standards and certifications. We offer solutions for every stage of a product's life cycle. For the beginning of life, Veritiv can responsibly source established and emerging materials that are renewable or contain recycled content. In the middle of life, Veritiv teams can discover new ways to reduce waste and minimize use of materials that can be or already are made of recycled content. At the end of life, Veritiv can partner to explore materials that can be returned, recycled, reused, or composted and measure impact.

SERVICES

Veritiv's packaging designers and continuous improvement methodology can enhance packaging and manufacturing processes to be more sustainable. By thinking through the end-to-end processes, we can help customers reduce costs on shipping, improve productivity, minimize damage/return, enter new markets, and strengthen e-Commerce sales. With facilities, our continuous improvement approach is more than continuous improvement—it is a philosophy that eliminates waste and allows more effective management of operations.

EFFICIENCY

In addition to helping our customers apply continuous improvement principles, we do the same for our own facilities and supply chain to eliminate waste and reduce energy consumption. Veritiv strives to deliver improvements in fuel efficiency through route optimization, equipment upgrades, and maintaining a modern fleet of trucks. For the fourth straight year, Veritiv reduced total fuel consumption year over year. In 2021, Veritiv proudly and successfully operated an electric tractor-trailer trial. The company also partners with ENGIE Impact to assess and optimize our energy and water usage in all North American facilities.

"At Veritiv we're passionate about sustainability and innovation, and we're organized to provide packaging solutions from concept to delivery. We protect people, products, and the planet through responsible efforts, sustainable results, and continuous improvement."

BIN JIANG Director of Global Sourcing

"I enjoy being out on the road and meeting with our customers each day. I was honored to be recognized as the Driver of the Year in 2021, and I look forward to many more with Veritiv."

JEFFREY HUGHES Driver

Safety

At Veritiv, we are committed to providing all team members with a safe and healthy workplace and continuing to refine our culture of proactive safety. Veritiv installed industry-leading Artificial Intelligence dash cameras in all our U.S.-based vehicles. This enables Veritiv to coach drivers on a range of in-cab audio alerts, including tailgating, speeding, no seatbelt, and more to help drivers improve safe driving habits.

We strive to achieve zero unrecognized and unresolved hazards that can lead to injuries. Through our Target Zero approach we empower and engage all Veritiv employees in proactive identification of workplace hazards and the development of practical solutions integrated with business operations. In 2021, our Total Injury Rate (TIR)[1] for our operations in the U.S., Canada, and Mexico was 0.64.

Our SCORE (Stop, Consider, Observe, React, and Execute) safety initiative continued to improve safety results in 2021, helping to reduce injuries. The program facilitates simple communication to workers about how to approach daily tasks safely, regardless of how routine the task may be.

In addition, our material handling equipment (MHE) initiative, MHE SAFE (Share, Address, Facilitate, Engage), continues to keep employees focused on safety fundamentals while operating MHE.

This year, we recognized 35 drivers whose safe and efficient driving habits placed them in the top three percent of the company according to our key performance indicators.

[1] TIR is calculated using the OSHA criteria for recordability and OSHA calculation methodologies. TIR – Total Recordable Injuries X 200,000/Total Hours Worked. The 200,000 hours in the formula represent the equivalent of 100 employees working 40 hours per week, 50 weeks per year and provides the standard basis for the injury rate.

Corporate Responsibility

With operations primarily in North America and employees around the world, we recognize the impact and responsibility our business has and prioritize the overall well-being of our employees, customers, and communities. Driven by our core values and Veritiv Connects, our community engagement and philanthropy program, Veritiv proudly partners with Junior Achievement and the American Red Cross. We focus our efforts on corporate giving and employee volunteer efforts to help shape the success of the hundreds of communities where we live and work.

We created our Corporate Social Responsibility Report with additional information for each of the following initiatives. More information can be found at **veritivcorp.com/sustainability**.

Veritiv partners with Junior Achievement (JA) to provide middle and high school students with the knowledge and skills they need to plan for their futures. We recently unveiled a Veritiv storefront in an Atlanta-area Junior Achievement Discovery Center. The JA Discovery Centers allow students to immerse themselves in real-world business and experience work beyond the classroom. Our storefront, designed by the Veritiv Design Team, showcases how packaging design and distribution works.

Veritiv team members volunteer with the American Red Cross to aid in relief efforts. The team regularly makes financial contributions, organizes blood drives, and donates comfort kits to aid those in need after natural disasters and home fires.

SUPPORTING LOCAL COMMUNITIES

Our people are our difference. Our culture is not only shaped by who we are, but also by what we do. Together we work on company-wide initiatives that are closer to our local communities. Across the U.S., Canada, and Mexico, our teams make a difference with food bank donations, winter clothing drives, community clean-up projects, and building houses for those in need.

EMPLOYEES HELPING EMPLOYEES

Funded by employee contributions, the One Veritiv Fund provides short-term financial relief to eligible Veritiv employees who have suffered significant hardship as a result of unforeseen events such as natural disaster, medical emergency, a pandemic, or military deployment.

EMPOWERING EMPLOYEES IN THE COMMUNITY

In 2021, the company committed to empowering employees to give back by matching charitable contributions dollar for dollar to registered nonprofits. This allows our team members to share ownership of where Veritiv gives back time, talent, and treasure.

Packaging

Veritiv works directly with customers to identify and implement packaging solutions, from design to delivery. Our packaging specialists are experts at discovering untapped efficiencies in designing, sourcing, and delivering standard and custom packaging for customers across a range of industries—including consumer packaged goods, fulfillment, food processing, retail, and manufacturing.

Our packaging solutions span food-grade packaging, industrial packaging, point-of-sale displays, and shipping supplies. "As part of our value-add proposition, Veritiv offers unique cold chain expertise including design, kitting, and testing to ensure these critical packages hold the right temperature through the shipping cycle," said Radhika Raje, Product Manager for Cushioning and Temperature Controlled Packaging. "I am focused on making sure Veritiv can provide the most innovative, sustainable, and effective cold chain solutions."

Our exclusive TUFflex® line of packaging essentials delivers enduring performance, maximum efficiency, and unmatched value. We also sell and distribute single-function and fully automated packaging equipment. In addition, we offer assembly and fulfillment services, such as kitting—which help customers manage seasonal spikes, new market testing, and promotions.

"The partnerships we have with our suppliers support our broad range of products and services to meet our customer needs in a dynamic market," said Lisa Richardson, Product Manager for Tapes & Adhesives, Labels and Strapping.

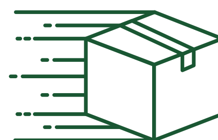
Our packaging business connects form and function for our customers through our experienced team of designers, engineers, and marketers. Providing expertise for custom improvements results in cost and waste reduction and improved logistics, structural and graphical integrity, and testing processes.

"We're tasked with creating a portfolio of the right products from the right suppliers at the right cost for our diverse customer base," said Kristen Ream, Product Manager for Films. "We rose to the supply chain challenges of 2020 and 2021 and were rewarded with deeper relationships and understanding of product availability by geography with our global suppliers."

$3.8B • 56%
REVENUE[1]

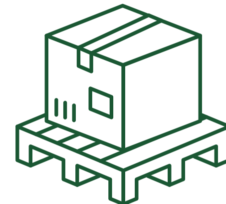
$393.5M • 70%
ADJ. EBITDA[1]

1 Corporate and Other revenue and expenses are excluded from the calculation of Revenue by Segment and Adjusted EBITDA by Segment, respectively.



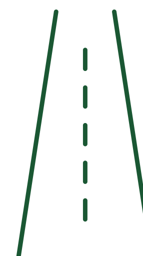
1 BILLION
boxes sold this year

200 MILLION
pallets wrapped and protected by Veritiv packaging solutions



8 BILLION
packaging labels and tags supplied to customers

26+MILLION
miles traveled to deliver essential goods



Pictured back: **KRISTEN REAM** Product Manager for Films, **LISA RICHARDSON** Product Manager for Tapes & Adhesives, Labels and Strapping

Front: **RADHIKA RAJE** Product Manager for Cushioning and Temperature Controlled Packaging, **BIANCA MAZZARELLA** Product Manager for Bags & Mailers

"We identify innovative solutions from leading manufacturers to distribute sustainable packaging solutions to meet our customers' needs no matter where they are in their sustainability journey. With the growth in e-commerce and increased demand for sustainable packaging, curbside recyclable mailers are very popular with our Packaging customers and end users."

BIANCA MAZZARELLA Product Manager for Bags & Mailers

"Our job is to break packages so customers don't. In our testing labs we simulate real-world conditions, including aircraft vibrations, dropping pallets, and environmental conditions to push packaging to its limits."

AUSTIN GIVEN
Director of Packaging Design and Development

Simplify and Speed

Form Meets Function: Packaging Design

Veritiv's structural and visual designers create custom packaging where form and function are interwoven. With prototyping and testing on site, customers can fall in love with a design and be confident it will perform in production, throughout distribution, and in the market. The designers start by listening to the customer's vision, goals, obstacles, and challenges, and then they begin the creative ideation.

With Veritiv's Global Packaging Design Network, customers have access to creative resources in key geographic locations around the world who provide local support and improve design cycle efficiency. Veritiv can also shift our resources to adapt to changes in businesses, industries, or the market.

Testing is a critical part of the design process. Veritiv will share samples or create fully functioning prototypes so customers can see how the package will look and work. Prototypes can be tested at one of Veritiv's ISTA-certified testing labs to help ensure the concept meets customer requirements before moving to production.

Our global supply chain gives customers access to a variety of materials, including innovative, sustainable materials. Veritiv partners with top suppliers across the globe to source the right mix for any package, including paper-based, rigid, flexible, cushioning, or engineered solutions.

Facility Solutions

A clean facility cannot be underestimated for the health of employees, customers, and guests. Veritiv offers a wide selection of commercial cleaning products, backed by our team of expert facility advisors. Veritiv changes the way businesses perform by changing the way people clean.

Veritiv manages an expansive supply chain, partnering with world-class manufacturers in health and hygiene products. Our experts can help customers in these vital areas: surface cleaning chemicals, personal protective equipment (PPE), cleaning tools and equipment, and hand hygiene.

We have the hands-on expertise and sourcing capabilities to serve customers across a wide range of industries, including office buildings, manufacturing, higher education, healthcare, government, and other high-traffic venues.

Our private brands include Reliable Brand® commercial cleaning solutions, Spring Grove® food service disposable products, and our basic line of janitorial supplies, PUR Value™. Together, this portfolio of products offers a simplified approach to help customers reduce waste, increase value, and redirect surplus dollars.

FORDIS®, our Canadian redistribution business, provides solutions to distributors in local markets.

$0.9B • 13%
REVENUE[1]

$52.7M • 9%
ADJ. EBITDA[1]

"Thanks to Veritiv's expansive supply chain, protecting people with world-class products and our experts is at the heart of what we do in Facility Solutions."

MARTHA ISSA Director, Cleaning & Protection

1 Corporate and Other revenue and expenses are excluded from the calculation of Revenue by Segment and Adjusted EBITDA by Segment, respectively.

Print

Veritiv is the North American leader in print and paper solutions. We leverage a global network of world-class suppliers and deliver locally to customers in the commercial print, digital, and graphic communications industries. Our national footprint of distribution centers is stocked, and our experts are ready to help deliver paper and print solutions where and when they're needed. The combination of our best-in-class private brand portfolio, coupled with leading domestic and international mill brands, offer customers the dependability they trust and versatility they require. Our experience and unique offerings in logistics and supply chain efficiency, new revenue generation, service excellence, sustainability-conscious sourcing and products, and customized reporting are all aimed at helping our customers reach their goals.

Together with our dedicated team members and our deep understanding of the commercial printer landscape, we can most effectively service our customers across a multitude of platforms.

$1.5B • 22%
REVENUE[1]

$96.0M • 17%
ADJ. EBITDA[1]

1 Corporate and Other revenue and expenses are excluded from the calculation of Revenue by Segment and Adjusted EBITDA by Segment, respectively.

Veritiv's paper and print private brands include:

- Endurance®
- Comet® Multipurpose
- Seville®
- ViV®
- Starbrite® Opaque Select
- Econosource®
- Showcase™
- PoliPrint™

"The Print industry is more dynamic today than ever before, and part of our role as leaders is to help customers navigate through this landscape. I have been conducting regular customer webinars, sharing our insights on the current industry and supply chain trends while also providing tips on how to best address the challenges."

JEFF PFISTER Director of Print Category Management, Marketing, and Strategy

Publishing and Print Management

$0.6B • 9%
REVENUE[1]

$18.7M • 3%
ADJ. EBITDA[1]

By way of Veritiv's two complementary publishing and print management businesses, Bulkley Dunton and Graphic Communications, our specialists provide customized solutions that offer retailers, publishers, catalogers, direct mail companies, grocers, corporate enterprise businesses, and printers the greatest return on their media and print programs.

By differentiating paper purchasing from printing, Veritiv Publishing & Print Management (VPPM) leverages our sophisticated and expansive supply chain to ensure consistent and predictable costs, quality, and paper availability for customers of all sizes. VPPM analyzes our clients' complete media requirements to complement their print and paper programs. With a client base ranging from Fortune 500® companies to small local businesses, our industry consultants are experts at scaling solutions to shield clients from market volatility while maintaining their brand requirements and appropriate certifications.

Our paper and print consultants match customers' unique needs with cutting-edge marketing solutions, leading paper mills, and printers that best meet their standards for price, paper quality, production, and environmental sustainability, including Chain of Custody certification and recycled papers.

1 Corporate and Other revenue and expenses are excluded from the calculation of Revenue by Segment and Adjusted EBITDA by Segment, respectively.

Management Team

STANDING: **MARK W. HIANIK** Senior Vice President, General Counsel and Corporate Secretary, **DANIEL J. WATKOSKE** Senior Vice President, Print and Publishing, **KAREN K. RENNER** Senior Vice President and Chief Information Officer, **PETER C. TROUP** Vice President, Corporate Development, **MICHAEL D. WALKENHORST** Senior Vice President, Developing Businesses and Global Operations, **DANIEL B. CALDERWOOD** Senior Vice President, Marketing and Business Management

SITTING: **SUSAN B. SALYER** Senior Vice President and Chief Compliance and Sustainability Officer, **DEAN A. ADELMAN** Senior Vice President and Chief Human Resources Officer, **SALVATORE A. ABBATE** Chief Executive Officer, **STEPHEN J. SMITH** Senior Vice President and Chief Financial Officer, **STEPHANIE E. MAYERLE** Senior Vice President, Sales

Board of Directors

STANDING:
MICHAEL P. MULDOWNEY [1*, 3] Chief Executive Officer of Foxford Capital, LLC, **TRACY A. LEINBACH** [2*, 3] Retired Executive Vice President and Chief Financial Officer of Ryder System, Inc., **DAVID E. FLITMAN** [1, 2], President - Builders FirstSource, Inc., **GREG B. MORRISON** [1, 2] Retired Senior Vice President and Chief Information Officer of Cox Enterprises, Inc., **STEPHEN E. MACADAM** Chairman of the Board of Veritiv Corporation

SITTING: **SHANTELLA E. COOPER** [2, 3] Former Executive Director - Atlanta Committee for Progress, **SALVATORE A. ABBATE** Chief Executive Officer, **CHARLES G. WARD, III** [1, 3*] Retired Partner of Perella Weinberg Partners

NOT PICTURED:
DANIEL T. HENRY [1,2] Retired Chief Financial Officer and Executive Vice President of American Express Company

Board Committees:

[1]– Audit and Finance

[2]– Compensation and Leadership Development

[3]– Nominating and Governance

*– Denotes Committee Chair

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to _________

Commission file number 001-36479

VERITIV CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**46-3234977**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1000 Abernathy Road NE **Building 400, Suite 1700** **Atlanta, Georgia**	**30328**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(770) 391-8200**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value	VRTV	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2021, the aggregate market value of the voting common stock of the registrant held by non-affiliates of the registrant, based on the closing sale price of those shares on the New York Stock Exchange reported on June 30, 2021, was $919,818,734. For the purposes of this disclosure only, the registrant has assumed that its directors and executive officers (as defined in Rule 3b-7 under the Exchange Act) are the affiliates of the registrant.

The number of shares outstanding of the registrant's common stock as of February 22, 2022 was 14,695,863.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

TABLE OF CONTENTS

		Page
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS		1
Part I		
Item 1.	Business	2
Item 1A.	Risk Factors	9
Item 1B.	Unresolved Staff Comments	19
Item 2.	Properties	20
Item 3.	Legal Proceedings	20
Item 4.	Mine Safety Disclosures	20
Part II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	20
Item 6.	(Reserved)	22
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	38
Item 8.	Financial Statements and Supplementary Data	40
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	89
Item 9A.	Controls and Procedures	89
Item 9B.	Other Information	92
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	92
Part III		
Item 10.	Directors, Executive Officers and Corporate Governance	92
Item 11.	Executive Compensation	92
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	92
Item 13.	Certain Relationships and Related Transactions, and Director Independence	92
Item 14.	Principal Accountant Fees and Services	92
Part IV		
Item 15.	Exhibits and Financial Statement Schedules	92
Item 16.	Form 10-K Summary	95
SIGNATURES		96

(This page has been left blank intentionally.)

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this report regarding the Company's future operating results, performance, business plans, prospects and guidance, statements related to the expected impact of COVID-19 and any other statements not constituting historical fact are "forward-looking statements" subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Where possible, the words "believe," "expect," "anticipate," "continue," "intend," "should," "will," "would," "planned," "estimated," "potential," "goal," "outlook," "may," "predicts," "could," or the negative of such terms, or other comparable expressions, have been used to identify such forward-looking statements. All forward-looking statements reflect only the Company's current beliefs and assumptions with respect to future operating results, performance, business plans, prospects, guidance and other matters, and are based on information currently available to the Company. Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause the Company's actual operating results, performance, business plans, prospects or guidance to differ materially from those expressed in, or implied by, these statements.

Factors that could cause actual results to differ materially from current expectations include the risks and other factors described under "Risk Factors" and elsewhere in this report and in the Company's other publicly available reports filed with the Securities and Exchange Commission ("SEC").

Forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, historical information should not be considered as an indicator of future performance.

PART I

ITEM 1. BUSINESS

Our Company

Veritiv Corporation ("Veritiv" or the "Company" and sometimes referred to in this Annual Report on Form 10-K as "we", "our" or "us") is a leading North American business-to-business full-service provider of value-added packaging products and services, as well as facility solutions, print and publishing products and services. Additionally, Veritiv provides logistics and supply chain management solutions to its customers. Veritiv's focus on segment-tailored market leadership in distribution and a commitment to operational excellence allows it to partner with world class suppliers, add value through multiple capabilities and deliver solutions to a wide range of customer segments. See Item 7 of this report for additional information regarding the Company's strategic initiatives.

We operate from 115 distribution centers primarily throughout the United States ("U.S."), Canada and Mexico, serving customers across a broad range of industry sectors. These sectors include manufacturing, food and beverage, wholesale and retail, healthcare, transportation, property management, higher education, entertainment and hospitality, commercial printing and publishing.

Veritiv's business is organized under four reportable segments: Packaging, Facility Solutions, Print, and Publishing and Print Management ("Publishing"). This segment structure is consistent with the way the Chief Operating Decision Maker, who is Veritiv's Chief Executive Officer, makes operating decisions and manages the growth and profitability of the Company's business. The Company also has a Corporate & Other category which includes certain assets and costs not primarily attributable to any of the reportable segments, as well as the Veritiv logistics solutions business which provides transportation and warehousing solutions. The following summary describes the products and services offered in each of the reportable segments:

- ***Packaging*** – Veritiv is a global provider of packaging products, services and solutions. The Packaging segment provides custom and standard packaging solutions for customers based in North America and in key global markets. This segment services its customers with a full spectrum of packaging product materials within flexible, corrugated and fiber, ancillary packaging, rigid and equipment categories. The business is strategically focused on higher growth industry sectors including manufacturing, food and beverage, wholesale and retail, healthcare and transportation, as well as specialty sectors based on industry and product expertise. Veritiv's packaging professionals create customer value through supply chain solutions, structural and graphic packaging design and engineering, automation, workflow and equipment services and kitting.

- ***Facility Solutions*** – Veritiv is a global provider of hygiene and facility solutions products and services. The Facility Solutions segment sources and sells cleaning, break-room and other supplies in product categories that include towels and tissues, food service, personal protective equipment, cleaning chemicals and skincare, primarily in North America. Through this segment Veritiv manages a world class network of leading suppliers in most facilities solutions categories. Additionally, the Company offers total cost of ownership solutions with re-merchandising, budgeting and compliance reporting and inventory management. Its sales force is trained to bring leading vertical expertise to the major North American geographies.

- ***Print*** – The Print segment sells and distributes commercial printing, writing, copying, digital, specialty products and graphics consumables primarily in North America. Veritiv's broad geographic platform of operations coupled with the breadth of paper and graphics products, including exclusive private brand offerings, provides a foundation to service national, regional and local customers across North America.

- ***Publishing*** – The Publishing segment sells and distributes coated and uncoated commercial printing papers to publishers, retailers, converters, printers and specialty businesses for use in magazines, catalogs, books, directories, gaming, couponing, retail inserts and direct mail primarily in the U.S. This segment also provides print management, procurement and supply chain management solutions to simplify paper and print procurement processes for its customers.

The table below summarizes net sales for each of the above reportable segments, as well as the Corporate & Other category, as a percentage of consolidated net sales:

	Year Ended December 31,		
	2021	2020	2019
Packaging	55%	52%	45%
Facility Solutions	13%	15%	15%
Print	22%	23%	28%
Publishing	9%	9%	10%
Corporate & Other	1%	1%	2%
Total Company	100%	100%	100%

Additional financial information regarding our reportable business segments and certain geographic information is included in Item 7 of this report and in Note 16 of the Notes to Consolidated Financial Statements in Item 8 of this report.

General Development of Business

Information regarding developments in our business can be found in Item 7 of this report.

Products and Services

Veritiv distributes well-known national and regional brand products as well as products marketed under its own private label brands. Products under the Company's private label brands are manufactured by third-party suppliers in accordance with specifications established by the Company. Our portfolio of private label products includes:

- Packaging products under the TUFflex brand, which include stretch film, mailers, shrink film, carton sealing tape and other specialty tapes;
- Foodservice disposable products, cleaning chemicals, towels and tissues, can liners, sanitary maintenance supplies and a wide range of facility supplies products under the Reliable, Spring Grove and PUR Value brands; and
- Coated and uncoated papers, coated board and cut size under the Endurance, Comet, Starbrite Opaque Select and other brands.

The table below summarizes sales of products sold under private label brands as a percentage of the respective reportable segment's or total Company's net sales:

	Year Ended December 31,		
	2021	2020	2019
Packaging	6%	6%	6%
Facility Solutions	8%	8%	9%
Print	24%	20%	19%
Total Company	10%	9%	9%

Customers

We serve customers across a broad range of industry sectors, through a variety of means ranging from multi-year sales agreements to individual transactional sales. For many of its largest customers, the Company enters into multi-year contracts that set forth the terms and conditions of sale including product pricing and incentive agreements, which are generally based on sales volume targets. The Company's customers are generally not required to purchase any minimum amount of products under these agreements. For the years ended December 31, 2021, 2020 and 2019, no single customer accounted for more than 5% of the Company's consolidated net sales.

Suppliers

We purchase our products from thousands of suppliers, both domestic and international, across different business segments. Although varying by segment, the Company's suppliers consist generally of large corporations selling brand name

and private label products and, to a more limited extent, independent regional and private label suppliers. Suppliers are selected based on customer demand for the product and a supplier's total service, cost and product quality offering.

Our sourcing organization supports the purchasing of well-known national and regional brand products as well as products marketed under our own private label brands from key national suppliers in the packaging, facility solutions and print industries. The Publishing segment primarily operates as a direct ship business aligned with the Company's core supplier strategy. In addition, under the guidance and oversight of the sourcing team, our merchandising personnel source products not available within our core offering in order to meet specialized customer needs.

The product sourcing program is designed to ensure that the Company is able to offer consistent product selections and market competitive pricing across the enterprise while maintaining the ability to service localized market requirements. Our procurement program is also focused on replenishment which includes purchase order placement and controlling the total cost of inventory by proactively managing the number of days inventory on hand, negotiating favorable payment terms and maintaining vendor-owned and vendor-managed programs. As one of the largest purchasers of packaging, facility supplies, and paper and graphics products, we can qualify for volume allowances with some suppliers and can realize significant economies of scale. During the year ended December 31, 2021, approximately 28% of our purchases were made from ten suppliers.

Competition

The packaging, facility solutions, paper and publishing distribution industry is highly competitive, with numerous regional and local competitors, and is a mature industry characterized by slowing growth or, in the case of paper, declining demand. The Company's principal competitors include national, regional and local distributors, national and regional manufacturers, independent brokers and both catalog-based and online business-to-business suppliers. Most of these competitors generally offer a wide range of products at prices comparable to those Veritiv offers, though at varying service levels. Additionally, new competition could arise from non-traditional sources, group purchasing organizations, e-commerce, discount wholesalers or consolidation among competitors. Veritiv believes it offers the full range of services required to effectively compete, but if new competitive sources appear, it may result in margin erosion or make it more difficult to attract and retain customers.

The following summary briefly describes the key competitive landscape for each of Veritiv's reportable segments:

- ***Packaging*** – The packaging market is fragmented and consists of competition from national and regional packaging distributors, national and regional manufacturers of packaging materials, independent brokers and both catalog-based and online business-to-business suppliers. Veritiv believes there are few national packaging distributors with substrate neutral design capabilities similar to the Company's capabilities.

- ***Facility Solutions*** – There are few national, but numerous regional and local distributors of facility supply solutions. Several groups of distributors have created strategic alliances among multiple distributors to provide broader geographic coverage for larger customers. Other key competitors include the business-to-business divisions of big box stores, purchasing group affiliates and both catalog-based and online business-to-business suppliers.

- ***Print*** – Industry sources estimate that there are hundreds of regional and local companies engaged in the marketing and distribution of paper and graphics products. While the Company believes there are few national distributors of paper and graphics products similar to Veritiv, several regional and local distributors have cooperated together to serve customers nationally. The Company's customers can also purchase products directly from paper and graphics manufacturers. In addition, competitors include regional and local specialty distributors, office supply and big box stores, online business-to-business suppliers, independent brokers and large commercial printers that broker the sale of paper in connection with the sale of their printing services.

- ***Publishing*** – The publishing market is serviced by printers, paper brokers and distributors. The Company's customers can also purchase paper directly from paper manufacturers. The market consists primarily of magazine and book publishers, cataloguers, direct mailers and retail customers using catalog, insert and direct mail as a method of advertising.

We believe that our competitive advantages include approximately 1,100 sales and marketing professionals and the wide selection of products, including high-quality private brands. The breadth of products and services offered, the diversity

of the types of customers served, and our broad geographic footprint in the U.S., Canada and Mexico buffer the impact of regional economic declines while also providing a network to readily service national accounts.

Distribution and Logistics

Timely and accurate delivery of a customer's order, on a consistent basis, are important criteria in a customer's decision to purchase products and services from Veritiv. Delivery of products is provided through two primary channels, either from the Company's distribution centers or directly from the manufacturer. Our distribution centers offer a range of delivery options depending on the customer's needs and preferences, and the strategic placement of the distribution centers also allows for delivery of special or "rush" orders to many customers.

Working Capital

Veritiv's working capital needs generally reflect the need to carry significant amounts of inventory in our distribution centers to meet delivery requirements of our customers, as well as significant accounts receivable balances. As is typical in our industry, our customers often do not pay upon receipt, but are offered terms which are dependent on the specific circumstances of the sale.

Human Capital

Veritiv’s key human capital management objectives include attracting, developing, engaging and retaining skilled and diverse talent, and promoting safety to drive the success of our business and to meet and exceed the expectations of our customers. These objectives are aligned with our Veritiv Values: Integrity, One Team, People Commitment, Customer Focus, Operational Excellence and Passion for Results.

Our workforce includes employees in sales, customer service, warehouse operations and corporate functions. By geography, approximately 77% and 15% of our workforce is located in the U.S. and Canada, respectively, with a presence in almost every state in the U.S. and most provinces in Canada. We also have employees located in Mexico (7%) and other countries (1%). Approximately two-thirds of our workforce is male, and the other one-third is female.

As of December 31, 2021, Veritiv had approximately 6,100 employees worldwide, of which approximately 9% were in collective bargaining units. Approximately 13% of those employees are covered by a collective bargaining agreement that will expire in 2022. Labor contract negotiations are handled on an individual basis by a cross-functional team including Human Resources and Operations, with legal support. We currently expect that we will be able to renegotiate these agreements on satisfactory terms. We consider labor relations to be good.

We reward and support employees through competitive pay and benefit programs; enhance the Company’s culture through our values and other engagement efforts; develop talent internally through job rotations and learning programs to create a high-performing, diverse workforce; and strive to make safety a key focus across the organization. Some examples of programs and initiatives designed to attract, develop, engage and retain our workforce and to promote safety include:

- Diversity, Equity and Inclusion ("DEI")

  The key elements of our overall DEI strategy are to engage with employees by creating experiences that celebrate diverse people and perspectives, equip our organization by creating a culture that encourages constant and relevant learning and empower employees by cultivating confidence through a "One Veritiv" perspective that grows diverse and innovative leaders. The DEI strategy includes broadening our applicant pools for open positions, prioritizing pay equity and implementing micro-learning modules focused on our talent acquisition teams, our managers, our senior leaders and our broader workforce.

  In 2021, we created a new position to lead the development of our DEI strategy and objectives, with oversight from our Senior Lead Team and assistance from third-party consultants. We continue to measure our progress through regular evaluation of key metrics.

- Employee Engagement

  We have been successful in engaging our employees to participate in small group dialogue with Senior Lead Team members, encouraging information sharing and driving engagement. We continue to make progress on in-depth action plans to address issues and feedback raised in the listening sessions. In 2021, we launched our new Vibe communications platform as a means of connecting employees across the organization. We have also announced our new flexible workplace policies for office-based workers.

  We recently launched the first phase of our Bravo! recognition and rewards program, featuring templates and tools for ongoing recognition of performance and service. Additionally, we announced a broad-based Profit Sharing Program, a discretionary annual incentive program to reward eligible employees based on achievement of certain Company performance metrics.

- Employee Well-Being and Safety

  We provide comprehensive healthcare benefits to virtually all our employees in the U.S. and Canada that are designed to meet the varied and evolving needs of our diverse workforce. In addition, we provide free mental and behavioral health resources, including on-demand access to the Employee Assistance Program for employees and their dependents. We are committed to providing all team members with a safe and healthy workplace and continuing to refine our culture of proactive safety. Managing and reducing risks at our facilities remains a focus, and in 2021, our Total Injury Rate for our operations in the U.S., Canada and Mexico was 0.64.

  In 2021, Veritiv contributed $1.5 million to the Veritiv Charitable Giving Fund, a philanthropic fund that supports non-profit charities that are qualified under Internal Revenue Code section 501(c)(3).

- Talent Development and Learning

  We prioritize and invest in creating opportunities to help employees gain skills and develop in their careers through a multitude of training and development programs. These include online, instructor-led and on-the-job learning formats as well as executive assessment, coaching, talent and succession planning. We have a robust talent review and succession planning process, and our goal is to have at least one "ready now" candidate and one "ready in 1 – 3 years" candidate for each critical position to prepare candidates for critical roles.

  We support the long-term career aspirations of our employees through education and personal development. These educational opportunities include tuition assistance for employees in the U.S., Canada and Mexico; and a unique Company-paid program that supports hourly warehouse workers to become certified, licensed truck drivers and provides opportunities to get licensed and gain required driver hours on work time. We sponsor a paid internship program that provides job experience to high school and college students in a variety of job functions and is a source for future full-time talent. To identify our top talent and prepare them for future leadership roles, we launched the first two cohorts of our LEAD Program in 2021, which we designed in partnership with the University of Georgia Business School.

Throughout the COVID-19 pandemic, we have continued our focus on protecting the health and safety of our employees in our distribution centers and our offices while meeting the needs of our customers and mitigating any interruptions to our business. We have continued to modify practices at our distribution centers and offices informed by guidance from the U.S. Centers for Disease Control and Prevention and local health and governmental authorities. These practices include social distancing, enhanced cleaning protocols, usage of personal protective equipment, as well as restricting all non-essential travel and promoting remote work wherever feasible. Our employees continue to adapt to the changes in work environment and have managed our business successfully during this challenging time.

To thank our employees for their contributions to the Company’s success in managing through the COVID-19 pandemic, we provided a cash bonus for the second consecutive year to employees who are not eligible for other bonus or commission programs. Additionally, in 2021 we provided a one-time disaster relief assistance payment for U.S. and Canadian employees to help them with added costs they incurred due to COVID-19. We also offered a one-time incentive payment to encourage all employees globally to become fully vaccinated against COVID-19.

Government Relations

Our transportation operations are subject to the U.S. Department of Transportation Federal Motor Carrier Safety Regulations. We are also subject to federal, state and local regulations regarding licensing and inspection of facilities, including compliance with the U.S. Occupational Safety and Health Act. These regulations require us to comply with health and safety standards to protect our employees from accidents and establish communication programs to transmit information on the hazards of certain chemicals present in specific products that we distribute.

We are also subject to regulation by numerous U.S., Canadian and Mexican federal, state and local regulatory agencies, including, but not limited to, the U.S. Department of Labor, which sets employment practice standards for workers. Although we are subject to other U.S., Canadian and Mexican federal, state and local provisions relating to the protection of the environment and the discharge or destruction of materials, these provisions do not materially impact the use or operation of the Company's facilities. Compliance with these laws has not had, and is not anticipated to have, a material effect on Veritiv's capital expenditures, earnings or competitive position.

Intellectual Property

We have numerous well-recognized trademarks, represented primarily by our private label brands. See the Products and Services section of this Item 1. Business for additional information regarding our private label brand sales. Most of our trademark registrations are effective for an initial period of ten years, and we generally renew our trademark registrations before their expiration dates for trademarks that are in use or have reasonable potential for future use. Although our Packaging, Facility Solutions and Print segments rely on a number of trademarks that, in the aggregate, provide important protections to the Company, no single trademark is material to any one of these segments. Additionally, Veritiv does not have any material patents or licenses.

Seasonality

The Company's operating results are subject to seasonal influences. Historically, our higher consolidated net sales have occurred during the third and fourth quarters while our lowest consolidated net sales have occurred during the first quarter. The Packaging segment net sales have traditionally increased each quarter throughout the year and net sales for the first quarter have typically been less than net sales for the fourth quarter of the preceding year. Production schedules for non-durable goods that build up to the holidays and peak in the fourth quarter drive this seasonal net sales pattern. Net sales for the Facility Solutions segment have traditionally peaked in the third quarter due to increased summer demand in the away-from-home resort, cruise and hospitality markets and from back-to-school activities. Within the Print and Publishing segments, seasonality is driven by increased magazine advertising page counts, retail inserts, catalogs and direct mail primarily due to back-to-school, political election and holiday-related advertising and promotions in the second half of the year. The COVID-19 pandemic disrupted the Company's seasonal patterns in net sales across all segments and on a consolidated basis in 2020, and to a lesser extent in 2021, due to the impacts of the pandemic on many of Veritiv's customers. The duration and extent of the COVID-19 pandemic is highly uncertain and the magnitude of continuing seasonality disruption is difficult to predict.

Information About Our Executive Officers

Name	Age	Position and Business Experience for the Past Five Years
Salvatore A. Abbate	53	• Chief Executive Officer and a member of the Board of Directors since September 2020 • Chief Operating Officer from January 2020 - September 2020 • Senior Vice President and Chief Commercial Officer from April 2018 - December 2019 • Senior Vice President, Chief Sales & Marketing Officer for Andersen Windows & Doors, Inc., a leading North American window and door manufacturer, from July 2013 - March 2018
Stephen J. Smith	58	• Senior Vice President and Chief Financial Officer since March 2014

Name	Age	Position and Business Experience for the Past Five Years
Dean A. Adelman	56	• Senior Vice President and Chief Human Resources Officer since March 2019 • Chief Human Resources Officer for Caraustar Industries, Inc., a manufacturer of recycled materials, from August 2017 - March 2019
Daniel B. Calderwood	41	• Senior Vice President, Marketing and Business Management since October 2020 • Vice President, Marketing and Business Management from January 2020 - October 2020 • Vice President, Packaging from May 2019 - January 2020 • Vice President, Marketing for Tempur Sealy International, Inc., a global mattress and bedding manufacturer, from January 2015 - April 2019
Mark W. Hianik	61	• Senior Vice President, General Counsel and Corporate Secretary since January 2014 • Senior Vice President, General Counsel and Chief Administrative Officer for Dex One Corporation from March 2012 - May 2013; Dex One filed a pre-packaged bankruptcy petition under Chapter 11 in March 2013 to effect a merger consummated in April 2013
Stephanie E. Mayerle	44	• Senior Vice President, Sales since October 2020 • Vice President, Sales from June 2020 - October 2020 • Various roles for Andersen Windows & Doors, Inc., a leading North American window and door manufacturer, including Senior Director – Strategic Accounts and Inside Sales from April 2019 - June 2020, Senior Director – Business Management from January 2018 - April 2019, and Senior Director – Customer and Sales Operations from December 2016 - January 2018
Karen K. Renner	60	• Senior Vice President and Chief Information Officer since November 2020 • Senior Vice President and Chief Information Officer of CommScope, Inc., a global network infrastructure provider, from August 2018 - November 2020 • Chief Information Officer for the North American region of Thales Group, a global aerospace defense supplier, from March 2017 - August 2018
Susan B. Salyer	51	• Senior Vice President and Chief Compliance and Sustainability Officer since May 2021 • Vice President, Assistant General Counsel and Chief Compliance Officer from March 2020 - April 2021 • Assistant General Counsel and Chief Compliance Officer from November 2017 - March 2020 • Chief Compliance Officer and Senior Counsel Corporate Transactions from April 2016 - November 2017
Michael D. Walkenhorst	43	• Senior Vice President, Developing Businesses and Global Operations since July 2021 • Senior Vice President, Developing Businesses from October 2020 - July 2021 • Vice President, Developing Businesses from February 2019 - October 2020 • Managing Director of All American Containers, a Veritiv business, from September 2017 - February 2019 • General Manager for Veritiv's West Central Territory from July 2014 - August 2017

Name	Age	Position and Business Experience for the Past Five Years
Daniel J. Watkoske	53	• Senior Vice President, Print and Publishing since October 2020 • Senior Vice President, Print from July 2014 - October 2020 • Senior Vice President of Veritiv Services from October 2016 - January 2019

We have been advised that there are no family relationships among any of our executive officers or directors and that there is no arrangement or understanding between any of our executive officers and any other persons pursuant to which they were appointed, respectively, as an executive officer.

Company Information

Our principal executive offices are located at 1000 Abernathy Road NE, Building 400, Suite 1700, Atlanta, Georgia 30328. Our corporate website is www.veritivcorp.com. Information contained on our website is not part of this Annual Report on Form 10-K. Through the "Investor Relations" portion of this website, we make available, free of charge, our proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other relevant filings with the SEC and any amendments to those reports as soon as reasonably practicable after such material has been filed with, or furnished to, the SEC. These filings are also accessible on the SEC's website at www.sec.gov.

ITEM 1A. RISK FACTORS

The following is a discussion of certain important factors, some of which are beyond our control, that may cause our business, financial condition, results of operations or cash flows in future periods to differ materially from those currently expected or desired. Factors not currently known to Veritiv or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations or cash flows. You should carefully consider the following discussion, together with the other information contained in this report, in evaluating us and an investment in our common stock.

Risks Relating to the COVID-19 Pandemic

The outbreak of the COVID-19 pandemic has adversely affected, and in the future may materially and adversely affect, our business, financial condition, results of operations, liquidity and cash flows.

The rapid and continued spread of COVID-19, and the measures taken to slow its spread, have adversely affected our business and financial results and will likely continue to do so for an uncertain period of time in the future. The COVID-19 pandemic has had and may continue to have negative impacts on our business, including volatility in demand for our products; delays or inability to source products; disruptions in supply chain and transportation; and volatility in the global capital and credit markets, which impacts interest rates and currency exchange rates. The pandemic could also cause a material reduction in the value of our assets including, but not limited to, deferred tax assets and accounts receivable. Our customers, suppliers and vendors may suffer disruptions in their business due to the COVID-19 pandemic causing them financial distress which could include delaying payments to us, filing for bankruptcy protection or going out of business. In addition, there are currently a large number of our employees working remotely as well as operationally critical employees working at our facilities for business continuity purposes as lawfully permitted. Extended periods of remote work arrangements could introduce further operational risk, such as additional cybersecurity risks. Despite our efforts to manage these impacts, due to the rapidly evolving situation with COVID-19, the effect on our operational and financial performance will depend on future developments, all of which are uncertain and difficult to predict and in the future may have material adverse effects on our business, financial condition, results of operations, liquidity and cash flows. Such developments may include, but are not limited to, the spread and future resurgences of the virus, the severity and duration of the outbreak and the severity and duration of the resulting impact on the economy. Even after the COVID-19 pandemic has subsided, we may experience impacts on our business as a result of any economic recession, downturn or volatility that has occurred or may occur in the future. The COVID-19 pandemic may also have the effect of heightening many of the other risks described below, including those related to dependence on information technology and telecommunications systems, cybersecurity risks, compliance with financial covenants, ability to service indebtedness and stock price fluctuation.

Risks Relating to Our Industry and Business

The industry-wide decline in demand for paper and related products could have a material adverse effect on our financial condition and results of operations.

Our Print and Publishing businesses rely heavily on the sale of paper and related products. The industry-wide decrease in demand for paper and related products in key markets we serve places continued pressure on our revenues and profit margins and makes it more difficult to maintain or grow earnings. This trend is expected to continue. The failure to effectively differentiate us from our competitors in the face of increased use of email, increased and permanent product substitution, including less print advertising, more electronic billing, more e-commerce, fewer catalogs and a reduced volume or slowdown of mail, could have a material adverse effect on market share, sales and profitability through increased expenditures or decreased prices. Our failure to grow the Packaging and Facility Solutions businesses at rates adequate to offset the expected decline in Print and Publishing could also have a material adverse effect on our financial results.

Competition in our industry may adversely impact our margins and our ability to retain customers and make it difficult to maintain our market share and profitability.

The business-to-business distribution industry is highly competitive, with numerous regional and local competitors, and is a mature industry characterized by slowing revenue growth. Our principal competitors include national distributors, national and regional manufacturers and independent brokers in the Packaging segment; national, regional and local distributors in the Facility Solutions segment; regional and local distributors in the Print segment; and regional, national and international paper manufacturers and other merchants and brokers in the Publishing segment. Most of these competitors generally offer a wide range of products at prices comparable to those we offer. Additionally, new competition could arise from non-traditional sources, group purchasing organizations, e-commerce, discount wholesalers or consolidation among competitors. New competitive sources may result in increased focus on pricing and on limiting price increases, or may require increased discounting. Such competition may result in margin erosion or make it difficult to attract and retain customers.

Increased competition within the industry, reduced demand for paper, increased and permanent product substitution through less print advertising, more electronic billing, more e-commerce, fewer catalogs, a reduced volume or slowdown of mail and general economic conditions has served to further increase pressure on the industry's profit margins, and continued margin pressure within the industry may have a material adverse impact on our operating results and profitability.

We purchase all of the products we sell to our customers from other parties, and conditions beyond our control can interrupt our supplies and increase our product costs.

We obtain our packaging, facility products and paper from third-party suppliers. Our business and financial results are dependent on our ability to purchase products from suppliers not controlled by us that we, in turn, sell to our customers. We may not be able to obtain the products we need on open credit, with market or other favorable terms, or at all. During the year ended December 31, 2021, approximately 28% of our purchases were made from ten suppliers. A sustained disruption in our ability to source products from one or more of the largest of these vendors might have a material impact on our ability to fulfill customer orders resulting in lost sales and, in rare cases, damages for late or non-delivery.

For the most part, we do not have a significant number of long-term contracts with our suppliers committing them to provide products to us. Suppliers may not provide the products and supplies needed in the quantities and at the prices and times requested. We are also subject to delays caused by interruption in production and increases in product costs based on conditions outside of our control. These conditions include raw material shortages, environmental restrictions on operations, work slowdowns, work interruptions, strikes or other job actions by employees of suppliers, product recalls, transportation interruptions, unavailability of fuel or increases in fuel costs, competitive demands and natural disasters or other catastrophic events. Our inability to obtain adequate supplies of packaging, facility products and paper as a result of any of the foregoing factors or otherwise could mean that we could not fulfill our obligations to customers, and customers may turn to other distributors.

In addition, increases in product costs may reduce our margins if we are unable to pass all or a portion of these costs along to our customers. Any such inability may have a negative impact on our business and our profitability.

Changes in prices for raw materials, including pulp, paper, containerboard and resin, could negatively impact our results of operations and cash flows.

Changes in prices for raw materials, such as pulp, paper, containerboard and resin, could significantly impact our results of operations. Although we do not produce products and are not directly exposed to risk associated with production, declines in raw material prices, driven by falling secular demand, periods of industry overcapacity or overproduction, may adversely affect our revenues and net income to the extent such factors lower our resell prices. Declining prices generally produce lower revenues and profits, even when volume and margin percentages remain constant. Additionally, during periods of declining prices, customers may alter purchasing patterns and defer purchases or deplete inventory levels until long-term price stability occurs. Alternatively, if prices for raw materials rise and we are unable to pass these increases on to our customers, our results of operations and profits may also be negatively impacted.

Changes in U.S. and international trade policies and regulations could adversely affect our business and operating results.

Although we primarily serve markets in the U.S., Canada and Mexico, we purchase our products from a wide variety of domestic and international suppliers. Changes to U.S. trade policies, including the adoption or expansion of trade restrictions, sanctions and other related governmental actions or policies, can disrupt geographic and industry demand trends and prompt other countries to change their own trade policies, including through the adoption of retaliatory tariffs or expansion of other trade restrictions. These changes may cause us to make changes in our supply chain strategies or adversely impact our own costs. Increasing the costs of our products as a result of tariffs or other adverse trade restrictions, or minimizing the number of our products subject to tariffs or other adverse trade restrictions, could cause customers to turn to other distributors and we may be unable to locate alternative suppliers at acceptable costs. Such actions may result in margin erosion or make it difficult to attract and retain customers.

Increases in the cost of fuel and third-party freight as well as the availability of third-party freight providers could have an adverse effect on our business and results of operations.

Volatile fuel prices have a direct impact on our business. We also depend upon third-party freight providers in order to conduct our business. The cost of fuel and third-party freight affects the price paid by us for products as well as the expense incurred to deliver products to our customers. Increased fuel costs, increased government regulation and limitations on driver availability impacting the freight transportation industry may adversely impact the cost and availability of third-party freight services. Although we have been able to pass along a portion of increased fuel and third-party freight costs to our customers in the past, there is no guarantee that we can continue to do so. Increases in fuel and third-party freight costs or the unavailability of third-party freight providers may adversely affect our business and results of operations.

The loss of any of our significant customers could adversely affect our financial condition, operating results and cash flows.

Our ten largest customers generated approximately 12% of our consolidated net sales for the year ended December 31, 2021, and our largest customer accounted for approximately 4% of our consolidated net sales in that same period. We cannot guarantee that we will maintain or improve our relationships with these customers or that we will continue to supply these customers at historic levels.

Generally, our customers are not contractually required to purchase any minimum amount of products. In addition, consolidation among customers could also result in changes to their purchasing habits and volumes. The loss of one or more of these significant customers, a significant customer's decision to purchase our products in substantially lower quantities than they have in the past, or a deterioration in the relationship with any significant customers could adversely affect our financial condition, operating results and cash flows.

We may not fully realize the expected benefits of our current and future restructuring plans or other operating or cost-saving initiatives, which may adversely affect our business, competitive position, financial condition, results of operations and cash flows.

We initiated a restructuring plan in response to the impact of the COVID-19 pandemic on our business operations and the ongoing secular changes in our Print and Publishing segments (the "2020 Restructuring Plan"), which was substantially completed by the end of 2021. The 2020 Restructuring Plan was designed to better align our cost structure with

ongoing business needs as we execute on our stated corporate strategy. Implementation of any restructuring plan may be disruptive to our business and more costly than anticipated, and we may not be able to obtain the estimated cost savings and other benefits that were initially anticipated in a timely manner, or at all.

Adverse developments in general business and economic conditions, including the industry-wide decline in demand for paper and related products, could have a material adverse effect on our financial condition and results of operations impairing our ability to use Net Operating Loss ("NOL") carryforwards and other deferred tax assets.

The realization of our NOLs and other deferred tax assets depends on the timing and amount of taxable income earned by our Company in the future and a lack of future taxable income would adversely affect our ability to realize these tax assets. Tax attributes are generally subject to expiration at various times in the future to the extent that they have not previously been applied to offset the taxable income of our Company, and there is a risk that our existing NOL carryforwards could expire unused and be unavailable to offset future income tax liabilities.

The merger of International Paper Company's xpedx distribution solutions business and UWW Holdings, Inc., the parent company of Unisource Worldwide, Inc. ("Unisource"), through which the Company was established, resulted in an ownership change for Unisource under Section 382 of the Internal Revenue Code (the "Code"), limiting the use of Unisource's NOLs to offset future taxable income for both U.S. federal and state income tax purposes. Moreover, future trading of our stock may result in additional ownership changes as defined under Section 382 of the Code, further limiting the use of Unisource's NOLs. These limitations may affect the availability and the timing of when these NOLs may be used which could impair our deferred tax assets which, in turn, may adversely impact the timing and amount of cash taxes payable by our Company.

Significant judgment is required in evaluating the need for and magnitude of appropriate valuation allowances against deferred tax assets. The realization of these assets is dependent on generating future taxable income, as well as successful implementation of various tax planning strategies. Although we believe that the judgments and estimates with respect to the valuation allowances are appropriate and reasonable under the circumstances, actual results could differ from projected results, which could give rise to additions or reductions in valuation allowances. It is possible that such changes could have a material adverse effect on the amount of income tax expense (benefit) recorded in our Consolidated Statements of Operations.

We may not be able to adequately protect our material intellectual property and other proprietary rights, or to defend successfully against intellectual property infringement claims by third parties.

Our ability to compete effectively depends in part upon our intellectual property rights, including but not limited to trademarks, copyrights and proprietary technology. The use of contractual provisions, confidentiality procedures and agreements, and trademark, copyright, unfair competition, trade secret and other laws to protect intellectual property rights and proprietary technology may not be adequate. Litigation may be necessary to enforce our intellectual property rights and protect proprietary technology, or to defend against claims by third parties that our conduct or our use of intellectual property infringes upon such third party's intellectual property rights. Any intellectual property litigation or claims brought against us, whether or not meritorious, could result in substantial costs and diversion of our resources, and there can be no assurances that favorable final outcomes will be obtained. The terms of any settlement or judgment may require us to pay substantial amounts to the other party or cease exercising our rights in such intellectual property, including ceasing the use of certain trademarks used by us to distinguish our services from those of others or ceasing the exercise of our rights in copyrightable works. In addition, we may be required to seek a license to continue practices found to be in violation of a third party's rights, which may not be available on reasonable terms, or at all. Our business, financial condition or results of operations could be adversely affected as a result.

Risks Relating to Human Capital

In order to compete, we must attract, train and retain highly qualified employees, and the failure to do so could have a material adverse effect on our results of operations.

To successfully compete, we must attract, train and retain a large number of highly qualified employees while controlling related labor costs. Specifically, we must recruit and retain qualified sales professionals. If we were to lose a significant amount of our sales professionals, we could lose a material amount of sales, which would have a material adverse effect on our financial condition and results of operations. We compete with other businesses for employees and invest

significant resources in training and motivating them. There is no assurance that we will be able to attract or retain highly qualified employees. The inability to hire or retain qualified personnel at economically reasonable compensation levels would restrict our ability to improve our business and result in lower operating results and profitability.

Our pension and health care costs are subject to numerous factors which could cause these costs to change.

Our pension and health care costs are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience, including, for pension costs, actuarial assumptions regarding life expectancies. Pension plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns, changes in general interest rates and changes in the number of retirees may result in increased pension costs in future periods. Significant changes in any of these factors may adversely impact our cash flows, financial condition and results of operations.

We participate in multi-employer pension plans and multi-employer health and welfare plans, which could create additional obligations and payment liabilities.

We contribute to multi-employer defined benefit pension plans as well as multi-employer health and welfare plans under the terms of collective bargaining agreements that cover certain unionized employee groups in the U.S. The risks of participating in multi-employer pension plans differ from single employer-sponsored plans and such plans are subject to regulation under the Pension Protection Act (the "PPA"). Additionally, changes in regulations covering these plans could increase our costs and/or potential withdrawal liability.

Multi-employer pension plans are cost-sharing plans subject to collective-bargaining agreements. Contributions to a multi-employer plan by one employer are not specifically earmarked for its employees and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan are borne by the remaining participating employers. In addition, if a multi-employer plan is determined to be underfunded based on the criteria established by the PPA, the plan may be required to implement a financial improvement plan or rehabilitation plan that may require additional contributions or surcharges by participating employers.

In addition to the contributions discussed above, we could be obligated to pay additional amounts, known as withdrawal liabilities, upon decrease or cessation of participation in a multi-employer pension plan. Although an employer may obtain an estimate of such liability, the final calculation of the withdrawal liability may not be able to be determined for an extended period of time. Generally, the cash obligation of such withdrawal liability is payable over a 20-year period.

Our business may be adversely affected by work stoppages, union negotiations and labor disputes.

Approximately 9% of our employees were in collective bargaining units as of December 31, 2021. Historically, the effects of collective bargaining and other similar labor agreements have not been significant. However, if a larger number of our employees were to unionize, including in the wake of any future legislation or administrative regulation that makes it easier for employees to unionize, the effect may be negative.

Approximately 13% of the Company's unionized employees have collective bargaining agreements that expire during 2022. Any inability to negotiate acceptable new contracts under these collective bargaining arrangements could cause strikes or other work stoppages, and new contracts could result in increased operating costs. If any such strikes or other work stoppages occur, or if additional employees become represented by a union, a disruption of our operations and higher labor costs could result. Labor relations matters affecting our suppliers of products and services could also adversely affect our business from time to time.

Risks Relating to Our Capital Structure

Our indebtedness could adversely affect our financial condition and impair our ability to operate our business.

As of December 31, 2021, we had approximately $515.7 million in total indebtedness, reflecting borrowings of $440.8 million under the Asset-Based Lending Facility (the "ABL Facility"), $2.1 million of short-term debt and $72.8 million of finance leases. This level of indebtedness could have important consequences to our financial condition, operating results and business, including the following:

- limiting our ability to obtain additional debt or equity financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- increasing our cost of borrowing;
- requiring that a significant portion of our cash flows from operations be dedicated to payments on our indebtedness instead of other purposes, including operations, capital expenditures and future business opportunities;
- making it more difficult for us to make payments on our indebtedness or satisfy other obligations;
- exposing us to risk of increased interest rates on our borrowings due to the variable rate exposure associated with the ABL Facility, which can be worsened by (i) increased interest rates up to the level covered by our interest rate cap and (ii) increased interest rates on borrowings in excess of the notional amount of our interest rate cap;
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors that have less debt; and
- increasing our vulnerability to a downturn in general economic conditions or in our business and making us unable to carry out capital spending that is important to our growth.

Despite our current level of indebtedness, we may incur substantially more indebtedness in the future. This could further exacerbate the risks to our financial condition described above.

We may incur substantially more indebtedness in the future, including secured indebtedness. Although the agreements governing the ABL Facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. If new indebtedness is added to our current indebtedness levels, the related risks we will face could intensify.

The agreements governing our indebtedness contain restrictive covenants, which could restrict our operational flexibility, and a failure to comply with those covenants could have serious consequences.

The agreements governing the ABL Facility contain restrictions and limitations on our ability to engage in activities that may be in our long-term best interests, including financial and other restrictive covenants that could limit our ability to:

- incur additional indebtedness or guaranties, or issue certain preferred shares;
- pay dividends, redeem stock or make other distributions;
- repurchase, prepay or redeem subordinated indebtedness;
- make investments or acquisitions;
- create liens;
- make negative pledges;
- consolidate or merge with another company;
- sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with affiliates; and
- change the nature of our business.

The agreements governing the ABL Facility also contain other restrictions customary for asset-based facilities of this nature. Our ability to borrow additional amounts under the ABL Facility will depend upon satisfaction of these covenants. Events beyond our control could affect our ability to meet these covenants. Our failure to comply with obligations under the agreements governing the ABL Facility may result in an event of default under those agreements. A default, if not cured or waived, may permit acceleration of our indebtedness. If our indebtedness is accelerated, we cannot be certain that we will have sufficient funds available to pay the accelerated indebtedness or that we will have the ability to refinance the accelerated indebtedness on terms favorable to us or at all. This could have serious consequences to our business, financial condition and operating results and could cause us to become bankrupt or insolvent.

Our stock price may fluctuate significantly.

The market price of our common stock may continue to fluctuate widely, depending on many factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in the operating results of our Company due to factors related to our business;
- success or failure of the strategy of our Company;
- the quarterly or annual earnings of our Company, or those of other companies in our industry;

- continued industry-wide decrease in demand for paper and related products;
- our ability to obtain third-party financing as needed;
- announcements by us or our competitors of significant acquisitions or dispositions;
- restrictions on our ability to pay dividends under our ABL Facility;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the operating and stock price performance of other comparable companies;
- investor perception of our Company;
- natural or environmental disasters that investors believe may affect our Company;
- overall market fluctuations;
- a large sale of our stock by a significant shareholder;
- results from any material litigation or government investigation;
- changes in laws and regulations affecting our Company or any of the principal products sold by our Company; and
- general economic and political conditions and other external factors.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of our common stock.

If securities or industry analysts publish unfavorable research, or do not continue to cover our Company, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us and our business. As of December 31, 2021, we had very limited research coverage by analysts. If an analyst downgrades our stock or publishes unfavorable research about our business, our stock price would likely decline. If an analyst ceases coverage of our Company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price or trading volume to decline.

A significant percentage of our outstanding common stock is held by our three largest shareholders, and certain of those shareholders may exercise significant influence over matters requiring shareholder approval. So long as a significant percentage of our common stock continues to be held by a small number of shareholders, the liquidity of our common stock may be impacted.

Our three largest shareholders collectively owned approximately 48% of our outstanding common stock as of December 31, 2021. As a result, certain of these shareholders may exercise significant influence over all matters requiring shareholder approval, including approval of significant corporate transactions, which may reduce the market price of our common stock. Additionally, the interests of these shareholders may conflict with the interests of our other shareholders. This concentrated ownership could also result in a limited amount of shares being available to be traded in the market, resulting in reduced liquidity.

Anti-takeover provisions in our amended and restated certificate of incorporation (our "charter") and amended and restated by-laws (our "by-laws") could discourage, delay or prevent a change of control of our Company and may affect the trading price of our common stock.

Our charter and by-laws include a number of provisions that may discourage, delay or prevent a change in our management or control over us that shareholders may consider favorable. For example, our charter and by-laws collectively:

- authorize the issuance of "blank check" preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- limit the ability of shareholders to remove directors;
- provide that vacancies on our Board of Directors, including vacancies resulting from an enlargement of our Board of Directors, may be filled only by a majority vote of directors then in office;
- prohibit shareholders from calling special meetings of shareholders unless called by the holders of not less than 20% of our outstanding shares of common stock;
- prohibit shareholder action by written consent, unless initiated by the holders of not less than 20% of the outstanding shares of common stock;
- establish advance notice requirements for nominations of candidates for election as directors or to bring other business before an annual meeting of our shareholders; and

- require the approval of holders of at least a majority of the outstanding shares of our common stock to amend our by-laws and certain provisions of our charter.

These provisions may prevent our shareholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future.

Our charter and by-laws may also make it difficult for shareholders to replace or remove our management. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our shareholders.

Our charter designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us.

Our charter provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed to us or our shareholders by any of our directors, officers or employees, (iii) any action asserting a claim against us or any director, officer, employee or agent arising under the Delaware General Corporation Law, our charter or by-laws or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine. The choice of forum provision in our charter may limit our shareholders' ability to obtain a favorable judicial forum for disputes with us.

We have not historically declared or paid dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have not historically declared or paid dividends on our common stock. We currently intend to invest our future earnings, if any, to fund our growth, to develop our business, for working capital needs, to reduce debt and for general corporate purposes. Therefore, the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain their current value.

Any decision to pay dividends in the future will be at the discretion of Veritiv's Board of Directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, restrictions imposed by applicable law, general business conditions and other factors that Veritiv's Board of Directors may deem relevant. In addition, our operations are conducted almost entirely through our subsidiaries. As such, to the extent that we determine in the future to pay dividends on our common stock, none of our subsidiaries will be obligated to make funds available to us for the payment of dividends. Further, the agreements governing our ABL Facility can, and agreements governing future indebtedness may, in certain circumstances, restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to us.

Risks Relating to Regulatory Compliance and Legal Matters

Costs to comply with environmental, health and safety laws, and to satisfy any liability or obligation imposed under such laws, could negatively impact our business, financial condition and results of operations.

Our operations are subject to U.S. and international environmental, health and safety laws, including laws regulating the emission or discharge of materials into the environment, the use, storage, treatment, disposal and management of hazardous substances and waste, the investigation and remediation of contamination and the health and safety of our employees and the public. We could incur substantial fines or sanctions, enforcement actions (including orders limiting our operations or requiring corrective measures), investigation, remediation and closure costs and third-party claims for property damage and personal injury as a result of violations of, or liabilities or obligations under, environmental, health and safety laws. We could be held liable for the costs to address contamination at any real property we have ever owned, operated or used as a disposal site.

In addition, changes in, or new interpretations of, existing laws, the discovery of previously unknown contamination, or the imposition of other environmental liabilities or obligations in the future, may lead to additional compliance or other

costs that could impact our business and results of operations. Moreover, as environmental issues, such as climate change, have become more prevalent, U.S. and foreign governments have responded, and may continue to respond, with increased legislation and regulation, which could negatively impact our business, financial condition and results of operations.

Expenditures related to the cost of compliance with laws, rules and regulations could adversely impact our business and results of operations.

Our operations are subject to U.S. and international laws and regulations, including regulations of the U.S. Department of Transportation Federal Motor Carrier Safety Administration, the import and export of goods, customs regulations, the Office of Foreign Asset Control and the Foreign Corrupt Practices Act of 1977. Expenditures related to the cost of compliance with laws, rules and regulations, tariffs and duties could adversely impact our business and results of operations. In addition, we could incur substantial fines or sanctions, enforcement actions (including orders limiting our operations or requiring corrective measures) and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, laws, regulations, codes and common law.

Changes in U.S. federal and state or foreign tax law, tax assessments and unclaimed property audits by governmental authorities could adversely impact our operating results.

We remit a variety of taxes and fees to various U.S. federal and state and foreign governmental authorities, including income taxes, excise taxes, property taxes, sales and use taxes and payroll taxes. From time to time, governments make substantive changes to tax rules and their application, which could result in materially higher corporate taxes than would be incurred under existing tax law. In addition, tax laws and regulations are extremely complex and subject to varying interpretations. The taxes and fees remitted by us are subject to review and audit by the applicable governmental authorities which could result in liability for additional assessments. Furthermore, we are subject to U.S. state unclaimed property (escheat) laws and audits which require us to turn over to certain government authorities the property of others held by us that has been unclaimed for a specified period of time. Although management believes that the positions we have taken are reasonable, various taxing authorities may challenge certain of the positions we have taken, which may also potentially result in additional liabilities for taxes, unclaimed property, interest and penalties in excess of accrued liabilities. Changes in tax laws or an unfavorable resolution of assessments by a governmental authority could have a material adverse effect on our operating results in future periods.

Results of legal proceedings relating to our products including the sale and distribution thereof, and regulatory inquiries or investigations by government authorities, could have a material adverse effect on our business, reputation, financial condition, results of operations and cash flows.

We rely on manufacturers and other suppliers to provide us with the products and equipment we sell, distribute and service. As we do not have direct control over the quality of the products manufactured or supplied by such third-party suppliers, we are exposed to risks relating to the quality of the products and equipment we sell, distribute and service. It is possible that inventory from a manufacturer or supplier could be sold to our customers and later be alleged to have quality problems or to have caused personal injury, subjecting us to potential claims from customers or third parties. Our ability to hold such manufacturer or supplier liable will depend on a variety of factors, including its financial viability. Moreover, increasing the number of private label products that we distribute could increase our exposure to potential liability for product liability claims. Finally, even if we are successful in defending any claim relating to the products or equipment we distribute, claims of this nature could negatively impact our reputation and customer confidence in our products, equipment and company. We have been subject to such claims in the past, which have been resolved without material financial impact. We also operate a significant number of facilities and a large fleet of trucks and other vehicles and therefore face the risk of premises-related liabilities and vehicle-related liabilities including traffic accidents.

From time to time, we may also be involved in government inquiries and investigations, as well as class action, employment and other litigation. We cannot predict with certainty the outcomes of these legal proceedings and other contingencies, including environmental remediation and other proceedings commenced by government authorities. The costs and other effects of pending litigation against us cannot be determined with certainty. There can be no assurance that the outcome of any lawsuit or claim or its effect on our business or financial condition will be as expected. The defense of these lawsuits and claims may divert our management's attention, and significant expenses may be incurred as a result. In addition, we may be required to pay damage awards or settlements, or become subject to injunctions or other equitable remedies, that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, many of our sales professionals are subject to confidentiality and non-competition agreements. If our sales professionals were to violate these agreements, we could seek to legally enforce these agreements, but we may incur substantial costs in connection with such enforcement and may not be successful in such enforcement.

Although we currently maintain insurance coverage to address some of these types of liabilities, we cannot make assurances that we will be able to obtain such insurance on acceptable terms in the future, if at all, or that any such insurance will provide adequate coverage against potential claims. In addition, we may choose not to seek to obtain such insurance in the future. Moreover, indemnification rights that we have may be insufficient or unavailable to protect us against potential loss exposures.

General Risk Factors

Adverse developments in general business and economic conditions as well as conditions in the global capital and credit markets could have a material adverse effect on the demand for our products, the business, and the financial condition and results of operations of our Company and our customers.

The persistently slow rate of increase in the U.S. gross domestic product ("GDP") in recent years has adversely affected our results of operations. If GDP continues to increase at a slow rate or if economic growth declines, demand for the products we sell will be adversely affected. In addition, volatility in the global capital and credit markets, which impacts interest rates, currency exchange rates and the availability of credit, could have a material adverse effect on the business, financial condition and results of operations of our Company and our customers. Financial difficulties of customers, whether as a result of a downturn in general economic or industry conditions or otherwise, may result in failures of customers to timely pay amounts due or adversely affect the collectability of our accounts receivable, which could have a material adverse effect on our business, financial condition and results of operations. We also have exposure to counterparties with which we routinely execute transactions. A bankruptcy or liquidity event by one or more of our customers or counterparties, such as financial institutions, could have a material adverse effect on our business, financial condition and results of operations.

Changes in business conditions in our international operations could adversely affect our business and results of operations.

Our operating results and business prospects could be substantially affected by risks related to Canada, Mexico and other non-U.S. countries where we sell and distribute or purchase our products. Some of our operations are in or near locations that have suffered from political, social and economic issues; civil unrest; and a high level of criminal activity. In those locations where we have employees or operations, we may incur substantial costs to maintain the safety of our personnel and the security of our operations. Downturns in economic activity, adverse tax consequences or any change in social, political or labor conditions in any of the countries in which we operate could negatively affect our financial results. In addition, our international operations are subject to regulation under U.S. law (including, among others, the Foreign Corrupt Practices Act of 1977) and other laws related to operations in foreign jurisdictions. Failure to comply with domestic or foreign laws could result in various adverse consequences, including the imposition of civil or criminal sanctions and the prosecution of executives.

Inclement weather, widespread outbreak of an illness, anti-terrorism measures and other disruptions could negatively affect various aspects of our business including our supply chain, distribution system and operations, and could result in reduced demand from our customers.

Our ability to provide efficient distribution of products to our customers is an integral component of our overall business strategy. Disruptions at distribution centers or shipping ports or the closure of roads or imposition of other driving bans due to natural events such as flooding, tornadoes and blizzards may affect our ability to both maintain key products in inventory and deliver products to our customers on a timely basis, which may in turn adversely affect our results of operations.

Additionally, widespread outbreaks of an illness such as a pandemic and actions taken to contain or prevent further spread of such diseases could substantially interfere with general commercial activity related to our supply chain and customer base, which could have an adverse effect on our business, financial condition and results of operations. If our operations are curtailed, we may need to seek alternate sources of supply which may be more expensive, unavailable or may result in delays in shipments to us from our supply chain and subsequently to our customers. Further, if our customers'

businesses are similarly affected, they might delay or reduce purchases from us, which could adversely affect our results of operations.

Furthermore, in the aftermath of terrorist attacks in the U.S., federal, state and local authorities have implemented and continue to implement various security measures that affect many parts of the transportation network in the U.S. and abroad. Our customers typically require delivery of products in short time frames and rely on our on-time delivery capabilities. If security measures disrupt or impede the timing of our deliveries, we may fail to meet the needs of our customers, or may incur increased expenses to do so. Any of these disruptions to our operations may reduce our sales and have an adverse effect on our business, financial condition and results of operations.

We are dependent on a variety of information technology ("IT") and telecommunications systems and the Internet, and any failure of these systems could adversely impact our business and operating results.

We depend on IT and telecommunications systems and the Internet for our operations. These systems support a variety of functions including inventory management, order placement and processing with vendors and from customers, shipping, shipment tracking and billing. Our information systems are vulnerable to natural disasters, wide-area telecommunications or power utility outages, terrorist or cyber-attacks and other major disruptions, and our redundant information systems may not operate effectively.

Failures or significant downtime of our IT or telecommunications systems for any reason could prevent us from taking customer orders, printing product pick-lists, shipping products, billing customers and handling call volume. Sales also may be adversely impacted if our reseller and retail customers are unable to access pricing and product availability information. We also rely on the Internet, electronic data interchange and other electronic integrations for a large portion of our orders and information exchanges with our suppliers and customers. The Internet and individual websites have experienced a number of disruptions and slowdowns, some of which were caused by organized attacks. In addition, some websites have experienced security breakdowns. If we were to experience a security breakdown, disruption or breach that compromised sensitive information, it could harm our relationships with our suppliers and customers. Disruption of our website or the Internet in general could impair our order processing or more generally prevent our suppliers and resellers from accessing information. Failures of our systems could also lead to delivery delays and may expose us to litigation and penalties under some of our contracts. Any significant increase in our IT and telecommunications costs or temporary or permanent loss of our IT or telecommunications systems could harm our relationships with our customers and suppliers and result in lost sales, business delays and bad publicity. The occurrence of any of these events, as well as the costs we may incur in preventing or responding to such events, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to cybersecurity risks related to breaches of security pertaining to sensitive company, customer, employee and vendor information as well as breaches in the technology that manages operations and other business processes.

Our operations rely upon secure IT systems for data capture, processing, storage and reporting. Our IT systems, and those of our third-party providers, could become subject to cyber-attacks. The evolving nature of threats to data security, in light of new and sophisticated methods used by criminals and cyberterrorists, state-sponsored organizations and nation-states, including computer viruses, malware, phishing, misrepresentation, social engineering and forgery, make it increasingly challenging to anticipate and adequately mitigate these risks. Network, system, application and data breaches could result in operational disruptions or information misappropriation including, but not limited to, interruption of systems availability, or denial of access to and misuse of applications required by our customers to conduct business with us. Access to internal applications required to plan our operations, source materials, ship finished goods and account for orders could be denied or misused. Theft of intellectual property or trade secrets, and inappropriate disclosure of confidential information, could stem from such incidents. Any operational disruptions or misappropriation of information could harm our relationship with our customers and suppliers, result in lost sales, business delays and negative publicity and could have a material adverse effect on our business, financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2021, we had a distribution network operating from 115 distribution centers.

	Leased	Owned	Total
Properties	109	6	115
Square feet (in millions)	15.3	0.8	16.1

These facilities are strategically located throughout the U.S., Canada and Mexico in order to efficiently serve our customer base in the surrounding areas while also facilitating expedited delivery services for special orders. We continually evaluate location, size and attributes to maximize efficiency, deliver top quality customer service and achieve economies of scale. The Company also leases various office spaces for corporate and sales functions.

ITEM 3. LEGAL PROCEEDINGS

See Note 15 of the Notes to Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Veritiv's common stock is publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "VRTV". As of February 22, 2022, there were 4,605 shareholders of record. The number of record holders does not include shareholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees.

On March 1, 2022, Veritiv announced that its Board of Directors authorized a $200 million share repurchase program (the "2022 Share Repurchase Program"). The 2022 Share Repurchase Program authorizes the Company, from time to time, to purchase shares of its common stock through open market transactions, privately negotiated transactions, forward, derivative, or accelerated repurchase transactions, tender offers or otherwise, including Rule 10b5-1 trading plans, in accordance with all applicable securities laws and regulations. The timing and method of any repurchases, which will depend on a variety of market factors, including market conditions, are subject to results of operations, financial conditions, cash requirements and other factors. This authorization may be suspended, terminated, increased or decreased by the Board of Directors at any time.

On March 3, 2021, Veritiv announced that its Board of Directors authorized a $50 million share repurchase program, which was increased to $100 million in May 2021 (collectively, the "2021 Share Repurchase Program"). The 2021 Share Repurchase Program authorized the Company, from time to time, to purchase shares of its common stock through open market purchases, privately negotiated transactions, accelerated repurchase programs, tender offers or otherwise, in accordance with all applicable securities laws and regulations. As of December 31, 2021, the Company had completed its repurchases under the 2021 Share Repurchase Program bringing the total purchases to $100 million, the authorized repurchase limit.

The following table presents information with respect to purchases made by the Company of its common stock during the three months ended December 31, 2021 (shares are in whole units):

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Program [2]	Approximate Dollar Value of Shares that May Yet be Purchased Under the Publicly Announced Program
October 1-31	372	$93.51	—	$ 2,660
November 1-30	—	$—	—	$ 2,660
December 1-31	—	$—	—	$ 2,660

[1] The total number of shares purchased includes: (i) shares purchased pursuant to the 2021 Share Repurchase Program (if any) and (ii) shares surrendered to the Company to satisfy tax withholding obligations in connection with the vesting of stock units issued as part of the Company's equity-based incentive plans.
[2] This column discloses the number of shares purchased pursuant to the 2021 Share Repurchase Program during the indicated periods.

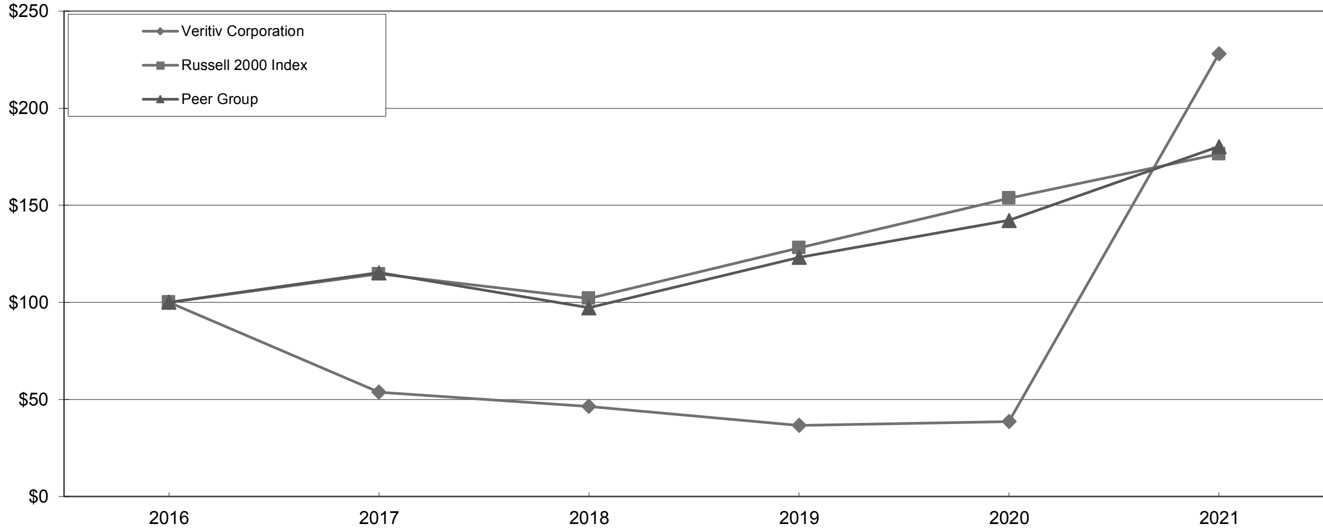
Veritiv has not historically declared or paid dividends on its common stock. The Company currently intends to invest its future earnings, if any, to fund its growth, to develop its business, for working capital needs, to reduce debt and for general corporate purposes. Any payment of dividends will be at the discretion of Veritiv's Board of Directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that Veritiv's Board of Directors may deem relevant.

Performance Graph

The following graph provides a comparison of the cumulative total shareholder return on the Company's common stock to the cumulative total returns of the Russell 2000 Index and the average performance of a customized peer group for the period from December 31, 2016 through December 31, 2021. The graph is not, and is not intended to be, indicative of future performance of our common stock. The graph assumes that the value of the investment in the Company's common stock, the Russell 2000 Index and the peer group was $100 on December 31, 2016. Total return indices reflect reinvestment of dividends and are weighted on the basis of market capitalization at the time of each reported data point. The peer group is reviewed periodically based on industry, size and market dynamics. During 2021, Innerworkings Inc. and LSC Communications Inc. were added to the peer group.

Companies included in the peer group are as follows:

- Applied Industrial Technologies, Inc.
- Avery Dennison Corporation
- Beacon Roofing Supply, Inc.
- Brady Corporation
- Deluxe Corporation
- Domtar Corporation
- Ennis, Inc.
- Fastenal Company
- Genuine Parts Company
- Graphic Packaging Holding Company
- Innerworkings Inc.
- International Paper Company
- Kaman Corporation
- LSC Communications Inc.
- MSC Industrial Direct Co., Inc.
- Neenah Inc.
- Office Depot, Inc.
- P.H. Glatfelter Company
- Packaging Corporation of America
- R.R. Donnelley & Sons Company
- Resolute Forest Products, Inc.
- Sealed Air Corporation
- Sonoco Products Company
- Univar Solutions, Inc.
- Verso Corporation
- W.W. Grainger, Inc.
- Watsco, Inc.



NOTE: Prepared by Zacks Investment Research, Inc. Used with permission. All rights reserved. Copyright 1980-2022.
NOTE: Index Data: Copyright Russell Investments. Used with permission. All rights reserved.

ITEM 6. (Reserved)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide a reader of our financial statements with a narrative from the perspective of our management regarding our financial condition and results of operations, liquidity and certain material events and uncertainties known to management that are reasonably likely to cause reported financial information not to be necessarily indicative of our future financial condition or results of operations. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in Item 8 of this report.

Executive Overview

The COVID-19 Pandemic

The COVID-19 pandemic has had widespread, rapidly evolving and unpredictable impacts on global societies, economies, financial markets and business practices, and created significant uncertainty regarding potential impacts to Veritiv ("Veritiv" or the "Company"). Federal and state governments have implemented measures in an effort to contain the virus, including physical distancing recommendations, travel restrictions, border closures, limitations on public gatherings, work-from-home recommendations, supply chain logistical changes and closure of non-essential businesses, some of which have since been eased. Although the Company has not experienced any closures of its distribution centers, Veritiv serves customers across a broad range of industry sectors and geographies, with varying COVID-19 impacts. Primarily beginning in April 2020, the COVID-19 pandemic began having a negative impact on the Company's financial results, including decreased sales activity. The Company has seen economic improvements during 2021 in many of the markets where it operates as global vaccine distribution efforts continue. Sales activity during 2021 exceeded 2020 levels for three out of four of the Company's reportable segments, including the Packaging segment, which exceeded pre-COVID-19 levels.

Veritiv's first priority remains the health and safety of its employees, customers and their families. The Company has taken steps to limit exposure and enhance the safety of its facilities for employees working to continue to supply vital products to its customers. In response to the pandemic, Veritiv initiated its Corporate Incident Response Team and initiated enhanced health and safety measures across its facilities. The Company modified practices at its distribution centers and offices to adhere to guidance from the United States ("U.S") Centers for Disease Control and Prevention and local health and governmental authorities with respect to social distancing, enhanced cleaning protocols and usage of personal protective equipment, where appropriate. In addition, the Company implemented global travel restrictions and work-from-home policies for employees who have the ability to work remotely.

In April 2020, Veritiv took several actions to help mitigate the effects of the decreased sales activity and improve liquidity. These actions included (i) temporarily reducing salaries for senior leaders ranging from 10% to 50% through June 2020, (ii) temporarily reducing annual cash retainers for independent directors by 50% through June 2020, (iii) placing approximately 15% of its salaried workforce on temporary furloughs through mid-July 2020, (iv) adjusting its supply chain operations staff depending on volume at specific locations, (v) suspending its share repurchase program, which was resumed in March 2021 and (vi) reducing discretionary spending including planned capital expenditures. In July 2020, Veritiv took additional actions to enhance liquidity in response to the impacts of the COVID-19 pandemic, including implementing cost-savings and cash preservation initiatives as described under the heading "2020 Restructuring Plan" below.

Veritiv's management expects that cash provided by operating activities and available capacity under the Asset-Based Lending Facility (the "ABL Facility") will provide sufficient funds to operate the business and meet other liquidity needs. As of December 31, 2021, Veritiv had cash and cash equivalents of $49.3 million and also had $557.2 million in available additional borrowing capacity under the ABL Facility. In May 2021, the Company amended its ABL Facility to, among other things, extend the maturity date to May 2026.

The current circumstances are dynamic and the impacts of the COVID-19 pandemic on the Company's business operations, including the duration and impact on overall customer demand, cannot be reasonably estimated at this time. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations, access to sources of liquidity and financial condition will depend on future developments. These developments, which are uncertain and difficult to predict, include, but are not limited to, the duration, spread and severity of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's employees, customers, suppliers and vendors, measures adopted or recommended by local and federal governments or health authorities in response to the pandemic, the availability, adoption and effectiveness of vaccines

and to what extent normal economic and operating conditions can resume and be sustained. Even after the COVID-19 pandemic has subsided, the Company may experience an impact to its business as a result of any economic recession, downturn or volatility or long-term changes in customer behavior.

See Part I, Item 1A, Risk Factors in this report, for additional information on risks related to the COVID-19 pandemic.

Other Recent Developments

2022 Share Repurchase Program

On March 1, 2022, Veritiv announced that its Board of Directors authorized a $200 million share repurchase program (the "2022 Share Repurchase Program"). The 2022 Share Repurchase Program authorizes the Company, from time to time, to purchase shares of its common stock through open market transactions, privately negotiated transactions, forward, derivative, or accelerated repurchase transactions, tender offers or otherwise, including Rule 10b5-1 trading plans, in accordance with all applicable securities laws and regulations. The timing and method of any repurchases, which will depend on a variety of market factors, including market conditions, are subject to results of operations, financial conditions, cash requirements and other factors. This authorization may be suspended, terminated, increased or decreased by the Board of Directors at any time.

2021 Share Repurchase Program

On March 3, 2021, Veritiv announced that its Board of Directors authorized a $50 million share repurchase program (the "2021 Share Repurchase Program"). On May 24, 2021, the Company announced that its Board of Directors increased the 2021 Share Repurchase Program authorization to a total of $100 million. The 2021 Share Repurchase Program replaced the $25 million share repurchase authorization previously approved by Veritiv's Board of Directors in March 2020 (the "2020 Share Repurchase Program"). The Company completed its repurchases under the 2021 Share Repurchase Program with repurchases totaling nearly $100 million, the authorized repurchase limit, representing approximately 11% of the shares that were outstanding at December 31, 2020.

2020 Restructuring Plan

During the second quarter of 2020, the Company initiated a restructuring plan in response to the impact of the COVID-19 pandemic on its business operations and the ongoing secular changes in its Print and Publishing segments. During the fourth quarter of 2020, the Company expanded the initial plan to further align its cost structure with ongoing business needs as the Company executes on its stated corporate strategy. The initial and expansion activities are collectively referred to as the "2020 Restructuring Plan." The 2020 Restructuring Plan includes (i) a reduction of the Company's U.S. salaried workforce by approximately 15% across all business segments and corporate functions, (ii) the closure of certain warehouse facilities and retail stores, (iii) adjustments to various compensation plans, (iv) repositioning of inventory to expand the Company's service radius and (v) other actions. The Company currently estimates it will incur total restructuring charges of between $70 million and $76 million in connection with the 2020 Restructuring Plan. Initial charges were incurred and recorded in June 2020. The 2020 Restructuring Plan was substantially complete as of December 31, 2021 with remaining charges to be incurred through the end of 2022. See Note 4 of the Notes to Consolidated Financial Statements for information related to the Company's restructuring efforts.

Company Strategy

In 2021, Veritiv continued to execute against its long-term strategy to be the leading provider of business-to-business packaging products and services, as well as paper and facility solutions products and services. The Company continues to invest in organic packaging growth including selling and supply chain capabilities and to pursue inorganic packaging growth opportunities. The Company also continues to evaluate alternatives for non-core components of our business including potential divestitures.

Business Overview

Veritiv is a leading North American business-to-business full-service provider of value-added packaging products and services, as well as facility solutions, print and publishing products and services. Additionally, Veritiv provides logistics and supply chain management solutions to its customers. Veritiv was established on July 1, 2014 following the merger of International Paper Company's xpedx distribution solutions business and UWW Holdings, Inc., the parent company of

Unisource Worldwide, Inc. On August 31, 2017, Veritiv completed its acquisition of 100% of the equity interest in various All American Containers entities (collectively, "AAC"). The Company operates from 115 distribution centers primarily throughout the U.S., Canada and Mexico.

Veritiv's business is organized under four reportable segments: Packaging, Facility Solutions, Print, and Publishing and Print Management ("Publishing"). This segment structure is consistent with the way the Chief Operating Decision Maker, who is Veritiv's Chief Executive Officer, makes operating decisions and manages the growth and profitability of the Company's business. The Company also has a Corporate & Other category which includes certain assets and costs not primarily attributable to any of the reportable segments, as well as the Veritiv logistics solutions business which provides transportation and warehousing solutions. The following summary describes the products and services offered in each of the reportable segments:

- ***Packaging*** – Veritiv is a global provider of packaging products, services and solutions. The Packaging segment provides custom and standard packaging solutions for customers based in North America and in key global markets. This segment services its customers with a full spectrum of packaging product materials within flexible, corrugated and fiber, ancillary packaging, rigid and equipment categories. The business is strategically focused on higher growth industry sectors including manufacturing, food and beverage, wholesale and retail, healthcare and transportation, as well as specialty sectors based on industry and product expertise. Veritiv's packaging professionals create customer value through supply chain solutions, structural and graphic packaging design and engineering, automation, workflow and equipment services and kitting.

- ***Facility Solutions*** – Veritiv is a global provider of hygiene and facility solutions products and services. The Facility Solutions segment sources and sells cleaning, break-room and other supplies in product categories that include towels and tissues, food service, personal protective equipment, cleaning chemicals and skincare, primarily in North America. Through this segment Veritiv manages a world class network of leading suppliers in most facilities solutions categories. Additionally, the Company offers total cost of ownership solutions with re-merchandising, budgeting and compliance reporting and inventory management. Its sales force is trained to bring leading vertical expertise to the major North American geographies.

- ***Print*** – The Print segment sells and distributes commercial printing, writing, copying, digital, specialty products and graphics consumables primarily in North America. Veritiv's broad geographic platform of operations coupled with the breadth of paper and graphics products, including exclusive private brand offerings, provides a foundation to service national, regional and local customers across North America.

- ***Publishing*** – The Publishing segment sells and distributes coated and uncoated commercial printing papers to publishers, retailers, converters, printers and specialty businesses for use in magazines, catalogs, books, directories, gaming, couponing, retail inserts and direct mail primarily in the U.S. This segment also provides print management, procurement and supply chain management solutions to simplify paper and print procurement processes for its customers.

Results of Operations, Including Business Segments

The following discussion compares the consolidated operating results of Veritiv for the years ended December 31, 2021 and 2020. For the discussion of results for 2020 compared to 2019, refer to Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of Veritiv's Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on March 3, 2021.

(in millions)	Year Ended December 31, 2021	2020	2021 vs. 2020 Increase (Decrease) $	%
Net sales	$ 6,850.5	$ 6,345.6	$ 504.9	8.0 %
Cost of products sold (exclusive of depreciation and amortization shown separately below)	5,417.9	5,040.2	377.7	7.5 %
Distribution expenses	419.3	429.8	(10.5)	(2.4)%
Selling and administrative expenses	732.7	717.9	14.8	2.1 %
Depreciation and amortization	55.2	57.7	(2.5)	(4.3)%
Restructuring charges, net	15.4	52.2	(36.8)	(70.5)%
Operating income (loss)	210.0	47.8	162.2	339.3 %
Interest expense, net	17.2	25.1	(7.9)	(31.5)%
Other (income) expense, net	(4.7)	(20.3)	15.6	76.8 %
Income (loss) before income taxes	197.5	43.0	154.5	359.3 %
Income tax expense (benefit)	52.9	8.8	44.1	501.1 %
Net income (loss)	$ 144.6	$ 34.2	$ 110.4	322.8 %

Net Sales

Net sales increased by $504.9 million, or 8.0%. The Packaging segment's net sales were responsible for approximately 88% of the total increase. Net sales increased in all reportable segments, except Facility Solutions. Net sales for the Facility Solutions segment declined by $28.3 million. Net sales in 2021 were negatively impacted by the COVID-19 pandemic while inflationary market price increases across the Company's product portfolio continued throughout 2021. To the extent feasible, the Company has adjusted its prices to reflect the impact of inflation on the cost of purchased materials and services. Also, despite constraints in the broader supply chain, the Company was able to mitigate some of the impact to its customers through leveraging its portfolio of suppliers and its North American supply chain network. Management expects higher market prices and marketplace supply chain challenges to continue through at least the first half of 2022. See the "Segment Results" section for additional discussion.

Cost of Products Sold (exclusive of depreciation and amortization shown separately below)

Cost of products sold increased by $377.7 million, or 7.5%, primarily due to higher net sales as previously discussed. See the "Segment Results" section for additional discussion. Cost of products sold increased at a slower rate than net sales due to improvements in pricing, as well as changes in both segment and customer mix.

Distribution Expenses

Distribution expenses decreased by $10.5 million, or 2.4%. The decrease was primarily attributable to (i) an $11.7 million decrease in facility and equipment rent expense, (ii) a $7.1 million multi-employer pension plan withdrawal charge in the first quarter of 2020 that did not repeat in 2021 and (iii) a $6.4 million decrease in wages and temporary employee expenses, partially offset by a $17.0 million increase in freight and logistics expense. The decrease in facility and equipment rent expense was primarily driven by consolidation of the Company's facilities. The decrease in wages and temporary employee expenses was primarily driven by actions taken by the Company in response to the COVID-19 pandemic, including lowering headcount across the Company. The increase in freight and logistics expense was primarily driven by an increase in third-party freight and higher diesel fuel and carrier prices.

Selling and Administrative Expenses

Selling and administrative expenses increased by $14.8 million, or 2.1%. The increase was primarily due to (i) a $12.3 million increase in personnel expenses, (ii) a $4.8 million increase in professional fees expense, (iii) $3.7 million in lower net gains from the sale of a business and facilities as compared to the prior year period and (iv) a $1.5 million increase in marketing and communications expense, partially offset by a $7.8 million decrease in bad debt expense. The increase in personnel expenses was primarily driven by (i) higher wages, (ii) higher incentive compensation expenses and (iii) an increase in travel

and entertainment expenses, partially offset by a decrease in commission expenses due to a change in the sales force compensation plans. Higher wages included the reinstatement of annual performance-related salary increases and the Company's matching contributions to certain defined contribution plans. In the fourth quarter of 2021, selling and administrative expenses were elevated due to higher compensation expenses associated with improved company performance and higher professional fees expense.

Depreciation and Amortization

Depreciation and amortization expense decreased by $2.5 million, or 4.3%, primarily due to lower depreciation on information technology related assets.

Restructuring Charges, Net

Restructuring charges, net decreased by $36.8 million, or 70.5%. During the second quarter of 2020, the Company initiated a restructuring plan in response to the impact of the COVID-19 pandemic on its business operations and the ongoing secular changes in its Print and Publishing segments. As of December 31, 2021, the Company has substantially completed its 2020 Restructuring Plan. See Note 4 of the Notes to Consolidated Financial Statements for information related to the Company's restructuring efforts.

Interest Expense, Net

Interest expense, net decreased by $7.9 million, or 31.5%. The decrease was primarily due to (i) lower average interest rates and (ii) a lower average balance on the ABL Facility. The lower average balance was due to positive operating cash flow, which was used to reduce the ABL Facility balance. Interest expense, net in 2021 consisted of (i) $12.2 million of interest expense on the Company's ABL Facility, (ii) $2.8 million of finance lease interest expense, (iii) $1.5 million for amortization and write-off of deferred financing costs related to the ABL Facility and (iv) $0.7 million in miscellaneous interest expense. Interest expense, net in 2020 consisted of (i) $18.9 million of interest expense on the Company's ABL Facility, (ii) $3.0 million of finance lease interest expense, (iii) $2.1 million for amortization and write-off of deferred financing costs related to the ABL Facility and (iv) $1.1 million in miscellaneous interest expense. See Note 6 of the Notes to Consolidated Financial Statements for information related to the ABL Facility.

Other (Income) Expense, Net

Other (income) expense, net, in 2021 was income of $4.7 million. This was a net unfavorable change of $15.6 million, as compared to 2020. In December 2020, the Company and UWW Holdings, LLC (the "UWWH Stockholder") agreed to settle the Tax Receivable Agreement ("TRA"), resulting in the recognition of a favorable fair value adjustment of $20.1 million, recorded in other (income) expense in 2020, that did not repeat in 2021. See Note 8 and Note 10 of the Notes to Consolidated Financial Statements for information related to the TRA. This was partially offset by (i) $1.5 million of lower pension expenses and (ii) a $1.0 million adjustment to a contingent consideration earnout in the prior year that did not repeat. The remainder was driven by improvements in foreign exchange impacts and other miscellaneous items.

Effective Tax Rate

Veritiv's effective tax rates were 26.8% and 20.5% for the years ended December 31, 2021 and 2020, respectively. The difference between the Company's effective tax rates and the U.S. statutory tax rate of 21.0% primarily relates to state income taxes (net of federal income tax benefit), non-deductible expenses, tax credits, Global Intangible Low-Taxed Income, the tax impact of stock compensation vesting and the Company's pre-tax book income (loss) by jurisdiction. In addition, the Company's effective tax rate for the year ended December 31, 2020 includes a $3.7 million benefit related to the tax effect of TRA changes and a $2.4 million benefit related to the carryback of net operating losses under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act").

Segment Results

Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, restructuring charges, net, integration and acquisition expenses and other similar charges including any severance costs, costs associated with warehouse and office openings or closings, consolidation, and relocation and other business optimization expenses, stock-based compensation expense, changes in the LIFO reserve, non-restructuring asset impairment charges, non-restructuring severance charges, non-restructuring pension charges, net, fair value adjustments related to contingent liabilities assumed in mergers and acquisitions and certain other adjustments) is the primary financial performance measure Veritiv uses to manage its businesses, to monitor its results of operations, to measure its performance against the ABL Facility and to incentivize its management.

Veritiv believes investors commonly use Adjusted EBITDA as a key financial metric for valuing companies. In addition, the credit agreement governing the ABL Facility permits the Company to exclude these and other charges in calculating Consolidated EBITDA, as defined in the ABL Facility. This common metric is intended to align shareholders, debt holders and management. Adjusted EBITDA is a non-GAAP financial measure and is not an alternative to net income, operating income or any other measure prescribed by U.S. generally accepted accounting principles ("U.S. GAAP").

Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of Veritiv's results as reported under U.S. GAAP. For example, Adjusted EBITDA:

- does not reflect the Company's income tax expenses or the cash requirements to pay its taxes; and
- although depreciation and amortization charges are non-cash charges, it does not reflect that the assets being depreciated and amortized will often have to be replaced in the future, and the foregoing metric does not reflect any cash requirements for such replacements.

Other companies in the industry may calculate Adjusted EBITDA differently than Veritiv does, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to Veritiv to invest in the growth of its business. Veritiv compensates for these limitations by relying both on the Company's U.S. GAAP results and by using Adjusted EBITDA for supplemental purposes. Additionally, Adjusted EBITDA is not an alternative measure of financial performance under U.S. GAAP and therefore should be considered in conjunction with net income and other performance measures such as operating income or net cash provided by operating activities and not as an alternative to such U.S. GAAP measures.

Due to the shared nature of the distribution network to support the Packaging, Facility Solutions and Print segments, distribution expenses are not a specific charge to each segment but are instead allocated to each segment based primarily on operational metrics that correlate with changes in volume. Accordingly, distribution expenses allocated to each segment are highly interdependent on the results of other segments. Lower volume in any segment that is not offset by a reduction in distribution expenses can result in the other segments absorbing a larger share of distribution expenses. Conversely, higher volume in any segment can result in the other segments absorbing a smaller share of distribution expenses. The impact of this at the segment level is that the changes in distribution expense trends may not correspond with volume trends within a particular segment.

Prior to the fourth quarter of 2021, Veritiv was unable to compute the impact of changes in sales volume based on changes in sales of each individual product for the Packaging and Facility Solutions segments. Rather, the Company assumed that the margin stayed constant and estimated the volume impact based on changes in cost of products sold as a proxy for the change in sales volume. After any other significant sales variances were identified, the remaining sales variance was attributed to price/mix. As a result of the Company’s recent information technology enhancements, the Company has improved its insight into products within these segments and is now able to isolate the change in sales attributed to volume and price separately at the item level for the majority of products and thus it no longer needs to rely on cost of products sold as a proxy for the changes in sales volumes. This change in calculation method is deemed to be a more accurate and transparent way to measure volume, price and mix changes in sales for these segments.

The Company approximates foreign currency effects by applying the foreign currency exchange rate for the prior period to the local currency results for the current period. We believe the elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

The Company believes that the decline in the demand for paper and related products is due to the widespread use of electronic media and permanent product substitution, more e-commerce, less print advertising, fewer catalogs and a reduced volume of direct mail, among other factors. This trend, which may have been accelerated by the COVID-19 pandemic, is expected to continue and will place continued pressure on the Company's revenues and profit margins and make it more difficult to maintain or grow Adjusted EBITDA within the Print and Publishing segments.

Included in the following table are net sales and Adjusted EBITDA for each of the reportable segments and Corporate & Other:

(in millions)	Packaging	Facility Solutions	Print	Publishing	Corporate & Other
Year Ended December 31, 2021					
Net sales	$ 3,760.4	$ 894.0	$ 1,484.2	$ 596.6	$ 115.3
Adjusted EBITDA	393.5	52.7	96.0	18.7	(218.3)
Adjusted EBITDA as a % of net sales	10.5 %	5.9 %	6.5 %	3.1 %	*
Year Ended December 31, 2020					
Net sales	$ 3,316.7	$ 922.3	$ 1,458.2	$ 543.5	$ 104.9
Adjusted EBITDA	300.0	41.6	33.7	12.8	(200.5)
Adjusted EBITDA as a % of net sales	9.0 %	4.5 %	2.3 %	2.4 %	*

** - not meaningful*

See Note 16 of the Notes to Consolidated Financial Statements for a reconciliation of net income (loss) as reflected on the Consolidated Statements of Operations to Adjusted EBITDA for the reportable segments.

Packaging

The table below presents selected data with respect to the Packaging segment:

	Year Ended December 31,		Increase (Decrease)	
(in millions)	2021	2020	$	%
Net sales	$ 3,760.4	$ 3,316.7	$ 443.7	13.4 %
Adjusted EBITDA	393.5	300.0	93.5	31.2 %
Adjusted EBITDA as a % of net sales	10.5 %	9.0 %		150 bps

The table below presents the components of the net sales change compared to the prior year:

(in millions)	Increase (Decrease)
Volume	$ 90.0
Foreign currency	22.7
Price/Mix	331.0
Total change	$ 443.7

Net sales increased $443.7 million, or 13.4%, compared to 2020. The net sales increase was primarily attributable to higher market prices as well as increased sales volume in all product categories and end use sectors and favorable foreign currency impacts. Sales to consumer electronics, heavy manufacturing and healthcare customers improved significantly compared to the prior year. Net sales were positively impacted by strong e-commerce demand in 2021. Management expects the strong demand and supply chain constraints to continue through at least the first half of 2022 and the Company has invested in additional inventory to support its customers.

Adjusted EBITDA increased $93.5 million, or 31.2%, compared to 2020. The increase in Adjusted EBITDA was primarily attributable to cost of products sold increasing at a slower rate than net sales and higher net sales, partially offset by (i) a $23.8 million increase in selling and administrative expenses and (ii) a $20.7 million increase in distribution expenses. The increase in selling and administrative expenses was primarily driven by (i) a $15.4 million increase in personnel expenses, (ii) a $3.1 million increase in professional fees expense and (iii) a $2.6 million increase in bad debt expense. The increase in personnel expenses was associated with (i) higher wages and benefits to support the Company's Packaging growth strategy and (ii) higher incentive compensation expenses, partially offset by a decrease in commission expenses driven by a change in the sales force compensation plans. The increase in distribution expenses was primarily driven by increased utilization of the

distribution network, which is reflected in (i) a $12.6 million increase in freight and logistics expense, (ii) a $6.0 million increase in facility expense and (iii) a $3.2 million increase in personnel expenses.

Facility Solutions

The table below presents selected data with respect to the Facility Solutions segment:

	Year Ended December 31,		Increase (Decrease)	
(in millions)	2021	2020	$	%
Net sales	$ 894.0	$ 922.3	$ (28.3)	(3.1)%
Adjusted EBITDA	52.7	41.6	11.1	26.7 %
Adjusted EBITDA as a % of net sales	5.9 %	4.5 %		140 bps

The table below presents the components of the net sales change compared to the prior year:

(in millions)	Increase (Decrease)
Volume	$ (109.3)
Foreign currency	16.7
Price/Mix	64.3
Total change	$ (28.3)

Net sales decreased $28.3 million, or 3.1%, compared to 2020. The net sales decrease was primarily attributable to decreased sales of skincare products, chemicals and wipers primarily driven by the negative impact on demand from the COVID-19 pandemic which began in the prior year, partially offset by higher market prices and favorable foreign currency impacts. Negative impacts to customer demand have included business and school temporary closures, travel restrictions, constraints on large venues hosting sporting, conventions and entertainment events as well as extended work-from-home measures. However, food service and can liners product categories had increased sales due to strong demand, which partially offset the overall reduced customer demand in the Facility Solutions segment. Management expects the facility solutions future growth to follow the broader facility solutions away-from-home market in 2022.

Adjusted EBITDA increased $11.1 million, or 26.7%, compared to 2020. The increase in Adjusted EBITDA was primarily attributable to (i) a $6.3 million decrease in selling and administrative expenses, (ii) a $5.1 million decrease in distribution expenses and (iii) cost of products sold decreasing at a faster rate than net sales, partially offset by decreased net sales. The decrease in selling and administrative expense was primarily driven by a $7.8 million decrease in personnel expenses, including lower commission expenses, primarily driven by a change in the sales force compensation plans. The decrease in distribution expenses was primarily driven by a $4.2 million decrease in personnel expenses.

Print

The table below presents selected data with respect to the Print segment:

	Year Ended December 31,		Increase (Decrease)	
(in millions)	2021	2020	$	%
Net sales	$ 1,484.2	$ 1,458.2	$ 26.0	1.8 %
Adjusted EBITDA	96.0	33.7	62.3	184.9 %
Adjusted EBITDA as a % of net sales	6.5 %	2.3 %		420 bps

The table below presents the components of the net sales change compared to the prior year:

(in millions)	Increase (Decrease)
Volume	$ (86.7)
Foreign currency	11.3
Price/Mix	101.4
Total change	$ 26.0

Net sales increased $26.0 million, or 1.8%, compared to 2020. The net sales increase was primarily attributable to higher market prices driven by strong demand, compared to the prior year period when there was a significant negative impact on demand due to the COVID-19 pandemic, and favorable foreign currency impacts. The net sales increase was partially offset by lower volume primarily due to higher net sales in 2020 that occurred prior to the COVID-19 pandemic, resulting in a negative impact on 2021. Management expects the strong demand and supply chain constraints to continue throughout 2022.

Adjusted EBITDA increased $62.3 million, or 184.9%, compared to 2020. The Adjusted EBITDA increase was primarily attributable to (i) cost of products sold increasing at a slower rate than net sales, (ii) a $17.0 million decrease in distribution expenses, (iii) a $14.2 million decrease in selling and administrative expenses and (iv) higher net sales. The decrease in distribution expenses was primarily driven by (i) a $12.0 million decrease in facility and equipment rent expense, primarily driven by consolidation of the Company's facilities and (ii) a $4.6 million decrease in personnel expenses. The decrease in selling and administrative expenses was primarily driven by (i) an $8.3 million decrease in personnel expenses and (ii) a $5.6 million decrease in bad debt expense.

Publishing

The table below presents selected data with respect to the Publishing segment:

	Year Ended December 31,		Increase (Decrease)	
(in millions)	2021	2020	$	%
Net sales	$ 596.6	$ 543.5	$ 53.1	9.8 %
Adjusted EBITDA	18.7	12.8	5.9	46.1 %
Adjusted EBITDA as a % of net sales	3.1 %	2.4 %		70 bps

The table below presents the components of the net sales change compared to the prior year:

(in millions)	Increase (Decrease)
Volume	$ 34.9
Foreign currency	—
Price/Mix	18.2
Total change	$ 53.1

Net sales increased $53.1 million, or 9.8%, compared to 2020. The net sales increase was primarily attributable to an increase in demand compared to prior year, when there was a significant negative impact on demand due to the COVID-19 pandemic, as well as higher market prices.

Adjusted EBITDA increased $5.9 million, or 46.1%, compared to 2020. The Adjusted EBITDA increase was primarily attributable to (i) increased net sales and (ii) a $4.3 million decrease in selling and administrative expenses, partially offset by cost of products sold increasing at a faster rate than net sales. The decrease in selling and administrative expenses was primarily driven by a $4.8 million decrease in bad debt expense.

Corporate & Other

	Year Ended December 31,		Increase (Decrease)	
(in millions)	2021	2020	$	%
Net sales	$ 115.3	$ 104.9	$ 10.4	9.9 %
Adjusted EBITDA	(218.3)	(200.5)	(17.8)	(8.9)%

Net sales increased $10.4 million, or 9.9%, compared to 2020. The net sales increase was primarily attributable to an increase in the price of freight brokerage services, partially offset by a decrease in volume.

Adjusted EBITDA decreased $17.8 million, or 8.9%, compared to 2020. The Adjusted EBITDA decrease was primarily driven by a $21.0 million increase in selling and administrative expenses, partially offset by increased net sales. The increase in selling and administrative expenses was primarily driven by (i) a $16.7 million increase in incentive compensation expense driven by the Company outperforming incentive targets and (ii) a $3.6 million increase in professional fees expense.

Liquidity and Capital Resources

The cash requirements of the Company are provided by cash flows from operations and borrowings under the ABL Facility. See Note 6 of the Notes to Consolidated Financial Statements for additional information regarding the Company's debt position.

The following table sets forth a summary of cash flows for the years ended December 31, 2021 and 2020. For information regarding the Company's cash flows for 2019, refer to the "Liquidity and Capital Resources" section of Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of Veritiv's Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on March 3, 2021.

	Year Ended December 31,	
(in millions)	2021	2020
Net cash provided by (used for):		
Operating activities	$ 154.7	$ 289.2
Investing activities	(4.3)	(5.3)
Financing activities	(221.4)	(202.6)

Analysis of Cash Flows

2021 Cash Flows

The Company ended 2021 with $49.3 million in cash and cash equivalents, a decrease of $71.3 million from the prior year-end balance. During 2021 the Company used its $75.0 million of cash held in highly-liquid investments to pay down its long-term debt.

Net cash provided by operating activities decreased primarily as a result of an increase in accounts receivable and inventory levels, partially offset by an increase in accounts payable, driven by increasing sales in the current period as compared to the pandemic driven decreases in the 2020 period. The decrease in cash flows from operating assets and liabilities was partially offset by improvements in operating results.

Net cash used for investing activities was a slightly lower use of cash due to lower capital expenditures offset by lower cash proceeds received from the sale of a business and other assets.

Net cash used for financing activities was a higher use of cash primarily due to an increase in common stock repurchases partially offset by lower net repayments under the Company's ABL Facility.

2021 Special Operating Activities

In December 2021, the Company prepaid $3.3 million of restructuring costs for other one-time compensation, which remained as a component of other current assets on the Consolidated Balance Sheet as of December 31, 2021. Also, as of December 31, 2021, the Company had not yet paid the $19.1 million in payroll taxes it had incurred and deferred through December 31, 2020, related to the CARES Act. During 2021 the Company used its $75.0 million of cash held in highly-liquid investments to pay down its long-term debt.

2021 Special Financing Activities

Throughout 2021, the Company repurchased 1,734,810 shares of its common stock at a cost of $100.0 million under its 2021 Share Repurchase Program. During the second quarter of 2021, in conjunction with the amendment of the ABL Facility, the Company incurred and paid $3.3 million in new financing fees. See Note 6 of the Notes to Consolidated Financial Statements for additional information regarding the Company's debt obligations.

2020 Special Operating Activities

In response to the COVID-19 pandemic, the Company (i) deferred the payment of $19.1 million in payroll taxes incurred through December 31, 2020, as provided by the CARES Act and (ii) beginning in the second quarter of 2020 invested $75.0 million of its cash in highly-liquid investments instead of paying down its long-term debt. During the fourth quarter of 2020, the Company prepaid $8.1 million of restructuring costs for other one-time compensation, of which $7.0 million remained as a component of other current assets on the Consolidated Balance Sheet as of December 31, 2020.

2020 Special Financing Activities

During the fourth quarter of 2020, the Company and the UWWH Stockholder agreed to settle the TRA. The Company paid the UWWH Stockholder a total of $12.0 million in settlement of all past and future liabilities that would have been owed under the TRA and the parties agreed to a mutual release of claims under the TRA. During the first quarter of 2020, the Company repurchased 383,972 shares of its common stock at a cost of $3.5 million under its 2020 Share Repurchase Program, which was suspended March 27, 2020. During the second quarter of 2020, in conjunction with the amendment of the ABL Facility, the Company incurred and paid $3.4 million in new financing fees.

Funding and Liquidity Strategy

ABL Facility

On May 20, 2021, the Company amended its ABL Facility to extend the maturity date to May 20, 2026, adjust the pricing grid for applicable interest rates and update certain provisions to facilitate the transition from LIBOR to a new replacement benchmark rate. All other significant terms remained substantially the same. Previously, on April 9, 2020, the Company amended its ABL Facility to extend the maturity date to April 9, 2025, reduce the aggregate commitments from $1.4 billion to $1.1 billion and adjust the pricing grid for applicable interest rates. All other significant terms remained substantially the same. The ABL Facility is comprised of U.S. and Canadian sub-facilities of $1.1 billion and $150.0 million, respectively. The ABL Facility is available to be drawn in U.S. dollars, in the case of the U.S. sub-facilities, and in U.S. dollars or Canadian dollars, in the case of the Canadian sub-facilities, or in other currencies that are mutually agreeable. The ABL Facility provides for the right of the individual lenders to extend the maturity date of their respective commitments and loans upon the request of Veritiv and without the consent of any other lenders. The ABL Facility may be prepaid at Veritiv's option at any time without premium or penalty and is subject to mandatory prepayment if the amount outstanding under the ABL Facility exceeds either the aggregate commitments with respect thereto or the current borrowing base, in an amount equal to such excess.

In conjunction with the amendments of the ABL Facility in 2021 and 2020, the Company incurred and deferred $3.3 million and $3.4 million, respectively, in new financing costs, which are reflected in other non-current assets on the Consolidated Balance Sheets and will be amortized to interest expense on a straight-line basis over the new amended term of the ABL Facility.

Availability under the ABL Facility is determined based upon a monthly borrowing base calculation which includes eligible customer receivables and inventory, less outstanding borrowings, letters of credit and certain designated reserves. As

of December 31, 2021, the available additional borrowing capacity under the ABL Facility was approximately $557.2 million. As of December 31, 2021, the Company held $11.0 million in outstanding letters of credit.

The ABL Facility has a springing minimum fixed charge coverage ratio of at least 1.00 to 1.00 on a trailing four-quarter basis, which will be tested only when specified availability is less than limits outlined under the ABL Facility. At December 31, 2021 the above test was not applicable and based on information available as of the date of this report it is not expected to be applicable in the next 12 months.

Under the terms of the ABL Facility, interest rates are based upon LIBOR or the prime rate plus a margin rate, or in the case of Canada, a banker's acceptance rate or base rate plus a margin rate. For the years ended December 31, 2021 and 2020, the weighted-average borrowing interest rates were 1.8% and 2.9%, respectively.

Short and long-term funding strategy

Veritiv's management expects that the Company's primary future cash needs will be for working capital, capital expenditures, contractual commitments, share repurchases and strategic investments. Veritiv's ability to fund its capital and operating needs will depend on its ongoing ability to generate cash from operations, availability of borrowings under the ABL Facility and access to the capital markets. If Veritiv's cash flows from operating activities are lower than expected, the Company would need to borrow under the ABL Facility and may need to incur additional debt or issue additional equity. Although management believes that the arrangements currently in place will permit Veritiv to finance its capital and operating needs on acceptable terms and conditions, the Company's access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including the liquidity of the overall capital markets and the current state of the economy. To preserve liquidity, particularly during the COVID-19 pandemic, the Company may invest a portion of its cash in highly-liquid investments with original maturities to the Company of three months or less that are readily convertible into known amounts of cash.

The Company currently estimates it will incur total restructuring charges of between $70 million and $76 million in connection with the 2020 Restructuring Plan. The 2020 Restructuring Plan was substantially complete as of December 31, 2021. See Note 4 of the Notes to Consolidated Financial Statements for additional information regarding the Company's restructuring efforts. The Company currently estimates that during 2022 it will spend approximately $35 million for capital expenditures covering both maintenance and strategic investments. As provided by the CARES Act, in response to the COVID-19 pandemic the Company deferred $19.1 million of payroll taxes, which it had incurred through December 31, 2020. In January 2022 the Company paid $10.1 million of the deferred payroll taxes and currently expects to pay the remaining amount in December 2022. See Note 3 of the Notes to Consolidated Financial Statements for information regarding the Company's lease commitments, including leases that have not yet commenced. See Note 9 of the Notes to Consolidated Financial Statements for information regarding the Veritiv Deferred Compensation Savings Plans obligation, the Company's funding status of its pension plans and its multi-employer pension plan commitments. Additionally, the Company has recognized liabilities for uncertain tax positions, cash-based long-term incentive plans and unscheduled portions of the Veritiv Deferred Compensation Savings Plans, however, the Company cannot predict with reasonable certainty the timing of future cash outflows associated with these liabilities.

All of the cash held by Veritiv's non-U.S. subsidiaries is available for general corporate purposes. Veritiv considers the earnings of certain non-U.S. subsidiaries to be permanently invested outside the U.S. on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and management's specific plans for reinvestment of those subsidiary earnings. The table below summarizes the Company's cash and cash equivalent positions as of December 31, 2021 and 2020:

	As of December 31,	
(in millions)	**2021**	**2020**
Cash and cash equivalents held in the U.S.	$ 25.8	$ 101.0
Cash held in foreign subsidiaries	23.5	19.6
Total Cash and cash equivalents	$ 49.3	$ 120.6

Inflation and Changing Prices

Essentially all of the Company's revenue is derived from the sale of its products and services in competitive markets. To the extent feasible, the Company has adjusted its prices to reflect the impact of inflation on the cost of purchased materials and services. Impacts on the Company's results from price and product mix are discussed in the "Segment Results" section.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to utilize estimates that affect both the amounts and timing of the recording of assets, liabilities, net sales and expenses. Some of these estimates require judgment about matters that are inherently uncertain. Different amounts would be reported under different operating conditions or under alternative assumptions.

Management believes that the accounting estimates discussed below are the most critical accounting policies whose application may have a significant effect on the reported results of operations and financial position of the Company and can require judgments by management that affect their application. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, actual results may ultimately differ from these estimates and assumptions, particularly in light of the COVID-19 pandemic and its effects on the domestic and global economies. Estimates are revised as additional information becomes available. See the "Use of Estimates" section of Note 1 of the Notes to Consolidated Financial Statements for additional information regarding the Company's estimates.

Revenue Recognition

Revenue generally consists of a single performance obligation to transfer a promised good or service and is short-term in nature. Revenues are recognized when control of the promised goods or services is transferred to Veritiv's customers and in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services.

Certain revenues are derived from shipments which are made directly from a manufacturer to a Veritiv customer. The Company is considered to be a principal to these transactions because, among other factors, it maintains control of the goods after they leave the supplier and before they are received at the customer's location, in most cases it selects the supplier and sets the price to the customer, and it bears the risk of the customer defaulting on payment or rejecting the goods. Revenues from these sales are reported on a gross basis on the Consolidated Statements of Operations and have historically represented approximately 35% of Veritiv's total net sales.

Veritiv enters into incentive programs with certain of its customers, which are generally based on sales to those same customers. Estimates of the variable consideration are based primarily on contract terms, current customer forecasts as well as historical experience. Veritiv follows the expected value method when estimating its retrospective incentives and records the estimated amount as a reduction to gross sales when revenue is recognized.

Customer product returns are estimated based on historical experience and the identification of specific events necessitating an adjustment. The estimated return value is recognized as a reduction of gross sales and related cost of products sold.

See Note 2 of the Notes to Consolidated Financial Statements for additional information regarding the Company's revenues.

Allowance for Credit Losses

The Company’s allowance for credit losses reflects the best estimate of expected losses to the Company's accounts receivable portfolio determined on the basis of historical experience, current conditions, reasonable and supportable forecasts and specific allowances for known troubled accounts. In developing the allowance for credit losses, the Company utilizes internal risk ratings that are determined based on a number of factors including a periodic evaluation of each customer’s financial condition where possible. In addition to leveraging the internally developed risk ratings and historical experience, the expected credit loss estimates are developed using quantitative analyses, where meaningful, and qualitative analyses to forecast the impact that external factors and economic indicators may have on the amount that the Company expects to collect. The allowances contain uncertainties because the calculation requires management to make assumptions and apply judgment

regarding the customer's credit worthiness. Veritiv performs ongoing evaluations of its customers' financial condition and adjusts credit limits based upon payment history and the customer's current credit worthiness as determined by its review of their current financial information. The Company continuously monitors collections from its customers and maintains a provision for estimated credit losses based upon the customers' financial condition, collection experience and any other relevant customer specific information. Veritiv's assessment of this and other information forms the basis of its allowances.

If the financial condition of Veritiv's customers deteriorates, resulting in an inability to make required payments to the Company, or if economic conditions deteriorate, additional allowances may be deemed appropriate or required. If the allowance for doubtful accounts changed by 0.1% of gross billed receivables, reflecting either an increase or decrease in expected future write-offs, the impact to consolidated pre-tax income would have been approximately $1.0 million.

See Note 2 of the Notes to Consolidated Financial Statements for additional information regarding the Company's credit losses.

Income Taxes

The Company's determination of the provision for income taxes requires significant judgment, the use of estimates and the interpretation and application of complex tax laws. The provision for income taxes primarily reflects a combination of income earned and taxed in the various U.S. federal and state, as well as foreign, jurisdictions. Tax law changes, increases or decreases in book versus tax basis differences, accruals or adjustments of accruals for unrecognized tax benefits or valuation allowances, and the change in the mix of earnings from these taxing jurisdictions all affect the overall effective tax rate. The impact of the COVID-19 pandemic may change the mix of earnings by jurisdiction and has increased the risk that operating losses may occur within certain jurisdictions that could lead to the recognition of valuation allowances against certain deferred tax assets in the future, if these losses are prolonged beyond current expectations. This would negatively impact Veritiv's income tax expense, net earnings, and balance sheet.

Employee Benefit Plans

Veritiv sponsors defined benefit plans and Supplemental Executive Retirement Plans. Except for certain union employees who continue to accrue benefits under the U.S. defined benefit pension plan in accordance with their collective bargaining agreements, the defined benefit pension plans are frozen. See Note 9 of the Notes to Consolidated Financial Statements for additional information regarding these plans.

Management is required to make certain critical estimates related to actuarial assumptions used to determine the Company's pension expense and related obligation. The Company believes the most critical assumptions are related to (i) the discount rate used to determine the present value of the liabilities and (ii) the expected long-term rate of return on plan assets. All of the actuarial assumptions are reviewed annually, or more frequently when changes in circumstances warrant a reassessment. Changes in these assumptions could have a material impact on the measurement of pension expense and the related obligation.

At each measurement date, management determines the discount rate by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the future payments anticipated to be made under the plans. As of December 31, 2021, the weighted-average discount rates used to compute the benefit obligations were 2.54% and 2.95% for the U.S. and Canadian plans, respectively.

The expected long-term rate of return on plan assets is based upon the long-term outlook of the investment strategy as well as historical returns and volatilities for each asset class. Veritiv also reviews current levels of interest rates and inflation to assess the reasonableness of the long-term rates. The Company's pension plan investment objective is to ensure all of its plans have sufficient funds to meet their benefit obligations when they become due. As a result, the Company periodically revises asset allocations, where appropriate, to improve returns and manage risk. The weighted-average expected long-term rates of return used to calculate the pension expense for the year ended 2021 were 7.15% and 5.00% for the U.S. and Canadian plans, respectively.

The following illustrates the effects of a 1% change in the discount rate or return on plan assets on the 2021 net periodic pension cost and projected benefit obligation (in millions):

Assumption	Change	Net Periodic Benefit Cost	Projected Benefit Obligation
Discount rate	1% increase	$ 0.7	$ (18.5)
	1% decrease	1.1	22.8
Return on plan assets	1% increase	(1.4)	N/A
	1% decrease	1.4	N/A

See Note 9 of the Notes to Consolidated Financial Statements for a comprehensive discussion of Veritiv's pension and postretirement benefit expense, including a discussion of the actuarial assumptions and the policy for recognizing the associated gains and losses.

Leases

The Company determines if an arrangement is a lease at lease inception and reviews lease arrangements for finance or operating lease classification at their commencement date. In order to value the right-of-use ("ROU") assets and related liabilities, the Company makes certain estimates and assumptions related to establishing the lease term, discount rates and variable lease payments (e.g., rent escalations tied to changes in the Consumer Price Index). The exercise of any lease renewal or asset purchase option is at the Company's sole discretion. The lease term for all of the Company's leases includes the noncancelable period of the lease and any periods covered by renewal options that the Company is reasonably certain to exercise. Certain leases include rent escalations pre-set in the agreements, which are factored into the lease payment stream. Similar to a variable lease payment, certain delivery equipment leases include a provision for an amount the Company may be required to pay at the end of the lease for any residual value deficiency incurred by the lessor upon resale of the underlying asset. The Company uses the implicit rate of interest when it is available; however, as most of the Company's leases do not provide an implicit rate of interest, the Company uses its incremental borrowing rate based on information available at the lease commencement date in determining the discounted value of the lease payments. Lease expense and depreciation expense are recognized on a straight-line basis over the lease term, or for a finance lease, over the shorter of the life of the underlying asset or the lease term.

The Company’s decisions to cease operations in certain warehouse facilities and retail locations leads to different accounting treatment depending upon whether the leased properties are considered abandoned versus properties that the Company has the intent and ability to sublease. Abandoned ROU assets are assessed for impairment based on estimates of undiscounted operating cash flows until the anticipated cease-use date and any remaining lease expense is accelerated through the anticipated cease-use date. Leases for which the Company has the intent and ability to sublease are assessed for impairment and any remaining ROU asset values are amortized over the shorter of the remaining useful lives of the assets or lease term. The intent and practical ability to sublease and estimates of future cash flows attributable to the sublease are assessed considering the terms of the lease agreement, certain market conditions, remaining lease terms and the time required to sublease the facility and other factors.

See Note 3 of the Notes to Consolidated Financial Statements for additional information regarding the Company's leases.

Impairment or Disposal of Long-Lived Assets and Goodwill

A long-lived asset is potentially impaired when the asset's carrying amount exceeds its expected future undiscounted cash flows. When this situation occurs, the Company must estimate the fair value of the long-lived asset and reduce the carrying amount to the fair value if it is less than the carrying amount. A goodwill impairment exists when the carrying amount of goodwill exceeds its fair value. Assessments of possible impairments of long-lived assets and goodwill are made annually in the fourth quarter, and when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable through future operations. The amount and timing of any impairment charges based on these assessments require the estimation of future cash flows and the fair market value of the related assets based on management's best estimates of certain key factors. These key factors include future selling prices and volumes, operating, inventory, energy and freight costs and various other projected operating economic factors.

The calculation of lease impairment charges requires significant judgments and estimates, including estimated sublease rentals, discount rates and future cash flows based on the Company's experience and knowledge of the market in which the property is located, previous efforts to dispose of similar assets and an assessment of current market conditions. As these key factors change in future periods, the Company will update its impairment analyses to reflect the latest estimates and projections.

Goodwill is reviewed for impairment on a reporting unit basis. The testing of goodwill for possible impairment is performed by completing a Step 0 test or electing to by-pass the Step 0 test and comparing the fair value of a reporting unit with its carrying value, including goodwill. The Step 0 test utilizes qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. Qualitative factors include: macroeconomic conditions; industry and market considerations; overall financial performance and cost factors to determine whether a reporting unit is at risk for goodwill impairment. In the event a reporting unit fails the Step 0 goodwill impairment test, it is necessary to move forward with a comparison of the fair value of the reporting unit with its carrying value, including goodwill. In calculating the estimated fair value of its reporting units, Veritiv uses an income approach that utilizes discounted cash flows and requires management to make significant assumptions and estimates related to the forecasts of future revenues, profit margins and discount rates. Subsequent changes in economic and operating conditions can affect these assumptions and could result in additional interim testing and goodwill impairment charges in future periods. Upon completion, the resulting estimated fair values are then analyzed for reasonableness by comparing them to earnings multiples for historic industry business transactions and by comparing the sum of the reporting unit fair values to the fair value of the Company as a whole. As of the date of the Company's annual goodwill impairment test in 2021 and 2020, the Company's analyses reflected an excess fair value over carrying value of approximately 179% and 26%, respectively.

Intangible assets acquired in a business combination are recorded at fair value. The Company's intangible assets may include customer relationships, trademarks and trade names and non-compete agreements. Intangible assets with finite useful lives are subsequently amortized using the straight-line method over the estimated useful lives of the assets.

See Note 1, Note 5 and Note 10 of the Notes to Consolidated Financial Statements for additional information regarding the Company's long-lived assets, goodwill, other intangible assets and impairment assessments.

Recently Issued Accounting Standards

See Note 1 of the Notes to Consolidated Financial Statements for information regarding recently issued accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Veritiv is exposed to the impact of interest rate changes, foreign currency fluctuations, primarily related to the Canadian dollar, and fuel price changes. The Company's objective is to identify and understand these risks and implement strategies to manage them. When evaluating potential strategies, Veritiv evaluates the fundamentals of each market and the underlying accounting and business implications. To implement these strategies, the Company may enter into various hedging or similar transactions. The sensitivity analyses presented below do not consider the effect of possible adverse changes in the general economy, nor do they consider additional actions the Company may take from time to time in the future to mitigate the exposure to these or other market risks. There can be no assurance that Veritiv will manage or continue to manage any risks in the future or that any of its efforts will be successful.

Derivative Instrument

Borrowings under the ABL Facility bear interest at a variable rate, based on LIBOR or the prime rate, in either case plus an applicable margin. From time to time, Veritiv may use interest rate cap agreements to manage the variable interest rate characteristics on a portion of the outstanding debt. The Company evaluates its outstanding indebtedness, market conditions, and the covenants contained in the ABL Facility in order to determine its tolerance for potential increases in interest expense that could result from changes in variable interest rates.

Effective September 13, 2019, the Company entered into an interest rate cap agreement with an expiration date of September 13, 2022. The interest rate cap effectively limits the floating LIBOR-based portion of the interest rate. The interest rate cap covers $350.0 million of the Company's floating-rate debt at 2.75% plus the applicable credit spread. The Company designated the interest rate cap as a cash flow hedge of exposure to changes in cash flows due to changes in the LIBOR-based

portion of the interest rate above 2.75%. As of and for the year ended December 31, 2021, impacts from the interest rate cap on the Company's financial results were not significant. The December 31, 2021 fair value was estimated using observable market-based inputs including interest rate curves and implied volatilities (Level 2), and was not significant.

The Company is exposed to counterparty credit risk for nonperformance and, in the event of nonperformance, to market risk for changes in the interest rate. The Company attempts to manage exposure to counterparty credit risk primarily by selecting only counterparties that meet certain credit and other financial standards. The Company believes there has not been a material change in the creditworthiness of its counterparty and believes the risk of nonperformance by such party is minimal. For additional information regarding Veritiv's debt arrangements see Note 6 of the Notes to Consolidated Financial Statements.

Interest Rate Risk

Veritiv's exposure to fluctuations in interest rates results primarily from its borrowings under the ABL Facility. Under the terms of the ABL Facility, interest rates are based upon LIBOR or the prime rate plus a margin rate, or in the case of Canada, a banker's acceptance rate or base rate plus a margin rate. LIBOR based loans can be set for durations of one week, or for periods of one to nine months. The margin rate amount can be adjusted upward or downward based upon usage under the line in two increments of 25 basis points. Veritiv's interest rate exposure under the ABL Facility results from changes in LIBOR, bankers' acceptance rates, the prime/base interest rates and actual borrowings. The weighted-average borrowing interest rate at December 31, 2021 was 1.8%. Based on the average borrowings under the ABL Facility during the year ended December 31, 2021, a hypothetical 100 basis point increase in the interest rate would result in approximately $4.6 million of additional interest expense.

Foreign Currency Exchange Rate Risk

Veritiv conducts business in various foreign currencies and is exposed to earnings and cash flow volatility associated with changes in foreign currency exchange rates. This exposure is primarily related to international assets and liabilities, whose value could change materially in reference to the U.S. dollar reporting currency.

Veritiv's most significant foreign currency exposure primarily relates to fluctuations in the foreign exchange rate between the U.S. dollar and the Canadian dollar. Net sales from Veritiv's Canadian operations for the year ended December 31, 2021 represented approximately 11% of Veritiv's total net sales. Veritiv has not used foreign exchange currency options or futures agreements to hedge its exposure to changes in foreign exchange rates.

Fuel Price Risk

Due to the nature of Veritiv's distribution business, the Company is exposed to potential volatility in fuel prices. The cost of fuel affects the price paid for products as well as the costs incurred to deliver products to the Company's customers. The price and availability of diesel fuel fluctuates due to changes in production, seasonality and other market factors generally outside of the Company's control. Increased fuel costs may have a negative impact on the Company's results of operations and financial condition. In times of higher fuel prices, Veritiv may have the ability to pass a portion of the increased costs on to customers; however, there can be no assurance that the Company will be able to do so. Based on Veritiv's 2021 fuel consumption, a 10% increase in the average annual price per gallon of diesel fuel would result in a potential increase of approximately $2.4 million in annual transportation fuel costs (excluding any amounts recovered from customers). Veritiv does not use derivatives to manage its exposure to fuel prices.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)	41
Consolidated Statements of Operations	43
Consolidated Statements of Comprehensive Income (Loss)	44
Consolidated Balance Sheets	45
Consolidated Statements of Cash Flows	46
Consolidated Statements of Shareholders' Equity	47
Notes to Consolidated Financial Statements	48

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and Board of Directors of Veritiv Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Veritiv Corporation and subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill — Refer to Notes 1, 5, and 10 to the financial statements

Critical Audit Matter Description

The Company’s evaluation of goodwill for impairment involves the comparison of the fair value of the Packaging reporting unit to its carrying value. The Company determines the fair value of the Packaging reporting unit using an income approach that utilizes discounted cash flows and requires management to make significant assumptions and estimates related to the forecasts of future revenues and the discount rate. Changes to the assumptions and estimates may result in a significantly different estimate of the fair value of the reporting unit, which could result in a different assessment of the recoverability of goodwill. The goodwill balance was $99.6 million as of December 31, 2021. The fair value of the reporting unit exceeded its carrying value as of the measurement date, and therefore, no impairment was recognized.

We identified goodwill for the Packaging reporting unit as a critical audit matter because of the significant judgments made by management to estimate the fair value of the reporting unit. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to selection of the discount rate and forecasts of future revenues.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the discount rate and forecasts of future revenues included the following, among others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those over the determination of the fair value of the Packaging reporting unit, such as controls related to management's selection of the discount rate and forecasts of future revenue.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodology and (2) discount rate, including testing the source information underlying the determination of the discount rate, testing the mathematical accuracy of the calculation, and developing a range of independent estimates and comparing those to the discount rate selected by management.
- We evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's forecasts of future revenue by comparing the forecasts to (1) historical revenues, (2) internal communications to management and the Board of Directors, and (3) forecasted industry information included in industry reports relevant to the reporting unit.
- We considered the impact of changes in the industry on management's forecasts.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
March 1, 2022

We have served as the Company's auditor since 2013.

VERITIV CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)

	Year Ended December 31,		
	2021	2020	2019
Net sales (including sales to related party of $19.7 and $23.4, in 2020 and 2019, respectively)	$ 6,850.5	$ 6,345.6	$ 7,659.4
Cost of products sold (including purchases from related party of $55.6 and $85.2, in 2020 and 2019, respectively) (exclusive of depreciation and amortization shown separately below)	5,417.9	5,040.2	6,206.2
Distribution expenses	419.3	429.8	509.2
Selling and administrative expenses	732.7	717.9	823.3
Depreciation and amortization	55.2	57.7	53.5
Integration expenses	—	—	17.5
Restructuring charges, net	15.4	52.2	28.8
Operating income (loss)	210.0	47.8	20.9
Interest expense, net	17.2	25.1	38.1
Other (income) expense, net	(4.7)	(20.3)	11.6
Income (loss) before income taxes	197.5	43.0	(28.8)
Income tax expense (benefit)	52.9	8.8	0.7
Net income (loss)	$ 144.6	$ 34.2	$ (29.5)
Earnings (loss) per share:			
Basic	$ 9.50	$ 2.14	$ (1.84)
Diluted	$ 9.01	$ 2.08	$ (1.84)
Weighted-average shares outstanding:			
Basic	15.22	15.96	16.06
Diluted	16.05	16.48	16.06

See accompanying Notes to Consolidated Financial Statements.

VERITIV CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	Year Ended December 31,		
	2021	2020	2019
Net income (loss)	$ 144.6	$ 34.2	$ (29.5)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(1.0)	2.4	3.7
Change in fair value of cash flow hedge, net of tax [1]	0.1	0.1	0.0
Pension liability adjustments, net of tax [1]	10.1	(2.9)	3.9
Other comprehensive income (loss)	9.2	(0.4)	7.6
Total comprehensive income (loss)	$ 153.8	$ 33.8	$ (21.9)

[1] Amounts shown are net of tax impacts, which were not significant for the periods presented except for the 2021 tax impact for the pension liability, which was $3.5 million.

See accompanying Notes to Consolidated Financial Statements.

VERITIV CORPORATION
CONSOLIDATED BALANCE SHEETS
(dollars in millions, except par value)

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 49.3	$ 120.6
Accounts receivable, less allowances of $34.4 and $41.6, respectively	1,011.2	849.5
Inventories	484.5	465.4
Other current assets	132.7	119.5
Total current assets	1,677.7	1,555.0
Property and equipment (net of accumulated depreciation and amortization of $332.4 and $375.9, respectively)	162.9	194.7
Goodwill	99.6	99.6
Other intangibles, net	42.7	47.4
Deferred income tax assets	47.1	60.0
Other non-current assets	408.4	378.3
Total assets	$ 2,438.4	$ 2,335.0
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 561.9	$ 471.9
Accrued payroll and benefits	110.0	80.6
Other accrued liabilities	185.7	182.2
Current portion of debt	16.0	14.7
Total current liabilities	873.6	749.4
Long-term debt, net of current portion	499.7	589.1
Defined benefit pension obligations	7.2	18.2
Other non-current liabilities	422.1	395.2
Total liabilities	1,802.6	1,751.9
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock, $0.01 par value, 10.0 million shares authorized, none issued	—	—
Common stock, $0.01 par value, 100.0 million shares authorized; shares issued - 17.0 million and 16.6 million, respectively; shares outstanding - 14.6 million and 15.9 million, respectively	0.2	0.2
Additional paid-in capital	633.8	634.9
Accumulated earnings (deficit)	143.2	(1.4)
Accumulated other comprehensive loss	(24.3)	(33.5)
Treasury stock at cost - 2.4 million and 0.7 million shares, respectively	(117.1)	(17.1)
Total shareholders' equity	635.8	583.1
Total liabilities and shareholders' equity	$ 2,438.4	$ 2,335.0

See accompanying Notes to Consolidated Financial Statements.

VERITIV CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2021	2020	2019
Operating activities			
Net income (loss)	$ 144.6	$ 34.2	$ (29.5)
Depreciation and amortization	55.2	57.7	53.5
Amortization and write-off of deferred financing fees	1.5	2.1	2.6
Net losses (gains) on disposition of assets and sale of a business	(9.2)	(8.2)	0.6
Long-lived asset impairment charges	0.5	0.5	—
Provision for expected credit losses and doubtful accounts, respectively	4.7	12.4	14.9
Deferred income tax provision (benefit)	9.2	(1.8)	(2.7)
Stock-based compensation	7.4	17.7	14.6
Other non-cash items, net	9.8	(12.4)	11.9
Changes in operating assets and liabilities			
Accounts receivable and related party receivable	(172.6)	56.5	252.3
Inventories	(22.1)	89.7	139.7
Other current assets	(9.3)	(3.2)	37.1
Accounts payable and related party payable	110.0	5.5	(199.7)
Accrued payroll and benefits	19.9	17.1	(2.9)
Other accrued liabilities	(1.3)	(1.0)	(22.4)
Other	6.4	22.4	11.0
Net cash provided by (used for) operating activities	154.7	289.2	281.0
Investing activities			
Property and equipment additions	(20.4)	(23.6)	(34.1)
Proceeds from asset sales and sale of a business	16.1	18.3	0.5
Net cash provided by (used for) investing activities	(4.3)	(5.3)	(33.6)
Financing activities			
Change in book overdrafts	(16.5)	(16.6)	26.2
Borrowings of long-term debt	5,734.4	5,566.0	6,746.5
Repayments of long-term debt	(5,814.5)	(5,719.2)	(7,007.0)
Payments under right-of-use finance leases	(13.8)	(13.0)	(9.1)
Deferred financing fees	(3.3)	(3.4)	—
Purchase of treasury stock	(100.0)	(3.5)	—
Payments under Tax Receivable Agreement	—	(12.3)	(7.8)
Payments under other contingent consideration	—	—	(20.0)
Impact of tax withholding on share-based compensation	(8.5)	(0.8)	(2.3)
Other	0.8	0.2	(0.4)
Net cash provided by (used for) financing activities	(221.4)	(202.6)	(273.9)
Effect of exchange rate changes on cash	(0.3)	1.3	0.2
Net change in cash and cash equivalents	(71.3)	82.6	(26.3)
Cash and cash equivalents at beginning of period	120.6	38.0	64.3
Cash and cash equivalents at end of period	$ 49.3	$ 120.6	$ 38.0
Supplemental cash flow information			
Cash paid for income taxes, net of refunds	$ 40.1	$ 7.8	$ 4.8
Cash paid for interest	15.0	22.0	34.7
Non-cash investing and financing activities			
Non-cash additions to property and equipment for right-of-use finance leases	$ 4.1	$ 14.8	$ 22.3
Non-cash additions to other non-current assets for right-of-use operating leases	111.6	20.1	129.3

See accompanying Notes to Consolidated Financial Statements.

VERITIV CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions)

	Common Stock Issued		Additional Paid-in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at December 31, 2018	16.2	$ 0.2	$ 605.7	$ (8.5)	$ (40.7)	(0.3)	$ (13.6)	$ 543.1
Net income (loss)				(29.5)				(29.5)
Other comprehensive income (loss)					7.6			7.6
Stock-based compensation			14.6					14.6
Issuance of common stock, net of stock received for minimum tax withholdings	0.2	0.0	(2.3)					(2.3)
Adoption impact - Accounting Standards Update 2016-02				2.7				2.7
Balance at December 31, 2019	16.4	$ 0.2	$ 618.0	$ (35.3)	$ (33.1)	(0.3)	$ (13.6)	$ 536.2
Net income (loss)				34.2				34.2
Other comprehensive income (loss)					(0.4)			(0.4)
Stock-based compensation			17.7					17.7
Issuance of common stock, net of stock received for minimum tax withholdings	0.2	0.0	(0.8)					(0.8)
Adoption impact - Accounting Standards Update 2016-13				(0.3)				(0.3)
Treasury stock purchases						(0.4)	(3.5)	(3.5)
Balance at December 31, 2020	16.6	$ 0.2	$ 634.9	$ (1.4)	$ (33.5)	(0.7)	$ (17.1)	$ 583.1
Net income (loss)				144.6				144.6
Other comprehensive income (loss)					9.2			9.2
Stock-based compensation			7.4					7.4
Issuance of common stock, net of stock received for minimum tax withholdings	0.4	0.0	(8.5)					(8.5)
Treasury stock purchases						(1.7)	(100.0)	(100.0)
Balance at December 31, 2021	17.0	$ 0.2	$ 633.8	$ 143.2	$ (24.3)	(2.4)	$ (117.1)	$ 635.8

See accompanying Notes to Consolidated Financial Statements.

VERITIV CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Veritiv Corporation ("Veritiv" or the "Company") is a North American business-to-business full-service provider of value-added packaging products and services, as well as facility solutions, print and publishing products and services. Additionally, Veritiv provides logistics and supply chain management solutions to its customers. Veritiv was established on July 1, 2014 following the merger (the "Merger") of International Paper Company's xpedx distribution solutions business ("xpedx") and UWW Holdings, Inc., the parent company of Unisource Worldwide, Inc. ("Unisource"). On July 2, 2014, Veritiv's common stock began regular-way trading on the New York Stock Exchange under the ticker symbol "VRTV". Veritiv operates from 115 distribution centers primarily throughout the United States ("U.S."), Canada and Mexico.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all of the Company's subsidiaries. All significant intercompany transactions between Veritiv's businesses have been eliminated. As a result of adopting Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses (Topic 326)* on January 1, 2020, using the required modified retrospective basis, the accounting for credit losses for periods prior to 2020 has not been revised and results are reported in accordance with prior U.S. GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and certain financial statement disclosures. Estimates and assumptions are used for, but not limited to, revenue recognition, right-of-use ("ROU") asset and liability valuations, accounts and notes receivable valuations, inventory valuation, employee benefit plans, long-term incentive plans, income tax contingency accruals and valuation allowances, multi-employer pension plan ("MEPP") withdrawal liabilities, contingency accruals and goodwill and other intangible asset valuations. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, actual results may ultimately differ from these estimates and assumptions.

Primarily beginning in April 2020, the COVID-19 pandemic has affected our operational and financial performance to varying degrees. As a result of the COVID-19 pandemic, the Company could continue to experience impacts including, but not limited to, charges from potential adjustments of the carrying amount of accounts and notes receivables and inventory, asset impairment charges and deferred tax valuation allowances. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations, access to sources of liquidity and financial condition will depend on future developments. These developments, which are uncertain and difficult to predict, include, but are not limited to, the duration, spread and severity of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's employees, customers, suppliers and vendors, measures adopted by local and federal governments or health authorities in response to the pandemic, the availability, adoption and effectiveness of vaccines and to what extent normal economic and operating conditions can resume and be sustained. Even after the COVID-19 pandemic has subsided, the Company may experience an impact to its business as a result of any economic recession, downturn, or volatility or long-term changes in customer behavior. Estimates are revised as additional information becomes available.

Summary of Significant Accounting Policies

Revenue Recognition

Veritiv applies the five step model to assess its contracts with customers. The Company's revenue is reported as net sales and is measured as the determinable transaction price, net of any variable consideration (e.g., sales incentives and rights to return product) and any taxes collected from customers and remitted to governmental authorities. When the Company enters into a sales arrangement with a customer, it believes it is probable that it will collect substantially all of the

consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. When management cannot conclude collectability is probable for shipments to a particular customer, revenue associated with that customer is not recognized until cash is collected or management is otherwise able to establish that collectability is probable. As a normal business practice, Veritiv does not enter into contracts that require more than one year to complete or that contain significant financing components. See Note 2, Revenue Recognition and Credit Losses, for additional information regarding the Company's revenue recognition practices.

Purchase Incentives

Veritiv enters into agreements with suppliers that entitle Veritiv to receive rebates, allowances and other discounts based on the attainment of specified purchasing levels or sales to certain customers. Purchase incentives are recorded as a reduction to inventory and recognized in cost of products sold when the sale occurs. During the year ended December 31, 2021, approximately 28% of the Company's purchases were made from ten suppliers.

Distribution Expenses

Distribution expenses consist of storage, handling and delivery costs including freight to the Company's customers' destinations. Handling and delivery costs were $271.0 million, $273.6 million and $346.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Integration Expenses

Integration costs are expensed as incurred and include internally dedicated integration management resources, retention compensation, information technology conversion costs and other costs to integrate its businesses. See Note 4, Restructuring and Integration Charges, for additional information regarding the Company's integration activities.

Cash and Cash Equivalents

The Company considers all highly liquid, unrestricted investments with original maturities to the Company of three months or less to be cash equivalents, including investments in money market funds with no restrictions on withdrawals. The Company held no cash equivalents as of December 31, 2021. As of December 31, 2020, the Company's cash and cash equivalents included a $75.0 million investment in a money market fund that was highly liquid and qualified as a cash equivalent.

Trade Accounts Receivable, Notes Receivable and Related Allowances

The Company adopted ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)* on January 1, 2020, using the required modified retrospective approach. Accordingly, 2019 has not been adjusted to conform to the new guidance. Upon adoption, the Company recorded a $0.3 million decrease to retained earnings as the cumulative effect adjustment from applying the standard.

Under Topic 326

The Company performs an assessment of its financial assets which consist primarily of accounts receivable and identifies pools (i.e., groups of similar assets within the accounts receivable portfolio) based on the Company’s internal risk ratings, geographical locations and historical loss information. The Company’s pools are classified by reportable segment, risk level and the geographical location of the Company’s customers. The risk characteristics of each segment are determined by the impact of economic and structural fluctuations that are specific to the industry sectors served by the Company, competition from other suppliers and the nature of the products and services provided to the Company’s customers. The Print and Publishing segments are faced with industry-wide decreases in demand for products and services due to the increasing use of e-commerce and other on-line product substitutions. The risk characteristics of the Facility Solutions segment include revenue declines and delinquency rates attributable to changes in the travel industry, constraints and restrictions for large venues, return-to-office and in-person school activities. The risk characteristics of the Packaging segment include changes in customer buying habits and product preferences. The Company considered the Packaging and Facility Solutions segments to be a single pool as they share similar risk characteristics.

The Company's allowance for credit losses reflects the best estimate of expected losses to the Company's accounts receivable portfolio determined on the basis of historical experience, current conditions, reasonable and supportable forecasts and specific allowances for known troubled accounts. In developing the allowance for credit losses, the Company utilizes internal risk ratings that are determined based on a number of factors including a periodic evaluation of each customer's financial condition where possible. In addition to leveraging the internally developed risk ratings and historical experience, the expected credit loss estimates are developed using quantitative analyses, where meaningful, and qualitative analyses to forecast the impact that external factors and economic indicators may have on the amount that the Company expects to collect.

Under prior guidance

Accounts receivable are recognized net of allowances. The allowance reflects the best estimate of losses inherent in the Company's accounts receivable portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other available evidence.

Inventories

The Company's inventories are primarily comprised of finished goods and predominantly valued at cost as determined by the last-in first-out ("LIFO") method. Such valuations are not in excess of market. Elements of cost in inventories include the purchase price invoiced by a supplier, plus inbound freight and related costs and reduced by estimated volume-based discounts and early pay discounts available from certain suppliers. Approximately 80% and 76% of inventories were valued using the LIFO method as of December 31, 2021 and 2020, respectively. If the first-in, first-out method had been used, total inventory balances would be increased by approximately $134.5 million and $93.2 million at December 31, 2021 and 2020, respectively.

The Company reduces the value of obsolete inventory based on the difference between the LIFO cost of the inventory and the estimated market value using assumptions of future demand and market conditions. To estimate the net realizable value, the Company considers factors such as the age of the inventory, the nature of the products, the quantity of items on-hand relative to sales trends, current market prices and trends in pricing, its ability to use excess supply in another channel, historical write-offs and expected residual values or other recoveries.

Veritiv maintains some of its inventory on a consignment basis in which the inventory is physically located at the customer's premises or a third-party distribution center. Veritiv had $24.1 million and $20.5 million of consigned inventory as of December 31, 2021 and 2020, respectively, valued on a LIFO basis, net of reserves.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Expenditures for replacements and major improvements are capitalized, whereas repair and maintenance costs that do not improve service potential or extend economic life are expensed as incurred. The Company capitalizes certain computer software and development costs incurred in connection with developing or obtaining software for internal use. Costs related to the development of internal use software, other than those incurred during the application development stage, are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Land is not depreciated, and construction-in-progress ("CIP") is not depreciated until ready for service. Leased property and leasehold improvements are amortized on a straight-line basis over the lease term or useful life of the asset, whichever is less. Upon retirement or other disposal of property and equipment, the cost and related amount of accumulated depreciation or accumulated amortization are eliminated from the asset and accumulated depreciation or accumulated amortization accounts, respectively. The difference, if any, between the net asset value and the proceeds is included in net income (loss) on the Consolidated Statements of Operations.

The following tables summarize the Company's property and equipment:

(in millions, except for estimated useful life)	Estimated Useful Life	As of December 31, 2021	As of December 31, 2020
Land, buildings and improvements	1 to 40 years	$ 94.6	$ 100.7
Machinery and equipment	3 to 15 years	156.1	164.9
Finance leases		112.2	111.8
Internal use software	3 to 5 years	122.8	188.6
CIP		9.6	4.6
Less: Accumulated depreciation and amortization		(332.4)	(375.9)
Property and equipment (net of accumulated depreciation and amortization)		$ 162.9	$ 194.7
Unamortized internal use software costs, including amounts recorded in CIP		$ 10.5	$ 24.6

(in millions)	Year Ended December 31, 2021	2020	2019
Depreciation expense [(1)]	$ 36.6	$ 36.8	$ 33.5
Amortization expense - internal use software	13.9	16.1	15.0
Depreciation and amortization expense related to property and equipment	$ 50.5	$ 52.9	$ 48.5

[(1)] Includes depreciation expense for finance leases.

Leases

The Company determines if an arrangement is a lease at lease inception and reviews lease arrangements for finance or operating lease classification at their commencement date. Operating leases are reported as part of other non-current assets, other accrued liabilities and other non-current liabilities on the Consolidated Balance Sheets. Finance leases are reported as part of property and equipment and debt obligations on the Consolidated Balance Sheets. The Company does not include leases with a term of twelve months or less on the Consolidated Balance Sheets and does not separate lease and non-lease components for its delivery equipment leases. In order to value the ROU assets and related liabilities, the Company makes certain estimates and assumptions related to establishing the lease term, discount rates and variable lease payments (e.g., rent escalations tied to changes in the Consumer Price Index). The exercise of any lease renewal or asset purchase option is at the Company's sole discretion. The lease term for all of the Company's leases includes the noncancelable period of the lease and any periods covered by renewal options that the Company is reasonably certain to exercise. Certain leases include rent escalations pre-set in the agreements, which are factored into the lease payment stream. Similar to a variable lease payment, certain delivery equipment leases include a provision for an amount the Company may be required to pay at the end of the lease for any residual value deficiency incurred by the lessor upon resale of the underlying asset. The Company uses the implicit rate of interest when it is available; however, as most of the Company's leases do not provide an implicit rate of interest, the Company uses its incremental borrowing rate based on information available at the lease commencement date in determining the discounted value of the lease payments. Lease expense and depreciation expense are recognized on a straight-line basis over the lease term, or for a finance lease, over the shorter of the life of the underlying asset or the lease term. The Company's decisions to cease operations in certain warehouse facilities and retail locations leads to different accounting treatment depending upon whether the leased properties are considered abandoned versus properties that the Company has the intent and ability to sublease. Abandoned ROU assets are assessed for impairment based on estimates of undiscounted operating cash flows until the anticipated cease-use date and any remaining lease expense is accelerated through the anticipated cease-use date. Leases for which the Company has the intent and ability to sublease are assessed for impairment and any remaining ROU asset values are amortized over the shorter of the remaining useful lives of the assets or lease term. The intent and practical ability to sublease and estimates of future cash flows attributable to the sublease are assessed considering the terms of the lease agreement, certain market conditions, remaining lease terms and the time required to sublease the facility and other factors. See Note 3, Leases, for additional information related to the Company's leases.

Goodwill and Other Intangible Assets

Goodwill relating to a single business reporting unit is included as an asset of the applicable segment. Goodwill arising from major acquisitions that involve multiple reportable segments is allocated to the reporting units based on the relative fair value of the reporting unit. Goodwill is reviewed by Veritiv for impairment on a reporting unit basis annually on October 1st or more frequently if indicators are present or changes in circumstances suggest that impairment may exist. The testing of goodwill for possible impairment is performed by completing a Step 0 test or electing to by-pass the Step 0 test and comparing the fair value of a reporting unit with its carrying value, including goodwill. The Step 0 test utilizes qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. Qualitative factors include: macroeconomic conditions; industry and market considerations; overall financial performance and cost factors to determine whether a reporting unit is at risk for goodwill impairment. In the event a reporting unit fails the Step 0 goodwill impairment test, it is necessary to move forward with a comparison of the fair value of the reporting unit with its carrying value, including goodwill. If the fair value exceeds the carrying value, goodwill is not considered to be impaired. If the fair value of a reporting unit is below the carrying value, a goodwill impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, any loss recognized will not exceed the total amount of goodwill allocated to the reporting unit.

Intangible assets acquired in a business combination are recorded at fair value. The Company's intangible assets may include customer relationships, trademarks and trade names and non-compete agreements. Intangible assets with finite useful lives are subsequently amortized using the straight-line method over the estimated useful lives of the assets. See the *Impairment of Long-Lived Assets* section below for the accounting policy related to the periodic review of long-lived intangible assets for impairment.

See Note 5, Goodwill and Other Intangible Assets, for additional information related to the Company's goodwill and other intangible assets.

Impairment of Long-Lived Assets

Long-lived assets, including finite lived intangible assets, are tested for impairment whenever events or changes in circumstances indicate their carrying value may not be recoverable. The Company assesses the recoverability of long-lived assets based on the undiscounted future cash flow the assets are expected to generate and recognizes an impairment loss when the estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. When an impairment is identified, the Company reduces the carrying amount of the asset to its estimated fair value based on a discounted cash flow approach or, when available and appropriate, to comparable market values. The calculation of lease impairment charges requires significant judgments and estimates, including estimated sublease rentals, discount rates and future cash flows based on the Company's experience and knowledge of the market in which the property is located, previous efforts to dispose of similar assets and an assessment of current market conditions.

Employee Benefit Plans

The Company sponsors and/or contributes to defined contribution plans, defined benefit pension plans and MEPPs in the U.S. Except for certain union employees who continue to accrue benefits under the U.S. defined benefit pension plan in accordance with their collective bargaining agreements, as discussed below, the defined benefit pension plans are frozen. In addition, the Company and its subsidiaries have various pension plans and other forms of retirement arrangements outside the U.S. See Note 9, Employee Benefit Plans, for additional information related to these plans and arrangements.

The determination of defined benefit pension and postretirement plan obligations and their associated costs requires the use of actuarial computations to estimate participant plan benefits to which the employees will be entitled. The Company's significant assumptions in this regard include discount rates, rate of future compensation increases, expected long-term rates of return on plan assets, mortality rates and other factors. Each assumption is developed using relevant company experience in conjunction with market-related data. All actuarial assumptions are reviewed annually with third-party consultants and adjusted as necessary.

For the recognition of net periodic postretirement cost, the calculation of the expected long-term rate of return on plan assets is derived using the fair value of plan assets at the measurement date. Actual results that differ from the

Company's assumptions are accumulated and amortized on a straight-line basis only to the extent they exceed 10% of the higher of the fair value of plan assets or the projected benefit obligation, over the estimated remaining service period of active participants. The fair value of plan assets is determined based on market prices or estimated fair value at the measurement date.

The Company also makes contributions to MEPPs for its union employees covered by such plans. For these plans, the Company recognizes a liability only for any required contributions to the plans or surcharges imposed by the plans that are accrued and unpaid at the balance sheet date. The Company does not record an asset or liability to recognize the funded status of the plans. The Company records an estimated undiscounted charge when it becomes probable that it has incurred a withdrawal liability, as the final amount and timing is not assured. When a final determination of the withdrawal liability is received from the plan, the estimated charge is adjusted to the final amount determined by the plan.

Long-Term Incentive Compensation Plans

The Company measures and records compensation expense for all long-term incentive compensation awards based on the respective plans' grant date fair values over the vesting periods of the awards. Forfeitures are recognized when they occur. Performance-based plans require the Company to make estimates of its long-term future performance. See Note 14, Long-Term Incentive Compensation Plans, for additional information.

Income Taxes

Veritiv's income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. Veritiv records its global tax provision based on the respective tax rules and regulations for the jurisdictions in which it operates. Where treatment of a position is uncertain, liabilities are recorded based upon an evaluation of the more likely than not outcome considering technical merits of the position. Changes to recorded liabilities are made only when an identifiable event occurs that alters the likely outcome, such as settlement with the relevant tax authority or the expiration of statutes of limitation for the subject tax year. Significant judgments and estimates are required in determining the consolidated income tax expense.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Significant judgment is required in evaluating the need for and amount of valuation allowances against deferred tax assets. The realization of these assets is dependent on generating sufficient future taxable income.

Fair Value Measurements

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable.

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market-based inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability reflecting the reporting entity's own assumptions or external inputs from inactive markets.

See Note 10, Fair Value Measurements, for further details.

Foreign Currency

The assets and liabilities of the Company's foreign subsidiaries are translated from their respective local currencies to the U.S. dollars at the appropriate spot rates as of the balance sheet date. Changes in the carrying values of these assets and liabilities attributable to fluctuations in spot rates are recognized in foreign currency translation adjustment, a component of accumulated other comprehensive loss ("AOCL"). See Note 13, Shareholders' Equity, for the impacts of foreign currency translation adjustments on AOCL. The revenues and expenses of the foreign subsidiaries are translated using the monthly average exchange rates during the year. The gains or losses from foreign currency transactions are included in other (income) expense, net on the Consolidated Statements of Operations.

Treasury Stock

Common stock purchased for treasury is recorded at cost. Costs incurred by the Company that are associated with the acquisition of treasury stock are treated in a manner similar to stock issue costs and are added to the cost of the treasury stock. See Note 13, Shareholders' Equity, for additional information regarding the Company's treasury stock transactions.

Accounting for Derivative Instruments

The Company holds one interest rate cap agreement which is subject to Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*. For those instruments that are designated and qualify as hedging instruments, a company must designate the instrument, based upon the exposure being hedged, as a cash flow hedge, a fair value hedge or a hedge of a net investment in a foreign operation. A cash flow hedge refers to hedging the exposure to variability in expected future cash flows attributable to a particular risk. For derivative instruments that are designated and qualify as a cash flow hedge, the gains and losses resulting from changes in the fair value of the derivative instrument are reported as a component of AOCL in the Company's Consolidated Balance Sheets and in the Consolidated Statements of Comprehensive Income (Loss), until reclassified into the same Consolidated Statements of Operations line item in the same period the hedged transaction affects earnings. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. See Note 6, Debt and Note 13, Shareholders' Equity, for additional information regarding the Company's derivative instrument.

Recently Issued Accounting Standards

Recently Adopted Accounting Standards

Effective January 1, 2021, the Company adopted ASU 2019-12, *Income Taxes (Topic 740).* The standard removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. The update also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for goodwill and allocating taxes to members of a consolidated group. The amendments in this update related to separate financial statements of legal entities that are not subject to tax should be applied on a retrospective basis for all periods presented. The amendments related to changes in ownership of foreign equity method investments or foreign subsidiaries should be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The amendments related to franchise taxes that are partially based on income should be applied on either a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. All other amendments should be applied on a prospective basis. The adoption did not materially impact the Company's financial statements and disclosures.

Recently Issued Accounting Standards Not Yet Adopted

ASU 2020-04*, Reference Rate Reform (Topic 848)* - This standard provides temporary optional expedients and exceptions to accounting guidance for certain contract modifications and hedging arrangements to ease financial reporting burdens as the market transitions from the London Interbank Offered Rate ("LIBOR") and other interbank reference rates to alternative reference rates. The guidance is available for prospective application upon its issuance and can generally be applied to contract modifications and hedging relationships entered into March 12, 2020 through December 31, 2022. The Company has an interest rate cap arrangement, which currently carries an insignificant value, and long-term debt for which existing payments are based on LIBOR. The Company recently amended its ABL Facility to, among other things, update certain provisions to facilitate the transition from LIBOR to a new replacement benchmark rate. Currently, the Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

Effective January 1, 2022, the Company will adopt ASU 2021-10, *Government Assistance (Topic 832*). The standard increases the transparency of government assistance including the disclosure of (1) the types of assistance, (2) an entity's accounting for the assistance, and (3) the effect of the assistance on an entity's financial statements. The amendments in this update are effective for annual periods beginning after December 15, 2021. An entity should apply the amendments in this update either (1) prospectively to all transactions within the scope of the amendments that are reflected in financial statements at the date of initial application and new transactions that are entered into after the date of initial application or (2)

retrospectively to those transactions. Currently, the Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

2. REVENUE RECOGNITION AND CREDIT LOSSES

Revenue Recognition

Veritiv applies the five step model to assess its contracts with customers. The Company's revenue is reported as net sales and is measured as the determinable transaction price, net of any variable consideration (e.g., sales incentives and rights to return product) and any taxes collected from customers and remitted to governmental authorities. Certain revenues are derived from shipments which are made directly from a manufacturer to a Veritiv customer. The Company is considered to be a principal to these transactions because, among other factors, it maintains control of the goods after they leave the supplier and before they are received at the customer's location, in most cases it selects the supplier and sets the price to the customer, and it bears the risk of the customer defaulting on payment or rejecting the goods. Revenues from these sales are reported on a gross basis on the Consolidated Statements of Operations and have historically represented approximately 35% of Veritiv's total net sales. As a normal business practice, Veritiv does not enter into contracts that require more than one year to complete or that contain significant financing components. The Company considers handling and delivery as activities to fulfill its performance obligations. Billings for third-party freight are accounted for as net sales and handling and delivery costs are accounted for as distribution expenses. Veritiv enters into incentive programs with certain of its customers, which are generally based on sales to those same customers. Estimates of the variable consideration are based primarily on contract terms, current customer forecasts as well as historical experience. Veritiv follows the expected value method when estimating its retrospective incentives and records the estimated amount as a reduction to gross sales when revenue is recognized.

Customer product returns are estimated based on historical experience and the identification of specific events necessitating an adjustment. The estimated return value is recognized as a reduction of gross sales and related cost of products sold. The estimated inventory returns value is recognized as part of inventories, while the estimated customer refund liability is recognized as part of other accrued liabilities on the Consolidated Balance Sheets. As of December 31, 2021 and 2020, estimated inventory returns were not significant.

A customer contract liability will arise when Veritiv has received payment for goods and services but has not yet transferred the items to a customer and satisfied its performance obligations. Veritiv records a customer contract liability for performance obligations outstanding related to payments received in advance for customer deposits on equipment sales and other sale arrangements requiring prepayment, which are included in accounts payable and other accrued liabilities on the Consolidated Balance Sheets. Veritiv expects to satisfy these remaining performance obligations and recognize the related revenues upon delivery of the goods and services to the customer's designated location within 12 months following receipt of the payment. Most equipment sales deposits are held for approximately 90 days and other sale arrangements requiring prepayment initially cover a 60 - 90 day period but can be renewed by the customer.

See the table below for a summary of the changes to the customer contract liabilities balance:

	Customer Contract Liabilities	
(in millions)	**2021**	**2020**
Balance at January 1,	$ 12.2	$ 11.7
Payments received	52.2	53.2
Revenue recognized from beginning balance	(10.4)	(11.6)
Revenue recognized from current year receipts	(32.2)	(41.1)
Balance at December 31,	$ 21.8	$ 12.2

Revenue Composition

Veritiv's revenues are primarily derived from purchase orders and rate agreements associated with (i) the delivery of standard listed products with observable standalone sale prices or (ii) transportation and warehousing services. Revenue generally consists of a single performance obligation to transfer a promised good or service and is short-term in nature. Revenues are recognized when control of the promised goods or services is transferred to Veritiv's customers and in an

amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. Sales transactions with customers are designated free on board destination and revenue is recorded at the point in time when the product is delivered to the customer's designated location or when the customer has otherwise obtained the benefit of the goods, when title and risk of loss are transferred. Revenues from Veritiv's transportation services are recognized upon completion of the related delivery services and revenues from warehousing services are recognized over time as the storage services are provided. The Company is able to serve a wide variety of customers, from large national companies to small local customers, through its distribution network.

Historically, the Company's ten largest customers have generated approximately 10% - 15% of its consolidated annual net sales. Veritiv's principal markets are concentrated primarily across North America with net sales in the U.S., Canada and Mexico of approximately 86%, 11% and 2%, respectively. Veritiv evaluated the nature of the products and services provided to its customers as well as the nature of the customer and the geographical distribution of its customer base and determined that the best representative level of disaggregated revenue is the product category basis. The following is a brief description of the Company's four reportable segments, organized by major product category. This segment structure is consistent with the way the Chief Operating Decision Maker, who is Veritiv's Chief Executive Officer, makes operating decisions and manages the growth and profitability of the Company's business. The Company also has a Corporate & Other category, which includes certain assets and costs not primarily attributable to any of the reportable segments, as well as the Veritiv logistics solutions business which provides transportation and warehousing solutions.

- ***Packaging*** – The Packaging segment provides custom and standard packaging solutions for customers based in North America and in key global markets. This segment services its customers with a full spectrum of packaging product materials within flexible, corrugated and fiber, ancillary packaging, rigid and equipment categories. The business is strategically focused on higher growth industry sectors including manufacturing, food and beverage, wholesale and retail, healthcare and transportation, as well as specialty sectors based on industry and product expertise. This segment also provides supply chain solutions, structural and graphic packaging design and engineering, automation, workflow and equipment services and kitting.

- ***Facility Solutions*** – The Facility Solutions segment sources and sells cleaning, break-room and other supplies in product categories that include towels and tissues, food service, personal protective equipment, cleaning chemicals and skincare, primarily in North America. Additionally, the Company offers total cost of ownership solutions with re-merchandising, budgeting and compliance reporting and inventory management.

- ***Print*** – The Print segment sells and distributes commercial printing, writing, copying, digital, specialty products and graphics consumables primarily in North America. Veritiv's broad geographic platform of operations coupled with the breadth of paper and graphics products, including exclusive private brand offerings, provides a foundation to service national, regional and local customers across North America.

- ***Publishing*** – The Publishing segment sells and distributes coated and uncoated commercial printing papers to publishers, retailers, converters, printers and specialty businesses for use in magazines, catalogs, books, directories, gaming, couponing, retail inserts and direct mail primarily in the U.S. This segment also provides print management, procurement and supply chain management solutions to simplify paper and print procurement processes for its customers.

See Note 16, Segment and Other Information, for the disaggregation of revenue and other information related to the Company's reportable segments and Corporate & Other.

Credit Losses and Other Allowances

When the Company enters into a sales arrangement with a customer, it believes it is probable that it will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. When management cannot conclude collectability is probable for shipments to a particular customer, revenue associated with that customer is not recognized until cash is collected or management is otherwise able to establish that collectability is probable. See Note 1, Business and Summary of Significant Accounting Policies, for additional information related to the Company's policy for credit losses.

The components of the accounts receivable allowances were as follows:

(in millions)	As of December 31, 2021	2020
Allowance for credit losses	$ 23.7	$ 31.4
Other allowances [1]	10.7	10.2
Total accounts receivable allowances	$ 34.4	$ 41.6

[1] Includes amounts reserved for credit memos, customer discounts, customer short pays and other miscellaneous items.

Below is a rollforward of the Company's accounts receivable allowances. Accounts receivable are written-off when management determines they are uncollectible.

(in millions)	Year Ended December 31, 2021	2020	2019
Balance at January 1,	$ 41.6	$ 43.8	$ 62.0
Add / (Deduct):			
Provision for expected credit losses [1]	4.4	7.3	13.8
Net write-offs and recoveries	(13.1)	(6.5)	(29.5)
Other adjustments [2]	1.5	(3.0)	(2.5)
Balance at December 31,	$ 34.4	$ 41.6	$ 43.8

[1] For the year ended December 31, 2019, this represents the provision for doubtful accounts.
[2] Other adjustments represent amounts reserved for returns and discounts, foreign currency translation adjustments and reserves for certain customer accounts where revenue is not recognized because collectability is not probable, and may include accounts receivable allowances recorded in connection with acquisitions. The 2020 amount includes the impact of the Company's adoption of ASU 2016-13 on January 1, 2020.

Below are rollforwards of the Company's allowance for credit losses:

	Packaging and Facility Solutions		Print - High Risk		Print - Medium/ Low Risk					
(in millions)	U.S.	Canada	U.S.	Canada	U.S.	Canada	Publishing[1]	Rest of world	Corporate & Other[1]	Total
Balance at December 31, 2020	$ 14.4	$ 0.5	$ 10.2	$ 0.7	$ 2.2	$ 0.0	$ 1.6	$ 1.0	$ 0.8	$ 31.4
Add / (Deduct):										
Provision for expected credit losses	4.8	0.6	(1.7)	(0.1)	0.5	0.0	(0.1)	0.0	0.4	4.4
Write-offs charged against the allowance	(7.3)	(0.1)	(4.7)	(0.1)	(0.5)	—	(0.6)	0.0	(0.5)	(13.8)
Recoveries of amounts previously written off	0.7	—	0.0	0.0	0.0	—	—	—	0.0	0.7
Other adjustments[2]	—	0.0	2.4	0.0	(1.4)	0.0	—	0.0	—	1.0
Balance at December 31, 2021	$ 12.6	$ 1.0	$ 6.2	$ 0.5	$ 0.8	$ 0.0	$ 0.9	$ 1.0	$ 0.7	$ 23.7

[1] Publishing and Corporate & Other have only U.S. operations.
[2] Other adjustments represent amounts reserved for foreign currency translation adjustments and reserves for certain customer accounts where revenue is not recognized because collectability is not probable and may include accounts receivable allowances recorded in connection with acquisitions.

(in millions)	Packaging and Facility Solutions U.S.	Packaging and Facility Solutions Canada	Print - High Risk U.S.	Print - High Risk Canada	Print - Medium/ Low Risk U.S.	Print - Medium/ Low Risk Canada	Publishing[1]	Rest of world	Corporate & Other[1]	Total
Balance at December 31, 2019	$ 13.3	$ 1.0	$ 11.9	$ 0.4	$ 0.9	$ 0.1	$ 1.3	$ 0.6	$ 0.9	$ 30.4
Add / (Deduct):										
Adoption impact - ASU 2016-13	1.0	(0.3)	(0.2)	0.0	0.1	(0.1)	(0.1)	—	0.0	0.4
Provision for expected credit losses	2.8	0.1	2.3	0.3	0.1	0.0	1.3	0.4	0.0	7.3
Write-offs charged against the allowance	(3.0)	(0.3)	(2.4)	0.0	(0.1)	—	(0.9)	—	(0.1)	(6.8)
Recoveries of amounts previously written off	0.3	—	0.0	0.0	0.0	—	0.0	—	0.0	0.3
Other adjustments[2]	—	0.0	(1.4)	0.0	1.2	0.0	—	0.0	—	(0.2)
Balance at December 31, 2020	$ 14.4	$ 0.5	$ 10.2	$ 0.7	$ 2.2	$ 0.0	$ 1.6	$ 1.0	$ 0.8	$ 31.4

(1) Publishing and Corporate & Other have only U.S. operations.

(2) Other adjustments represent amounts reserved for foreign currency translation adjustments and reserves for certain customer accounts where revenue is not recognized because collectability is not probable, and may include accounts receivable allowances recorded in connection with acquisitions.

The Company, under certain circumstances, enters into note receivable agreements with customers. Expected credit losses are recognized when collectability is uncertain; these losses are included in selling and administrative expenses on the Consolidated Statements of Operations. For the years ended December 31, 2021, 2020 and 2019, the Company recognized $0.3 million, $5.1 million and $1.1 million, respectively, in the provision for expected credit losses related to these notes receivable. At December 31, 2021 and 2020, the Company held $0.5 million and $2.2 million, respectively, in notes receivable, the majority of which is reflected within other current assets on the Consolidated Balance Sheets.

3. LEASES

The Company leases certain property and equipment used for operations to limit its exposure to risks related to ownership. The major leased asset categories include: real estate, delivery equipment, material handling equipment and computer and office equipment. As of December 31, 2021, the Company operated from 115 distribution centers of which 109 were leased. These facilities are strategically located throughout the U.S., Canada and Mexico in order to efficiently serve the customer base in the surrounding areas while also facilitating expedited delivery services for special orders. The Company also leases various office spaces for corporate and sales functions.

The Company's leased asset categories generally carry the following lease terms:

Real estate leases	3	to	10	years
Delivery equipment leases	3	to	8	years
Other non-real estate leases	3	to	5	years

See Note 1, Business and Summary of Significant Accounting Policies, for information regarding the Company's lease accounting policies.

The components of lease expense were as follows:

(in millions)		Year Ended December 31,		
Lease Classification	**Financial Statement Classification**	**2021**	**2020**	**2019**
Short-term lease expense[1]	Operating expenses	$ 4.0	$ 2.3	$ 7.1
Operating lease expense[2]	Operating expenses	$ 100.9	$ 111.8	$ 113.9
Finance lease expense:				
Amortization of right-of-use assets	Depreciation and amortization	$ 14.7	$ 14.7	$ 10.8
Interest expense	Interest expense, net	2.8	3.0	2.3
Total finance lease expense		$ 17.5	$ 17.7	$ 13.1
Total Lease Cost		$ 122.4	$ 131.8	$ 134.1

(1) Short-term lease expense is comprised of expenses related to leases with a term of twelve months or less, which includes expenses related to month-to month leases.

(2) Sublease income and variable lease expense are not included in the above table as the amounts were not significant for the years ended December 31, 2021, 2020 and 2019.

Supplemental balance sheets and other information were as follows:

(in millions, except weighted-average data)		As of December 31,	
Lease Classification	**Financial Statement Classification**	**2021**	**2020**
Operating Leases:			
Operating lease right-of-use assets	Other non-current assets	$ 375.6	$ 351.7
Operating lease obligations - current	Other accrued liabilities	$ 80.2	$ 81.9
Operating lease obligations - non-current	Other non-current liabilities	329.3	307.4
Total operating lease obligations		$ 409.5	$ 389.3
Weighted-average remaining lease term in years		6.2	6.1
Weighted-average discount rate		4.5 %	4.7 %
Finance Leases:			
Finance lease right-of-use assets	Property and equipment	$ 66.3	$ 76.6
Finance lease obligations - current	Current portion of debt	$ 13.9	$ 13.4
Finance lease obligations - non-current	Long-term debt, net of current portion	58.9	68.9
Total finance lease obligations		$ 72.8	$ 82.3
Weighted-average remaining lease term in years		6.4	7.1
Weighted-average discount rate		3.7 %	3.7 %

Cash paid for amounts included in the measurement of lease liabilities was as follows:

(in millions)		Year Ended December 31,		
Lease Classification	**Financial Statement Classification**	**2021**	**2020**	**2019**
Operating Leases:				
Operating cash flows from operating leases	Operating activities	$ 103.3	$ 111.1	$ 109.5
Finance Leases:				
Operating cash flows from finance leases	Operating activities	$ 2.8	$ 3.0	$ 2.3
Financing cash flows from finance leases	Financing activities	13.8	13.0	9.1

Lease Commitments

Future minimum lease payments at December 31, 2021 were as follows:

(in millions)	Finance Leases	Operating Leases[1]
2022	$ 16.4	$ 96.7
2023	14.0	82.3
2024	12.2	68.7
2025	11.3	58.3
2026	8.4	52.8
Thereafter	20.3	112.6
Total future minimum lease payments	82.6	471.4
Amount representing interest	(9.8)	(61.9)
Total future minimum lease payments, net of interest	$ 72.8	$ 409.5

[1] Future sublease income of $3.3 million is excluded from the operating leases amount in the table above.

Total future minimum lease payments at December 31, 2021 for finance and operating leases, including the amount representing interest, are comprised of $492.9 million for real estate leases and $61.1 million for non-real estate leases.

At December 31, 2021, the Company had committed to additional future obligations of approximately $31.5 million for real estate operating leases that have not yet commenced and therefore are not included in the table above. These leases are expected to commence within the next three months with an average lease term of approximately seven years. At December 31, 2021, the Company also committed to future obligations of approximately $0.6 million for delivery equipment finance leases that are expected to commence within the next three months with terms of eight years.

Upon the Company's adoption of ASU 2016-02 on January 1, 2019, it recognized an increase to retained earnings of $2.7 million, primarily driven by the derecognition of the unamortized gain from the prior sale of a property.

4. RESTRUCTURING AND INTEGRATION CHARGES

2020 Restructuring Plan

During the second quarter of 2020, the Company initiated a restructuring plan in response to the impact of the COVID-19 pandemic on its business operations and the ongoing secular changes in its Print and Publishing segments. During the fourth quarter of 2020, the Company expanded the initial plan to further align its cost structure with ongoing business needs as the Company executes on its stated corporate strategy. The initial and expansion activities are collectively referred to as the "2020 Restructuring Plan." The 2020 Restructuring Plan includes (i) a reduction of the Company's U.S. salaried workforce by approximately 15% across all business segments and corporate functions, (ii) the closure of certain warehouse facilities and retail stores, (iii) adjustments to various compensation plans, (iv) repositioning of inventory to expand the Company's service radius and (v) other actions. The Company currently estimates it will incur total restructuring charges of between $70 million and $76 million in connection with the 2020 Restructuring Plan. Through December 31, 2021, the Company has incurred approximately $67.6 million in costs and charges, of which $15.4 million was incurred

during the year ended December 31, 2021. Initial charges were incurred and recorded in June 2020. The 2020 Restructuring Plan was substantially complete as of December 31, 2021 with remaining charges to be incurred through the end of 2022.

Other direct costs reported in the tables below include facility closing costs and other incidental costs associated with the development, communication, administration and implementation of these initiatives; costs incurred exclude any non-cash portion of restructuring gains or losses on asset disposals.

The following is a summary of the Company's 2020 Restructuring Plan liability activity:

(in millions)	**Severance and Related Costs**	**Other Direct Costs**	**Total**
Balance at December 31, 2019	$ —	$ —	$ —
Costs incurred	38.7	12.4	51.1
Payments	(23.3)	(5.5)	(28.8)
Balance at December 31, 2020	15.4	6.9	22.3
Costs incurred	2.1	10.4	12.5
Payments	(12.8)	(13.6)	(26.4)
Balance at December 31, 2021	$ 4.7	$ 3.7	$ 8.4

In addition to the costs incurred and payments shown in the table above, in December 2021 and 2020 the Company prepaid Other Direct Costs of $3.3 million and $8.1 million, respectively, of which $3.3 million and $7.0 million, respectively, remained as a component of other current assets on the Consolidated Balance Sheets at December 31, 2021 and 2020. During the year ended December 31, 2021, the Company recovered $0.2 million of the December 31, 2020 prepaid Other Direct Costs as a result of forfeited agreements. For the year ended December 31, 2021, the Company recognized non-cash gains of $3.9 million for lease terminations and retirement of assets.

Merger of xpedx and Unisource

As of December 31, 2019, the integration and restructuring plans related to the Merger were complete.

Integration Expenses

During the year ended December 31, 2019, Veritiv incurred costs and charges related primarily to: internally dedicated integration management resources, retention compensation, information technology conversion costs and other costs to integrate its businesses. The following table summarizes the components of integration expenses:

(in millions)	**Year Ended December 31, 2019**
Integration management	$ 10.4
Retention compensation	1.0
Information technology conversion costs	3.4
Other	2.7
Total integration expenses	$ 17.5

Veritiv Restructuring Plan: Merger Related

As part of the Merger, the Company executed a multi-year restructuring program of its North American operations intended to integrate the legacy xpedx and Unisource operations, generate cost savings and capture synergies across the combined company. The restructuring plan included initiatives to: (i) consolidate warehouse facilities in overlapping markets, (ii) improve efficiency of the delivery network, (iii) consolidate customer service centers, (iv) reorganize the field sales and operations functions and (v) restructure the corporate general and administrative functions. As part of its restructuring efforts, the Company evaluated its operations outside of North America to identify additional cost saving opportunities. Costs related to exiting a branded re-distribution business were included in restructuring charges, net, on the Consolidated Statements of Operations and totaled $10.8 million for the year ended December 31, 2019. Other direct costs

reported in the table below include facility closing costs, actual and estimated MEPP withdrawal charges and other incidental costs associated with the development, communication, administration and implementation of these initiatives.

The following table presents a summary of restructuring charges, net, related to restructuring initiatives that were incurred during the year ended December 31, 2019 and the cumulative recorded amounts since the initiative began:

(in millions)	Severance and Related Costs	Other Direct Costs	(Gain) Loss on Sale of Assets and Other (non-cash portion)	Total
2019	$ 9.1	$ 20.3	$ (0.6)	$ 28.8
Cumulative	32.4	90.5	(38.0)	84.9

The Company's Merger related restructuring liability as of December 31, 2021 was $22.2 million of which $18.8 million was related to MEPP withdrawal obligations that will be paid-out over an approximate 20-year period. The Company's Merger related restructuring liability as of December 31, 2020 was $24.0 million of which $20.0 million was related to MEPP withdrawal obligations. See Note 9, Employee Benefit Plans, for additional information regarding these MEPP transactions.

See Note 16, Segment and Other Information, for the impact these charges had on the Company's reportable segments.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

At December 31, 2021 and 2020, the net goodwill balance of $99.6 million was allocated to the Company's Packaging reportable segment. There were no goodwill additions or impairments recognized during the years ended December 31, 2021, 2020 and 2019. Cumulatively, the Company has recognized non-cash pre-tax goodwill impairment charges for certain of its reportable segments as follows: Facility Solutions $1.9 million (in 2015) and for the Company's logistics solutions business $6.1 million (in 2017).

Other Intangible Assets

The components of the Company's other intangible assets were as follows:

	December 31, 2021			December 31, 2020		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 67.7	$ 25.0	$ 42.7	$ 67.7	$ 20.3	$ 47.4
Trademarks/Trade names	3.8	3.8	—	3.8	3.8	—
Total	$ 71.5	$ 28.8	$ 42.7	$ 71.5	$ 24.1	$ 47.4

Upon retirement or full impairment of the intangible assets, the cost and related amount of accumulated amortization are eliminated from the asset and accumulated amortization accounts, respectively. The Company recorded amortization expense of $4.7 million, $4.8 million and $5.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Estimated aggregate amortization expense for each of the five succeeding years is as follows (in millions):

Year	Total
2022	$ 4.8
2023	4.8
2024	4.8
2025	4.8
2026	4.8

See Note 10, Fair Value Measurements, for additional information related to impairment assessments.

6. DEBT

The Company's debt obligations were as follows:

	As of December 31,	
(in millions)	**2021**	**2020**
Asset-Based Lending Facility (the "ABL Facility")	$ 440.8	$ 520.2
Commercial card program	2.1	1.3
Finance leases	72.8	82.3
Total debt	515.7	603.8
Less: current portion of debt	(16.0)	(14.7)
Long-term debt, net of current portion	$ 499.7	$ 589.1

ABL Facility

On May 20, 2021, the Company amended its ABL Facility to extend the maturity date to May 20, 2026, adjust the pricing grid for applicable interest rates and update certain provisions to facilitate the transition from LIBOR to a new replacement benchmark rate. All other significant terms remained substantially the same. Previously, on April 9, 2020, the Company amended its ABL Facility to extend the maturity date to April 9, 2025, reduce the aggregate commitments from $1.4 billion to $1.1 billion and adjust the pricing grid for applicable interest rates. All other significant terms remained substantially the same. The ABL Facility is comprised of U.S. and Canadian sub-facilities of $1.1 billion and $150 million, respectively. The ABL Facility is available to be drawn in U.S. dollars, in the case of the U.S. sub-facility, and in U.S. dollars or Canadian dollars, in the case of the Canadian sub-facility, or in other currencies that are mutually agreeable. The ABL Facility provides for the right of the individual lenders to extend the maturity date of their respective commitments and loans upon the request of Veritiv and without the consent of any other lenders. The ABL Facility may be prepaid at Veritiv's option at any time without premium or penalty and is subject to mandatory prepayment if the amount outstanding under the ABL Facility exceeds either the aggregate commitments with respect thereto or the current borrowing base, in an amount equal to such excess. The Company's accounts receivable and inventories in the U.S. and Canada are collateral under the ABL Facility.

Availability under the ABL Facility is determined based upon a monthly borrowing base calculation which includes eligible customer receivables and inventory, less outstanding borrowings, letters of credit and certain designated reserves. As of December 31, 2021, the available additional borrowing capacity under the ABL Facility was approximately $557.2 million. As of December 31, 2021, the Company held $11.0 million in outstanding letters of credit.

The ABL Facility has a springing minimum fixed charge coverage ratio of at least 1.00 to 1.00 on a trailing four-quarter basis, which will be tested only when specified availability is less than the limits outlined under the ABL Facility. At December 31, 2021, the above test was not applicable and based on information available as of the date of this report it is not expected to be applicable in the next 12 months.

Under the terms of the ABL Facility, interest rates are based upon LIBOR or the prime rate plus a margin rate, or in the case of Canada, a banker's acceptance rate or base rate plus a margin rate. For the years ended December 31, 2021, 2020 and 2019, the weighted-average borrowing interest rates were 1.8%, 2.9% and 3.4%, respectively.

In conjunction with the May 20, 2021 amendment to the ABL Facility, the Company incurred and deferred $3.3 million of new financing costs associated with the transaction, reflected in other non-current assets on the Consolidated Balance Sheet. In conjunction with the April 9, 2020 amendment to the ABL Facility, the Company recognized a one-time charge of $0.6 million to interest expense, net, on the Consolidated Statements of Operations, for the write-off of a portion of the previously deferred financing costs associated with lenders in the ABL Facility that exited the amended ABL Facility. In addition, the Company incurred and deferred $3.4 million of financing costs associated with the April 9, 2020 transaction, reflected in other non-current assets on the Consolidated Balance Sheet. These deferred costs will be amortized to interest expense on a straight-line basis over the new amended term of the ABL Facility. Interest expense, net on the Consolidated Statements of Operations included $1.5 million, $2.1 million and $2.6 million of amortization and write-off charges related to deferred financing fees for the years ended December 31, 2021, 2020 and 2019, respectively.

Finance Lease Obligations

See Note 3, Leases, for additional information regarding the Company's finance leases.

Interest Rate Cap

The Company's indebtedness under the ABL Facility creates interest rate risk. The Company actively monitors this risk with the objective to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in the interest rate. As of and for the years ended December 31, 2021, 2020 and 2019, the Company held one interest rate cap for which impacts on the Company's financial results were not significant.

The Company is exposed to counterparty credit risk for nonperformance and, in the event of nonperformance, to market risk for changes in the interest rate. The Company attempts to manage exposure to counterparty credit risk primarily by selecting only those counterparties that meet certain credit and other financial standards. The Company believes there has not been a material change in the creditworthiness of its counterparty and believes the risk of nonperformance by such party is minimal.

Commercial Card Program

The Company has a commercial purchasing card program that is used for business purpose purchasing and must be paid in-full monthly. At December 31, 2021, the card carried a maximum credit limit of $37.5 million. At December 31, 2021 and 2020, $2.1 million and $1.3 million, respectively, was outstanding on the commercial card. The net change in the outstanding balance is included in other financing activities on the Consolidated Statements of Cash Flows.

7. INCOME TAXES

The Company is subject to federal, state and local income taxes in the U.S., as well as income taxes in Canada, Mexico and other foreign jurisdictions. The domestic (U.S.) and foreign components of the Company's income (loss) before income taxes were as follows:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Domestic (U.S.)	$ 173.9	$ 30.8	$ (50.5)
Foreign	23.6	12.2	21.7
Income (loss) before income taxes	$ 197.5	$ 43.0	$ (28.8)

Income tax expense (benefit) on the Consolidated Statements of Operations consisted of the following:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Current Provision:			
U.S. Federal	$ 32.7	$ 4.7	$ 0.7
U.S. State	8.5	3.9	0.5
Foreign	2.5	2.0	2.2
Total current income tax expense	$ 43.7	$ 10.6	$ 3.4
Deferred, net:			
U.S. Federal	$ 3.9	$ (2.6)	$ (4.8)
U.S. State	1.5	(0.4)	0.0
Foreign	3.8	1.2	2.1
Total deferred, net	$ 9.2	$ (1.8)	$ (2.7)
Provision for income tax expense	$ 52.9	$ 8.8	$ 0.7

Reconciliation between the federal statutory rate and the effective tax rate is as follows (see Note 8, Related Party Transactions, for additional information related to the Tax Receivable Agreement ("TRA")):

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Income (loss) before income taxes	$ 197.5	$ 43.0	$ (28.8)
Statutory U.S. income tax rate	21.0 %	21.0 %	21.0 %
Tax expense (benefit) using statutory U.S. income tax rate	$ 41.5	$ 9.0	$ (6.0)
Foreign income tax rate differential	1.3	0.6	0.6
State tax (net of federal benefit)	8.8	2.6	0.3
Non-deductible expenses	3.5	2.3	2.4
Global Intangible Low Taxed Income	1.8	(1.5)	2.8
Foreign-Derived Intangible Income	(1.5)	—	—
TRA	—	(3.7)	(0.1)
Tax credits	(2.8)	(1.9)	(1.1)
Impact of CARES Act	—	(2.4)	—
Stock compensation vesting	(1.0)	2.1	1.3
Change in valuation allowance - Foreign	0.2	—	0.3
Foreign taxes	1.2	1.6	0.9
Bad debt	—	—	(0.9)
Other	(0.1)	0.1	0.2
Income tax provision	$ 52.9	$ 8.8	$ 0.7
Effective income tax rate	26.8 %	20.5 %	(2.4)%

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law on March 27, 2020 and makes significant economic stimulus changes and additional changes to the U.S. tax code, including, but not limited to, allowing the carryback of net operating losses ("NOLs" or "NOL") occurring in 2018, 2019 and 2020 to the prior five years and eliminating the taxable income limitation, changes to the interest expense limitation, a technical correction for qualified improvement property depreciation and providing additional employee retention credits.

Components of deferred income tax assets and liabilities were as follows:

	As of December 31,			
	2021		2020	
(in millions)	U.S.	Non-U.S.	U.S.	Non-U.S.
Deferred income tax assets:				
Accrued compensation	$ 41.8	$ 0.0	$ 39.4	$ 3.6
Finance leases	8.9	9.4	10.8	9.9
Lease obligations	91.2	15.6	90.2	12.1
Net operating losses and credit carryforwards	23.7	1.1	27.8	4.6
Allowance for credit losses and doubtful accounts, respectively	9.5	0.2	12.3	0.2
Other	5.4	1.0	8.3	1.0
Gross deferred income tax assets	180.5	27.3	188.8	31.4
Less valuation allowance	(0.1)	(1.1)	(1.3)	(1.0)
Total deferred tax asset	$ 180.4	$ 26.2	$ 187.5	$ 30.4
Deferred income tax liabilities:				
Property and equipment, net	$ (20.1)	$ (8.4)	$ (26.6)	$ (8.8)
Lease assets	(84.6)	(14.9)	(82.9)	(11.6)
Inventory reserve	(20.5)	—	(17.9)	—
Other	(11.0)	—	(10.1)	—
Total deferred tax liability	$ (136.2)	$ (23.3)	$ (137.5)	$ (20.4)
Net deferred income tax asset	$ 44.2	$ 2.9	$ 50.0	$ 10.0

Deferred income tax asset valuation allowance is as follows:

(in millions)	U.S.	Non-U.S.	Total
Balance at December 31, 2019	$ 2.4	$ 2.4	$ 4.8
Additions	—	—	—
Subtractions	(1.1)	(1.6)	(2.7)
Currency translation adjustments	—	0.2	0.2
Balance at December 31, 2020	1.3	1.0	2.3
Additions	—	0.2	0.2
Subtractions	(1.2)	—	(1.2)
Currency translation adjustments	—	(0.1)	(0.1)
Balance at December 31, 2021	$ 0.1	$ 1.1	$ 1.2

The Merger resulted in a significant change in the ownership of the Company, which, pursuant to the Internal Revenue Code Section 382, imposes annual limits on the Company's ability to utilize its U.S. federal and state NOL carryforwards. The Company's NOLs will continue to be available to offset taxable income (until such NOLs are either utilized or expire) subject to the Section 382 annual limitation. If the annual limitation amount is not fully utilized in a particular tax year, then the unused portion from that particular tax year will be added to the annual limitation in subsequent years.

In general, it is the practice and intention of Veritiv to reinvest the earnings of its non-U.S. subsidiaries in those operations. As of December 31, 2021, Veritiv's tax basis exceeded its financial reporting basis in certain investments in non-U.S. subsidiaries. The Company does not believe these temporary differences will reverse in the foreseeable future and, therefore, no deferred tax asset has been recognized with respect to these basis differences. Additionally, no deferred tax liability has been recognized for income and withholding tax liabilities associated with investments in non-U.S. subsidiaries where book basis exceeds tax basis. The amount of such temporary differences totaled approximately $20.3 million as of

December 31, 2021. The income and withholding tax liability associated with these temporary differences is not significant.

Veritiv applies a "more likely than not" threshold to the recognition and de-recognition of uncertain tax positions. A change in judgment related to prior years' uncertain tax positions is recognized in the period of such change.

The Company accrues interest on unrecognized tax benefits as a component of interest expense. Penalties, if incurred, are recognized as a component of income tax expense. Total gross unrecognized tax benefits as of December 31, 2021, 2020 and 2019, as well as activity within each of the years, was not material.

In the U.S., Veritiv is generally subject to examination by the IRS for fiscal years 2016 and later and certain states for fiscal years 2017 and later; however, it may be subject to IRS and state tax authority adjustments for years prior to 2016 to the extent of losses or other tax attributes carrying forward from the earlier years. Veritiv Canada remains subject to examination by the Canadian Revenue Agency and certain provinces for fiscal years 2017 and later.

As of December 31, 2021, Veritiv has federal, state and foreign income tax NOLs available to offset future taxable income of $99.4 million, $62.6 million and $4.9 million, respectively. Federal NOLs begin expiring in 2024. State and foreign NOLs will expire at various dates from 2022 through 2041, with the exception of certain foreign NOLs that do not expire but instead have a full valuation allowance.

8. RELATED PARTY TRANSACTIONS

On March 3, 2021, Veritiv announced that its Board of Directors authorized a $50 million share repurchase program (the "2021 Share Repurchase Program"). Executing within the 2021 Share Repurchase Program, on March 9, 2021, Veritiv entered into a Share Repurchase Agreement with UWW Holdings, LLC (the "UWWH Stockholder"), pursuant to which the Company agreed to repurchase (the “Share Repurchase”) an aggregate of 553,536 shares of its common stock owned by the UWWH Stockholder for an aggregate purchase price of $23.2 million. The Share Repurchase closed on March 12, 2021 and the Company funded the Share Repurchase with cash on hand. Concurrently with the closing of the Share Repurchase, the UWWH Stockholder sold the remainder of its shares of Veritiv common stock to an unrelated third party.

In conjunction with the Merger, Veritiv and the UWWH Stockholder executed the TRA. The TRA set forth the terms by which Veritiv was generally obligated to pay the UWWH Stockholder an amount equal to 85% of the U.S. federal, state and Canadian income tax savings, if any, that Veritiv actually realized as a result of the utilization of Unisource's NOLs attributable to taxable periods prior to the date of the Merger. In January 2020 and 2019, Veritiv paid $0.3 million and $8.1 million, respectively, in principal and interest, to the UWWH Stockholder for the utilization of pre-merger NOLs in its 2018 and 2017 federal and state tax returns, respectively. In December 2020, the Company and the UWWH Stockholder agreed to settle the TRA. The Company paid the UWWH Stockholder a total of $12.0 million in settlement of all past and future liabilities that would have been owed under the TRA and the parties agreed to a mutual release of claims under the TRA. See Note 10, Fair Value Measurements, for additional information regarding the TRA.

The Company considers its stockholders that own more than 10.0% of its outstanding common stock to be related parties as defined within ASC 850, *Related Party Disclosures.* As a result of the Merger and related private placement, Georgia-Pacific LLC ("Georgia-Pacific"), as joint owner of the UWWH Stockholder, qualified as a related party. Effective with the November 19, 2020 sale of the Company's common stock by the UWWH Stockholder, Georgia-Pacific was no longer treated as a related party. The UWWH Stockholder beneficially owned 8.7% of Veritiv's outstanding common stock as of December 31, 2020.

Transactions with Georgia-Pacific

Veritiv purchases certain inventory items from, and sells certain inventory items to, Georgia-Pacific in the normal course of business. The following table summarizes the financial impact of the transactions with Georgia-Pacific during the prior year period when it was considered a related party:

	Year Ended December 31,	
(in millions)	**2020**	**2019**
Sales to Georgia-Pacific, reflected in net sales	$ 19.7	$ 23.4
Purchases of inventory from Georgia-Pacific, recognized in cost of products sold	55.6	85.2

9. EMPLOYEE BENEFIT PLANS

Defined Contribution Plans

Veritiv sponsors qualified defined contribution plans covering its employees in the U.S. and Canada. The defined contribution plans allow eligible employees to contribute a portion of their eligible compensation (including salary and annual incentive plan bonus) to the plans and Veritiv makes matching contributions to participant accounts on a specified percentage of employee deferrals as determined by the provisions of each plan. During the years ended December 31, 2021, 2020 and 2019 Veritiv's contributions to these plans totaled $16.2 million, $9.3 million and $19.9 million, respectively. As part of the Company's cost-saving actions taken due to the COVID-19 pandemic, the Company's matching contributions for all salaried employees not covered by collective bargaining agreements were suspended effective May 1, 2020 and were resumed effective January 1, 2021.

Deferred Compensation Savings Plans

In conjunction with the Merger, Veritiv assumed responsibility for Unisource's legacy deferred compensation plans. In general, the payout terms varied for each employee agreement and are paid in monthly or annual installments ranging up to 15 years from the date of eligibility.

Effective January 1, 2015, the Company adopted the Veritiv Deferred Compensation Savings Plan which provides for the deferral of salaries, commissions or bonuses of eligible non-union employees and the deferral of cash and equity retainers for non-employee members of the Company's Board of Directors. Under this plan, eligible employees may elect to defer up to 85% of their base salary, commissions and annual incentive bonus. The amounts deferred are credited to notional investment accounts selected by participants. At the time a deferral election is made, participants elect to receive payout of the deferred amounts upon termination of employment or termination of Board service in the form of a lump sum or equal annual installments ranging from two to ten years. Currently, Veritiv does not make matching contributions to this plan.

The liabilities associated with these plans are summarized in the table below.

	As of December 31,	
(in millions)	**2021**	**2020**
Other accrued liabilities	$ 4.0	$ 4.1
Other non-current liabilities	19.3	19.7
Total liabilities	$ 23.3	$ 23.8

Defined Benefit Plans

At December 31, 2021 and 2020, Veritiv did not maintain any open defined benefit plans for its non-union employees. Veritiv maintains an open defined benefit pension plan in the U.S. for employees covered by certain collectively bargained agreements. Veritiv also assumed responsibility for Unisource's defined benefit plans, which include frozen cash balance accounts for certain former Unisource employees.

Effective December 1, 2021, the Company divided the U.S. Veritiv Pension Plan by establishing a new Veritiv Hourly Pension Plan to provide benefits to certain employees who were accruing a benefit under the U.S Veritiv Pension Plan pursuant to the terms of a collective bargaining agreement. Veritiv currently has the intent to subsequently terminate and settle the U.S. Veritiv Pension Plan. The Veritiv Hourly Pension Plan will remain open.

Benefit Obligations and Funded Status

The following table provides information about Veritiv's U.S. and Canadian defined benefit pension plans and Supplemental Executive Retirement Plans ("SERP"):

	Year Ended December 31,			
	2021		2020	
(in millions)	U.S.	Canada	U.S.	Canada
Accumulated benefit obligation, end of year	$ 68.0	$ 82.9	$ 68.6	$ 89.0
Change in projected benefit obligation:				
Benefit obligation, beginning of year	$ 68.6	$ 95.3	$ 65.4	$ 87.6
Service cost	1.3	0.4	1.3	0.4
Interest cost	1.0	2.0	1.6	2.4
Actuarial (gain) loss	1.7	(5.7)	4.3	7.4
Benefits paid	(0.6)	(4.6)	(0.4)	(4.6)
Settlements	(4.0)	—	(3.6)	—
Foreign exchange adjustments	—	0.4	—	2.1
Projected benefit obligation, end of year	$ 68.0	$ 87.8	$ 68.6	$ 95.3
Change in plan assets:				
Plan assets, beginning of year	$ 63.4	$ 82.0	$ 59.2	$ 77.8
Employer contributions	0.0	0.3	0.1	0.4
Investment returns	6.9	11.1	8.9	6.7
Benefits paid	(0.6)	(4.6)	(0.4)	(4.6)
Administrative expenses paid	(0.7)	—	(0.8)	—
Settlements	(4.0)	—	(3.6)	—
Foreign exchange adjustments	—	0.2	—	1.7
Plan assets, end of year	$ 65.0	$ 89.0	$ 63.4	$ 82.0
Funded status, end of year	$ (3.0)	$ 1.2	$ (5.2)	$ (13.3)

Balance Sheet Positions

	As of December 31,			
	2021		2020	
(in millions)	U.S.	Canada	U.S.	Canada
Non-current assets	$ —	$ 5.7	$ —	$ —
Other accrued liabilities	(0.1)	(0.2)	(0.1)	(0.2)
Defined benefit pension obligations	(2.9)	(4.3)	(5.1)	(13.1)
Net asset (liability) recognized	$ (3.0)	$ 1.2	$ (5.2)	$ (13.3)
Amounts included in AOCL - net actuarial (gain) loss, net of tax	$ (0.5)	$ (0.5)	$ 0.2	$ 8.9

Net Periodic Cost

Total net periodic benefit cost (credit) associated with the defined benefit pension and SERP plans is summarized below:

	Year Ended December 31,					
	2021		2020		2019	
(in millions)	U.S.	Canada	U.S.	Canada	U.S.	Canada
Components of net periodic benefit cost (credit):						
Service cost	$ 2.1	$ 0.4	$ 2.1	$ 0.4	$ 1.9	$ 0.3
Interest cost	$ 1.0	$ 2.0	$ 1.6	$ 2.4	$ 2.1	$ 2.9
Expected return on plan assets	(4.3)	(4.1)	(3.9)	(3.9)	(3.4)	(3.7)
Settlement loss	0.0	0.2	0.0	0.1	—	—
Amortization of net loss	—	0.2	0.0	0.2	—	0.2
Total other components	$ (3.3)	$ (1.7)	$ (2.3)	$ (1.2)	$ (1.3)	$ (0.6)
Net periodic benefit cost (credit)	$ (1.2)	$ (1.3)	$ (0.2)	$ (0.8)	$ 0.6	$ (0.3)
Changes to funded status recognized in other comprehensive (income) loss:						
Net (gain) loss during year, net of tax	$ (0.7)	$ (9.4)	$ (0.5)	$ 3.4	$ (4.7)	$ 0.8

The components of net periodic benefit cost (credit) other than the service cost component are included in other (income) expense, net in the Company's Consolidated Statements of Operations. Amounts are generally amortized from AOCL over the expected future working lifetime of active plan participants.

Fair Value of Plan Assets

U.S. and Canada pension plan assets are primarily invested in broad-based mutual funds and pooled funds comprised of U.S. and non-U.S. equities, U.S. and non-U.S. high-quality and high-yield fixed income securities, hedge fund-of-funds and short-term interest bearing securities or deposits.

The underlying Level 1 investments of the U.S. plan assets are valued using quoted prices in active markets. The Level 2 investments are primarily valued by each fund's third-party administrator based upon the valuation of the underlying securities and instruments and primarily by applying a valuation methodology based on observable market data as appropriate depending on the specific type of security or instrument held. The underlying investments of the Canada plan assets in equity and fixed income securities are measured at fair value using the Net Asset Value ("NAV") provided by the administrator of the fund and the Company has the ability to redeem such assets at the measurement date or within the near term without redemption restrictions. In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820)*, investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy.

The following tables present Veritiv's plan assets using the fair value hierarchy which is reconciled to the amounts presented for the total pension benefit plan assets:

	As of December 31, 2021			As of December 31, 2020		
(in millions)	Total	Level 1	Level 2	Total	Level 1	Level 2
Investments – U.S.:						
Equity securities	$ 3.3	$ 3.3	$ —	$ 35.2	$ 35.2	$ —
Fixed income securities	31.5	31.5	—	23.8	23.8	—
Hedge Fund-of-Funds	4.2	—	4.2	3.8	—	3.8
Cash and short-term securities	26.0	26.0	—	0.6	0.6	—
Total	$ 65.0	$ 60.8	$ 4.2	$ 63.4	$ 59.6	$ 3.8

(in millions)	As of December 31, 2021 Total	Level 1	As of December 31, 2020 Total	Level 1
Investments – Canada:				
Cash and short-term securities	$ 0.7	$ 0.7	$ 1.1	$ 1.1
Investments measured at NAV:				
Equity securities	61.9		53.9	
Fixed income securities	26.4		27.0	
Total	$ 89.0	$ 0.7	$ 82.0	$ 1.1

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

* *Equity Securities:* Commingled funds are valued at the net asset value of units held at year end, as determined by a pricing vendor or the fund family. Mutual funds are valued at the net asset value of shares held at year end, as determined by the closing price reported on the active market on which the individual securities are traded, or a pricing vendor or the fund family if an active market is not available.

* *Fixed Income Securities:* Mutual funds are valued at the net asset value of shares held at year end, as determined by the closing price reported on the active market on which the individual securities are traded, or a pricing vendor or the fund family if an active market is not available.

* *Hedge Fund-of-Funds:* These investments represent limited partnership interests in private equity and hedge funds. The partnership interests are valued by the general partners based on the underlying assets in each fund.

* *Cash and Short-term Securities:* Cash and cash equivalents consist of U.S. and foreign currencies. Foreign currencies are reported in U.S. dollars based on currency exchange rates readily available in active markets. Short-term securities are valued at the net asset value of units held at year end.

The weighted-average asset allocations of invested assets within Veritiv's defined benefit pension plans were as follows:

As of December 31, 2021			Asset Allocation Range	
(in millions)	U.S.	Canada	U.S.	Canada
Equity securities	$ 3.3	$ 61.9	0% - 15%	50% - 70%
Fixed income securities	31.5	26.4	45% - 55%	30% - 50%
Hedge Fund-of-Funds	4.2	—	0% - 10%	—% - —%
Cash and short-term securities	26.0	0.7	35% - 45%	0% - 5%
Total	$ 65.0	$ 89.0		

As of December 31, 2020			Asset Allocation Range	
(in millions)	U.S.	Canada	U.S.	Canada
Equity securities	$ 35.2	$ 53.9	45% - 60%	50% - 70%
Fixed income securities	23.8	27.0	30% - 50%	30% - 50%
Hedge Fund-of-Funds	3.8	—	0% - 10%	—% - —%
Cash and short-term securities	0.6	1.1	0% - 5%	0% - 5%
Total	$ 63.4	$ 82.0		

Veritiv's current U.S. investment objectives reflect a recent realignment of the investment strategy to better address the separate needs of the legacy plan and the newly established Veritiv Hourly Pension Plan. The investment objective of the assets remaining in the legacy Veritiv Pension Plan is primarily to reduce the effects of volatility on the fair value of pension assets relative to pension obligations by investing a majority of plan assets in high quality fixed income securities and cash

equivalents in preparation for the currently intended plan termination. The investment objective of the assets that will be moved to the Veritiv Hourly Pension Plan include maximizing long-term returns at acceptable risk levels, diversifying among asset classes, as applicable, and among investment managers as well as establishing certain risk parameters within asset classes. Total returns are compared to the weighted-average return of a benchmark mix of investments. Individual fund investments are compared to historical three year, five year and ten year returns achieved by funds with similar investment objectives. Investment performance is evaluated at least quarterly.

Veritiv's current Canada investment objectives include maximizing long-term returns at acceptable risk levels, diversifying among asset classes, as applicable, and among investment managers as well as establishing certain risk parameters within asset classes. Veritiv's pension investment strategy is to reduce the effects of future volatility on the fair value of pension assets relative to pension obligations by increasing the allocation to high quality, longer-term fixed income securities and reducing the allocation to equity investments as the funded status improves. Total returns are compared to the weighted-average return of a benchmark mix of investments. Individual fund investments are compared to historical three year, five year and ten year returns achieved by funds with similar investment objectives. Investment performance is evaluated at least quarterly.

Assumptions

The determination of Veritiv's defined benefit obligations and pension expense is based on various assumptions, such as discount rates, expected long-term rates of return, rate of compensation increases, employee retirement patterns and payment selections, inflation, and mortality rates.

Veritiv's weighted-average discount rates for its U.S. plans were determined by using cash flow matching techniques whereby the rates of yield curves, developed from U.S. corporate yield curves, were applied to the benefit obligations to determine the appropriate discount rate. Veritiv's weighted-average discount rates for its Canadian plans were determined by using spot rates from yield curves, developed from high-quality bonds (rated AA or higher) by established rating agencies, matching the duration of the future expected benefit obligations.

Veritiv's weighted-average expected rate of return was developed based on several factors, including projected and historical rates of returns, investment allocations of pension plan assets and inflation expectations. Veritiv evaluates the expected rate of return assumptions on an annual basis.

The following table presents significant weighted-average assumptions used in computing the benefit obligations:

	As of December 31,					
	2021		2020		2019	
	U.S.	Canada	U.S.	Canada	U.S.	Canada
Discount rate	2.54 %	2.95 %	2.15 %	2.50 %	2.98 %	3.10 %
Rate of compensation increases	N/A	3.00 %	N/A	3.00 %	N/A	3.00 %

The following table presents significant weighted-average assumptions used in computing net periodic benefit cost (credit):

	Year Ended December 31,					
	2021		2020		2019	
	U.S.	Canada	U.S.	Canada	U.S.	Canada
Discount rate	2.13 %	2.50 %	2.98 %	3.10 %	4.01 %	3.90 %
Rate of compensation increases	N/A	3.00 %	N/A	3.00 %	N/A	3.00 %
Expected long-term rate of return on assets	7.15 %	5.00 %	7.15 %	5.25 %	7.15 %	5.50 %
Interest crediting rate	1.43 %	N/A	2.73 %	N/A	5.00 %	N/A

Cash Flows

Veritiv expects to contribute $0.2 million and $0.4 million to its U.S. and Canadian defined benefit pension and SERP plans, respectively, during 2022. Future benefit payments under the defined benefit pension and SERP plans are estimated as follows:

(in millions)	U.S.	Canada
2022	$ 5.4	$ 3.1
2023	4.4	3.2
2024	4.2	3.4
2025	4.3	3.6
2026	4.3	3.7
2027 – 2031	19.5	20.9

MEPPs

Veritiv's contributions to MEPPs, excluding the payment of any withdrawal liabilities, were $1.7 million, $2.0 million and $2.4 million for the years ended December 31, 2021, 2020 and 2019, respectively. It is reasonably possible that changes to Veritiv employees covered under these plans might result in additional contribution obligations. Any such obligations would be governed by the specific agreement between Veritiv and any such plan. Veritiv's contributions did not represent more than 5% of total contributions to any MEPPs for the plan years in which Forms 5500 were available. At the date these Consolidated Financial Statements were issued, Forms 5500 were not available for the plan year ended in 2021.

The risks of participating in these MEPPs are different from a single employer plan in the following aspects:

- Assets contributed to the MEPPs by one employer may be used to provide benefits to employees of other participating employers,
- If a participating employer ceases contributing to the plan, the unfunded obligations of the plan may be inherited by the remaining participating employers, and
- If the Company stops participating in any of the MEPPs, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company records an estimated undiscounted charge when it becomes probable that it has incurred a MEPP withdrawal liability. Final charges for MEPP withdrawals are not known until the plans issue their respective determinations. As a result, these estimates may increase or decrease depending upon the final determination. Charges not related to the Company's restructuring efforts are recorded as distribution expenses. Initial amounts are recorded as other non-current liabilities on the Consolidated Balance Sheets.

See the table below for a summary of the net withdrawal charges and the year-end balance sheet liability positions:

	Year Ended December 31,		
(in millions)	Restructuring charges, net	Distribution expenses	Total Net Charges
2021	$ —	$ 0.5	$ 0.5
2020	—	7.2	7.2
2019	1.5	6.6	8.1

	As of December 31,	
(in millions)	Other accrued liabilities	Other non-current liabilities
2021	$ 1.8	$ 41.4
2020	1.8	42.7

During the fourth quarter of 2021, in the course of negotiations for a collective bargaining agreement, Veritiv negotiated a complete withdrawal from the Minneapolis Food Distributors Ind Pension Plan to take effect on July 31, 2022

and recognized an estimated complete withdrawal liability of $0.5 million as of December 31, 2021. The withdrawal charge was recorded in distribution expenses as it was not related to a restructuring activity. As of December 31, 2021, the Company has not yet received the determination letter for the complete withdrawal from the Minneapolis Food Distributors Ind Pension Plan. The Company expects that payments will occur over an approximate 3-year period.

During the first quarter of 2020, Veritiv negotiated the complete withdrawal from the Western Pennsylvania Teamsters and Employers Pension Fund (the "Western Pennsylvania Fund") related to the second bargaining unit at its Warrendale, Pennsylvania location and recognized an estimated complete withdrawal liability of $7.1 million in distribution expenses, as it was not related to a restructuring activity.

During the second quarter of 2019, in the course of negotiations for a collective bargaining agreement, Veritiv negotiated a partial withdrawal from the Western Pennsylvania Fund and recognized an estimated partial withdrawal liability of $6.5 million in distribution expenses, as it was not related to a restructuring activity. Also during the second quarter of 2019, Veritiv recognized an estimated complete withdrawal liability of $1.8 million in restructuring charges, net related to the closing of its Philadelphia, Pennsylvania location for those employees who participated in the Warehouse Employees Local Union 169 and Employer's Joint Pension Trust MEPP ("Local 169 MEPP"). In the fourth quarter of 2019, Veritiv received the estimated determination letter from the Local 169 MEPP assessing a complete withdrawal liability of $1.8 million, which was equal to the amount recognized during the second quarter of 2019 and is payable in 80 quarterly installments beginning in December 2019.

As of December 31, 2021, the Company has not yet received the determination letters for the partial and subsequent full withdrawal from the Western Pennsylvania Fund. The Company expects that payments will occur over an approximate 20-year period, which could run consecutively.

Veritiv's participation in the MEPPs for the year ended December 31, 2021, is outlined in the table below. The "EIN" and "Pension Plan Number" columns provide the Employer Identification Number and the three-digit plan number for each applicable plan. The Pension Protection Act zone listed below is based on the latest information Veritiv received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. There were no changes in the status of any zones based on the information provided to Veritiv during 2021. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan or a rehabilitation plan is either pending or has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreement(s). Contributions in the table below, for the years ended December 31, 2021, 2020 and 2019, exclude $1.8 million, $1.9 million and $2.0 million, respectively, related to payments made for accrued withdrawal liabilities.

Pension Fund	EIN	Pension Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented	Veritiv's Contributions 2021	2020	2019	Surcharge Imposed	Expiration Date(s) of Collective Bargaining Agreement(s)
Western Conference of Teamsters Pension Trust Fund [1]	91-6145047	001	Green	No	$ 0.9	$ 1.1	$ 1.3	No	9/30/2021 - 10/31/2023
Teamsters Pension Plan of Philadelphia & Vicinity	23-1511735	001	Yellow	Implemented	0.4	0.4	0.4	Yes	7/31/2022
Western Pennsylvania Teamsters and Employers Pension Plan	25-6029946	001	Red	Implemented	—	0.1	0.2	Yes	Partial exit during 2019; complete exit during 2020
Contributions for individually significant plans					1.3	1.6	1.9		
Contributions to other multi-employer plans					0.4	0.4	0.5		
Total contributions					$ 1.7	$ 2.0	$ 2.4		

[1] As of December 31, 2021, there were eight collective bargaining units participating in the Western Conference of Teamsters Pension Trust. As of December 31, 2021, four were then in negotiations.

10. FAIR VALUE MEASUREMENTS

At December 31, 2021 and 2020, the carrying amounts of cash and cash equivalents, receivables, payables, other components of other current assets and other accrued liabilities, and the short-term debt associated with the commercial card program approximate their fair values due to the short maturity of these items. Cash and cash equivalents may include highly-liquid investments with original maturities to the Company of three months or less that are readily convertible into known amounts of cash.

Debt and Other Obligations

Borrowings under the ABL Facility are at variable market interest rates, and accordingly, the carrying amount approximates fair value, which is a Level 2 measurement. The fair value of the debt-related interest rate cap was derived from a discounted cash flow analysis based on the terms of the agreement and Level 2 data for the forward interest rate curve adjusted for the Company's credit risk and was not significant for the periods presented in this report. See Note 6, Debt, for additional information regarding the Company's ABL Facility and other obligations.

Goodwill and Other Intangibles

The fair value analyses used for the determination of goodwill and intangible asset impairments, as described in Note 1, Business and Summary of Significant Accounting Policies, relied upon both Level 2 data (publicly observable data such as market interest rates, the Company's stock price, the stock prices of peer companies and the capital structures of peer companies) and Level 3 data (internal data such as the Company's operating and cash flow projections).

Goodwill is reviewed for impairment on a reporting unit basis annually as of October 1st or more frequently when indicators are present or changes in circumstances suggest that the carrying amount of the asset may not be recoverable. The Company performed a quantitative goodwill impairment test during the fourth quarter of 2021 and 2020, which required a determination of whether the fair value of the reporting unit was less than its carrying value. The determination of the reporting unit's fair value was based on an income approach that utilized discounted cash flows and required management to make significant assumptions and estimates related to the forecasts of future revenues, profit margins and discount rates. The principal assumptions utilized, all of which are considered Level 3 inputs under the fair value hierarchy, are subject to various risks and uncertainties. As a result of the respective quantitative goodwill impairment tests, no goodwill impairment was indicated or recorded. The continuing impact of the COVID-19 pandemic on estimated future cash flows is uncertain and will largely depend on the outcome of future events. The Company will perform additional goodwill impairment testing when indicators are present or changes in circumstances suggest the carrying amount of the asset may not be recoverable and a triggering event has occurred.

Other Assets

At December 31, 2021 and 2020, the Company had assets-held-for-sale of $1.2 million and $0.4 million, respectively. These assets are included, at the lower of their carrying value or fair value, in other current assets on the Consolidated Balance Sheets. During the second and third quarters of 2021, the Company sold two properties and recognized gains totaling approximately $4.6 million related to the exit and sale of those facilities, of which approximately $1.7 million is included in selling and administrative expenses and approximately $2.9 million is included in restructuring charges, net on the Consolidated Statements of Operations. During the third and fourth quarters of 2020, the Company sold two properties and recognized gains totaling approximately $8.3 million related to the exit and sale of those facilities, which are included in selling and administrative expenses on the Consolidated Statements of Operations.

The Company has on occasion recognized minor impairments when warranted as part of its normal review of long-lived assets. Based on the underlying nature of each item, these impairment charges may be reported as restructuring charges, net or selling and administrative expenses on the Consolidated Statements of Operations. Total long-lived asset impairments for the years ended December 31, 2021, 2020 and 2019 were $0.5 million, $0.5 million and none, respectively.

At December 31, 2021 and 2020, the pension plan assets were primarily comprised of mutual funds and pooled funds. The underlying investments of these funds were valued using either quoted prices in active markets or valued as of the most recent trade date. See Note 9, Employee Benefits Plans, for additional information regarding the Company's pension plans.

TRA Contingent Liability

At the time of the Merger, the Company recorded a $59.4 million contingent liability associated with the TRA at fair value using a discounted cash flow model that reflected management's expectations about probability of payment. The contingent liability was remeasured at fair value at each reporting period-end with the change in fair value recognized in other (income) expense, net on the Consolidated Statements of Operations. In December 2020, the Company and the UWWH Stockholder agreed to settle the TRA. The Company paid the UWWH Stockholder a total of $12.0 million in settlement of all past and future liabilities that would have been owed under the TRA and the parties agreed to a mutual release of claims under the TRA. As a result of the settlement, the Company recognized a favorable fair value adjustment of $20.1 million in other (income) expense, net in the fourth quarter of 2020. See Note 8, Related Party Transactions, for additional information regarding the TRA.

The following table provides a summary of the TRA contingent liability activity:

(in millions)		**TRA Contingent Liability**
Balance at December 31, 2019	$	31.4
Change in fair value adjustment recorded in other (income) expense, net		(19.1)
Principal payment		(12.3)
Balance at December 31, 2020	$	—

AAC Contingent Consideration

On August 31, 2017 (the "Acquisition Date"), Veritiv completed its acquisition of 100% of the equity interests in various AAC entities. The purchase price allocation for the acquisition of AAC included $22.2 million for the estimated fair value of contingent consideration. The maximum amount payable for the contingent consideration was $50.0 million, with up to $25.0 million payable at each of the first and second anniversaries of the Acquisition Date. The Company paid $20.0 million on December 11, 2019 for contingent consideration earned as of the second anniversary of the Acquisition Date. During the first quarter of 2020, the Company recognized an additional charge of $1.0 million and on March 19, 2020, the Company paid $3.5 million to the sellers of AAC in full satisfaction of the contingent liability.

11. SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION

Other Current Assets

The components of other current assets as of December 31 were as follows:

(in millions)		**2021**		**2020**
Rebates receivable	$	59.3	$	44.5
Prepaid expenses		44.2		46.9
Value Added Tax receivable		11.9		11.1
Vendor Deposits		8.2		5.3
Other		9.1		11.7
Other current assets	$	132.7	$	119.5

Other Non-Current Assets

The components of other non-current assets as of December 31 were as follows:

(in millions)	2021	2020
Operating lease right-of-use assets	$ 375.6	$ 351.7
Investments in real estate joint ventures	7.7	7.3
Deferred financing costs	7.3	5.4
Other	17.8	13.9
Other non-current assets	$ 408.4	$ 378.3

Accrued Payroll and Benefits

The components of accrued payroll and benefits as of December 31 were as follows:

(in millions)	2021	2020
Accrued incentive plans	$ 60.1	$ 43.9
Accrued payroll and related taxes	28.7	16.6
Accrued commissions	17.9	17.1
Other	3.3	3.0
Accrued payroll and benefits	$ 110.0	$ 80.6

Other Accrued Liabilities

The components of other accrued liabilities as of December 31 were as follows:

(in millions)	2021	2020
Operating lease obligations - current	$ 80.2	$ 81.9
Accrued customer incentives	23.5	20.0
Accrued taxes	17.8	18.8
Accrued freight	12.3	7.8
Accrued professional fees	5.4	1.6
Other	46.5	52.1
Other accrued liabilities	$ 185.7	$ 182.2

Other Non-Current Liabilities

The components of other non-current liabilities as of December 31 were as follows:

(in millions)	2021	2020
Operating lease obligations - non-current	$ 329.3	$ 307.4
MEPP withdrawals	41.4	42.7
Deferred compensation	19.3	19.7
Other	32.1	25.4
Other non-current liabilities	$ 422.1	$ 395.2

12. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for Veritiv common stock is calculated by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the respective periods. Diluted earnings per share is similarly calculated, except that the denominator is increased to include the number of additional common shares that would

have been outstanding during those periods if the dilutive potential common shares had been issued, using the treasury stock method, except where the inclusion of such common shares would have an antidilutive impact. See Note 14, Long-Term Incentive Compensation Plans, for additional information regarding shares issued under incentive plans.

A summary of the numerators and denominators used in the basic and diluted earnings (loss) per share calculations is as follows:

	Year Ended December 31,		
(in millions, except per share data)	**2021**	**2020**	**2019**
Numerator:			
Net income (loss)	$ 144.6	$ 34.2	$ (29.5)
Denominator:			
Weighted-average shares outstanding – basic	15.22	15.96	16.06
Weighted-average shares outstanding – diluted	16.05	16.48	16.06
Earnings (loss) per share:			
Basic	$ 9.50	$ 2.14	$ (1.84)
Diluted	$ 9.01	$ 2.08	$ (1.84)
Antidilutive stock-based awards excluded from computation of diluted earnings per share	0.00	0.28	1.17
Performance stock-based awards excluded from computation of diluted earnings per share because performance conditions had not been met	0.00	0.08	0.33

In accordance with the Company's 2014 Omnibus Incentive Plan, as amended and restated as of March 8, 2017, shares of the Company's common stock were issued to plan participants whose Restricted Stock Units ("RSUs"), Performance Share Units ("PSUs"), Market Condition Performance Share Units ("MCPSUs") and/or non-employee director grants (grants not deferred) vested during those periods. The net share issuance is included on the Consolidated Statements of Shareholders' Equity for the years ended December 31, 2021, 2020 and 2019. The related cash flow impacts are included in financing activities on the Consolidated Statements of Cash Flows.

See the table below for information related to these transactions:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Shares issued	0.6	0.3	0.3
Shares recovered for minimum tax withholding	(0.2)	(0.1)	(0.1)
Net shares issued	0.4	0.2	0.2

13. SHAREHOLDERS' EQUITY

Common Stock

Shares Authorized and Outstanding: At December 31, 2021 and 2020, the Company had authorized 100.0 million shares of common stock with a par value of $0.01.

Dividends: Each holder of common stock shall be entitled to participate equally in all dividends payable with respect to the common stock.

Voting Rights: The holders of the Company's common stock are entitled to vote only in the circumstances set forth in Veritiv's Amended and Restated Certificate of Incorporation. Each holder of common stock shall be entitled to one vote

for each share of common stock held of record by such holder upon all matters to be voted on by the holders of the common stock.

Other Rights: Each holder of common stock shall be entitled to share equally, subject to any rights and preferences of the preferred stock (as fixed by resolutions, if any, of Veritiv's Board of Directors), in the assets of the Company available for distribution, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of Veritiv, or upon any distribution of the assets of the Company.

Preferred Stock

Subject to the provisions of the Amended and Restated Certificate of Incorporation, the Board of Directors of Veritiv is authorized to provide for the issuance of up to 10.0 million shares of preferred stock in one or more series. The Board of Directors may fix the number of shares constituting any series and determine the designation of the series, the dividend rates, rights of priority of dividend payment, the voting powers (if any) of the shares of the series, and the preferences and relative participating, optional and other rights, if any, and any qualifications, limitations or restrictions, applicable to the shares of such series. No preferred stock was issued and outstanding as of December 31, 2021 and 2020.

Treasury Stock

On March 3, 2021, Veritiv announced that its Board of Directors authorized a $50 million share repurchase program, the 2021 Share Repurchase Program, which was increased to $100 million in May 2021. The 2021 Share Repurchase Program replaced the $25 million share repurchase authorization previously approved by the Board of Directors in March 2020 (the "2020 Share Repurchase Program") and may be suspended, terminated, increased or decreased by the Board at any time. Under the repurchase authorization, the Company may, from time to time, purchase shares of its common stock through open market purchases, privately negotiated transactions, accelerated repurchase programs, tender offers or otherwise, in accordance with all applicable securities laws and regulations.

During the year ended December 31, 2021, the Company repurchased 1,734,810 shares of its common stock at a cost of $100 million under its 2021 Share Repurchase Program. During the first quarter of 2020, the Company repurchased 383,972 shares of its common stock at a cost of $3.5 million under its 2020 Share Repurchase Program, prior to its suspension as of March 27, 2020.

Accumulated Other Comprehensive Loss (AOCL)

Comprehensive income (loss) is reported on the Consolidated Statements of Comprehensive Income (Loss) and consists of net income (loss) and other gains and losses affecting shareholders' equity that, under U.S. GAAP, are excluded from net income (loss).

The following table provides the components of AOCL (amounts are shown net of their related income tax effect, if any):

(in millions)	Foreign currency translation adjustments	Retirement liabilities	Interest rate cap	AOCL
Balance at December 31, 2019	$ (26.6)	$ (6.2)	$ (0.3)	$ (33.1)
Unrealized net gains (losses) arising during the period	2.1	(3.9)	(0.1)	(1.9)
Amounts reclassified from AOCL	0.3	1.0	0.2	1.5
Net current period other comprehensive income (loss)	2.4	(2.9)	0.1	(0.4)
Balance at December 31, 2020	(24.2)	(9.1)	(0.2)	(33.5)
Unrealized net gains (losses) arising during the period	(1.2)	10.1	0.0	8.9
Amounts reclassified from AOCL	0.2	0.0	0.1	0.3
Net current period other comprehensive income (loss)	(1.0)	10.1	0.1	9.2
Balance at December 31, 2021	$ (25.2)	$ 1.0	$ (0.1)	$ (24.3)

14. LONG-TERM INCENTIVE COMPENSATION PLANS

Veritiv Omnibus Incentive Plan

The 2014 Plan provides for the grant of stock, Deferred Share Units ("DSUs"), RSUs, PSUs, Market Condition Performance Share Units and cash-based Performance-Based Units ("PBUs"), among other awards. A total of 3.1 million shares of Veritiv common stock may be issued under the 2014 Plan subject to certain adjustment provisions. As of December 31, 2021, there were approximately 1.0 million shares available to be granted to any employee, director or consultant of Veritiv or a subsidiary of Veritiv. Grants are made at the discretion of the Compensation and Leadership Development Committee of the Company's Board of Directors. For awards granted in 2021 and 2020, the Compensation and Leadership Development Committee approved cash-based grants in lieu of equity-based PSU and MCPSU grants.

Stock

The Company made grants of common stock in 2021, 2020 and 2019 to its non-employee directors. The stock grants were fully vested and non-forfeitable as of the grant dates. The non-employee directors were eligible to defer receipt of the awards under the Veritiv Deferred Compensation Savings Plan, a nonqualified plan. The Company recognized $1.1 million, $1.0 million and $1.0 million in expense related to these grants for the years ended December 31, 2021, 2020 and 2019 respectively.

Deferred Share Units

The Company granted DSUs in 2016, 2015 and 2014 to its non-employee directors. Each DSU is the economical equivalent of one share of Veritiv's common stock. The DSUs were fully vested and non-forfeitable as of the grant date and are payable following the individual's separation of service as a Veritiv director. The DSUs granted in 2015 and 2014 are payable in cash and the DSUs granted in 2016 are settled in stock. The cash-settled DSUs are classified as a non-current liability and are remeasured at each reporting date, with a corresponding adjustment to compensation expense. At December 31, 2021 there were approximately 34,600 DSUs outstanding with a fair value of $3.2 million. At December 31, 2020, there were approximately 34,600 DSUs outstanding with a fair value of $1.0 million. The Company recognized impacts of $2.1 million, $0.0 million and $(0.2) million in selling and administrative expenses related to these grants for the year ended December 31, 2021, 2020 and 2019, respectively.

Restricted Stock Units

RSUs are awarded to key employees annually. RSUs granted prior to 2020 typically cliff vest at the end of three years, subject to continued service. RSUs granted in 2021 and 2020 typically vest over four years, with 25% vesting on each of the first, second, third and fourth anniversaries of the grant date, subject to continued service. The fair value of the RSU awards is based typically on either the closing price of Veritiv common stock on the grant date or the closing price on the trading date immediately prior to the grant date if the grant date is not a trading date. Compensation expense for RSUs granted prior to 2020 is recognized ratably from the grant date to the vesting date. Compensation expense for RSUs granted in 2021 and 2020 is recognized ratably over the requisite service period for the entire award, which is four years. The total fair value of RSUs that vested during 2021, 2020 and 2019 was $7.2 million, $4.3 million and $3.8 million, respectively.

A summary of activity related to non-vested RSUs is presented below:

	2021		2020		2019	
(units in thousands)	Number of RSUs	Weighted-Average Grant Date Fair Value Per Share	Number of RSUs	Weighted-Average Grant Date Fair Value Per Share	Number of RSUs	Weighted-Average Grant Date Fair Value Per Share
Non-vested at beginning of year	556	$ 22.59	369	$ 32.00	398	$ 35.88
Granted	243	$ 19.79	352	$ 18.59	160	$ 24.70
Vested	(288)	$ 24.93	(99)	$ 43.48	(102)	$ 37.53
Forfeited	(55)	$ 20.24	(66)	$ 22.69	(87)	$ 29.96
Non-vested at end of year	456	$ 19.91	556	$ 22.59	369	$ 32.00

Performance Share Units

PSUs granted prior to 2020 were awarded to key employees annually and cliff vest at the end of three years, subject to continued service and the attainment of performance conditions. The PSU award represents the contingent right to receive a number of shares equal to a portion, all or a multiple (not to exceed 200%) of the target number of PSUs. The PSUs are divided into three tranches, and each tranche is earned based on the achievement of an annual Adjusted EBITDA target which is set at the beginning of each of the three years in the vesting period. The Company defines Adjusted EBITDA as earnings before interest, income taxes, depreciation and amortization, restructuring charges, net, integration and acquisition expenses and other similar charges including any severance costs, costs associated with warehouse and office openings or closings, consolidation, and relocation and other business optimization expenses, stock-based compensation expense, changes in the LIFO reserve, non-restructuring asset impairment charges, non-restructuring severance charges, non-restructuring pension charges, net, fair value adjustments related to contingent liabilities assumed in mergers and acquisitions and certain other adjustments. Compensation expense for each tranche is recognized ratably from the date the fair value is measured to the vesting date for the number of awards expected to vest. The total fair value of PSUs that vested during 2021, 2020 and 2019 was $5.9 million, $3.6 million and $6.7 million, respectively. Cash-based PBUs were granted in 2021 and 2020 in lieu of equity-based PSUs.

A summary of activity related to non-vested PSUs is presented below:

	2021		2020		2019	
(units in thousands)	Number of PSUs	Weighted-Average Grant Date Fair Value Per Share	Number of PSUs	Weighted-Average Grant Date Fair Value Per Share	Number of PSUs	Weighted-Average Grant Date Fair Value Per Share
Non-vested at beginning of year	587	$ 23.06	645	$ 25.10	627	$ 32.59
Granted [1]	—	$ —	—	$ —	392	$ 21.76
Shares gained (lost) based on actual performance [2] [3]	(31)	$ 23.60	183	$ 19.67	(112)	$ 21.76
Vested	(249)	$ 23.60	(102)	$ 35.70	(174)	$ 38.36
Forfeited	(27)	$ 21.95	(139)	$ 28.26	(88)	$ 25.30
Non-vested at end of year	280	$ 21.79	587	$ 23.06	645	$ 25.10

[1] The per share value for the 2019 grants represents the weighted-average grant date fair value for the 2019, 2020 and 2021 tranches.
[2] Shares gained (lost) based on actual performance are reflected in the year of vesting. The current year amount may include adjustments for prior years' activity.
[3] The per share value for shares gained (lost) based on actual performance in 2021 represents the weighted-average grant date fair value for the shares vesting in that year.

Market Condition Performance Share Units

MCPSUs granted prior to 2020 were awarded to key employees annually and cliff vest at the end of three years, subject to continued service and the attainment of performance conditions. The MCPSU award represents the contingent right to receive a number of shares equal to a portion, all or a multiple (not to exceed 200%) of the target number of MCPSUs. The MCPSUs are divided into three tranches and each tranche is earned based on the achievement of a total shareholder return ("TSR") target relative to the TSR of an applicable peer group over the one-, two- and three-year cumulative periods in the vesting period. The weighted-average grant date fair value of the MCPSUs is determined using a Monte Carlo simulation model. Assumptions used in the 2019 model included an expected volatility rate of 53.6% and a risk-free interest rate of 2.5%; no MCPSUs were granted in 2021 and 2020. The expected volatility rate is based on the historical volatility over the most recent period equal to the vesting period. The risk-free interest rate is based on the yield on U.S. Treasury securities matching the vesting period. Compensation expense is recognized ratably from the grant date to the vesting date. The total fair value of MCPSUs that vested during 2021, 2020 and 2019 was $3.3 million, $0.0 million and $2.7 million, respectively. None of the 2017 MCPSUs vested in 2020, due to the cumulative TSR performance resulting in a 0% of target final payout. Cash-based PBUs were granted in 2021 and 2020 in lieu of equity-based MCPSUs.

A summary of activity related to non-vested MCPSUs is presented below:

	2021		2020		2019	
(units in thousands)	Number of MCPSUs	Weighted-Average Grant Date Fair Value Per Share	Number of MCPSUs	Weighted-Average Grant Date Fair Value Per Share	Number of MCPSUs	Weighted-Average Grant Date Fair Value Per Share
Non-vested at beginning of year	20	$ 34.35	274	$ 40.81	308	$ 46.74
Granted	—	$ —	—	$ —	235	$ 31.41
Shares gained (lost) based on actual performance [1][2]	250	$ 37.79	(110)	$ 34.35	(153)	$ 31.41
Vested	(86)	$ 37.79	—	$ —	(64)	$ 42.12
Forfeited/cancelled	(16)	$ 31.95	(144)	$ 58.89	(52)	$ 40.93
Non-vested at end of year	168	$ 31.51	20	$ 34.35	274	$ 40.81

[1] Shares gained (lost) based on actual performance are reflected in the year of vesting. The current year amount may include adjustments for prior years' activity.
[2] The per share value for shares gained (lost) based on actual performance in 2021 represents the weighted-average grant date fair value for the shares vesting in that year.

Performance-Based Units (cash-based)

In 2021 and 2020, PBUs valued at $1.00 per unit and payable in cash, were awarded to key employees and cliff vest at the end of three years, subject to continued service and the attainment of performance conditions. The PBUs represent the contingent right to receive a cash payment of performance units equal to a portion, all or a multiple (not to exceed 200%) of the target value. Fifty percent of the PBUs vest based on the achievement of Packaging Gross Profit Dollar Growth targets, which were set at the beginning of 2021 and 2020. Packaging Gross Profit Dollar Growth is defined as: net sales for the Packaging reportable segment less the cost of product sold, excluding the impact of LIFO inventory accounting and certain other adjustments. The remaining 50% of the PBUs vest based on the achievement of Return on Invested Capital targets, which were set at the beginning of 2021 and 2020. Return on Invested Capital is defined as: (Net Operating Profit) divided by (the sum of net working capital and property and equipment). Net Operating Profit is defined as: (Adjusted EBITDA less depreciation and amortization) times (1 minus the standard tax rate). The standard tax rate used in 2021 and 2020 was 26%. The maximum PBU payout based on the achievement of Packaging Gross Profit Dollar Growth and Return on Invested Capital targets is 180% of the target values. The PBUs are then subject to an adjustment of 20 percentage points (increase or decrease) based on the Company's TSR relative to the TSR of an applicable peer group. The maximum total payout that can be earned, including the 20% relative TSR modifier, is 200% of the target value. The PBUs are classified as a non-current liability and are remeasured at each reporting date. Compensation expense is recognized ratably from the grant date to the vesting date for the number of awards expected to vest.

A summary of activity related to non-vested PBUs is presented below:

	2021		2020	
(units in thousands)	Number of PBUs	Grant Date Fair Value Per Share	Number of PBUs	Grant Date Fair Value Per Share
Non-vested at beginning of year	11,613	$ 1.00	—	$ —
Granted	9,408	$ 1.00	11,863	$ 1.00
PBUs gained (lost) based on actual performance [(1)]	(1,057)	$ 1.00	1,056	$ 1.00
Vested	(20)	$ 1.00	—	$ —
Forfeited/cancelled	(1,960)	$ 1.00	(1,306)	$ 1.00
Non-vested at end of year	17,984	$ 1.00	11,613	$ 1.00

[(1)] Shares gained (lost) based on actual performance are reflected in the year of vesting. The current year amount may include adjustments for prior years' activity.

For the years ended December 31, 2021, 2020 and 2019, the Company recognized $7.4 million, $17.7 million and $14.6 million, respectively, in expense related to the aforementioned stock-based long-term incentive awards. For the years ended December 31, 2021 and 2020, the Company recognized $10.8 million and $6.5 million, respectively, in expense related to the aforementioned cash-based long-term incentive awards. The income tax benefit recognized in 2021, 2020 and 2019 related to the stock-based long-term incentive compensation expense was $1.9 million, $4.6 million and $3.8 million, respectively. The income tax benefit recognized in 2021 and 2020 related to the cash-based long-term incentive compensation expense was $2.8 million and $1.7 million, respectively. As of December 31, 2021, total unrecognized long-term incentive compensation expense was $21.0 million and is expected to be recognized over a weighted-average period of approximately 2.1 years. Dividends are not paid or accrued on unvested stock units. The grant date fair values are not reduced for dividends as none are expected to be paid during the vesting period.

15. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, the Company is involved in various lawsuits, claims and regulatory and administrative proceedings arising out of its business relating to general commercial and contractual matters, governmental regulations, intellectual property rights, labor and employment matters, tax and other actions.

Although the ultimate outcome of any legal proceeding or investigation cannot be predicted with certainty, based on present information, including the Company's assessment of the merits of the particular claim, the Company does not expect that any asserted or unasserted legal claims or proceedings, individually or in the aggregate, will have a material adverse effect on its results of operations, financial condition or cash flows.

MEPPs

The Company records an estimated undiscounted charge when it becomes probable that it has incurred a withdrawal liability when exiting a MEPP. Final charges for MEPP withdrawals are not known until the plans issue their respective determinations. As a result, these estimates may increase or decrease depending upon the final determinations.

Western Pennsylvania Teamsters and Employers Pension Fund

During the first quarter of 2020, Veritiv negotiated the complete withdrawal from the Western Pennsylvania Teamsters and Employers Pension Fund (the "Western Pennsylvania Fund"), a MEPP related to its Warrendale, Pennsylvania location, related to the second bargaining unit at its Warrendale, Pennsylvania location and recognized an estimated complete withdrawal liability of $7.1 million, which was unchanged as of December 31, 2021. The withdrawal charge was recorded in distribution expenses as it was not related to a restructuring activity.

During the second quarter of 2019, in the course of negotiations for a collective bargaining agreement, Veritiv negotiated a partial withdrawal from the Western Pennsylvania Fund and recognized an estimated partial withdrawal liability of $6.5 million, which was unchanged as of December 31, 2021. The withdrawal charge was recorded in distribution expenses as it was not related to a restructuring activity.

As of December 31, 2021, the Company has not yet received the determination letters for the partial and subsequent full withdrawal from the Western Pennsylvania Fund. The Company expects that payments will occur over an approximate 20-year period, which could run consecutively.

Minneapolis Food Distributors Ind Pension Plan

During the fourth quarter of 2021, in the course of negotiations for a collective bargaining agreement, Veritiv negotiated a complete withdrawal from the Minneapolis Food Distributors Ind Pension Plan to take effect on July 31, 2022, and recognized an estimated complete withdrawal liability of $0.5 million as of December 31, 2021. The withdrawal charge was recorded in distribution expenses as it was not related to a restructuring activity. As of December 31, 2021, the Company has not yet received the determination letter for the complete withdrawal from the Minneapolis Food Distributors Ind Pension Plan. The Company expects that payments will occur over an approximate 3-year period.

16. SEGMENT AND OTHER INFORMATION

Veritiv's business is organized under four reportable segments: Packaging, Facility Solutions, Print, and Publishing and Print Management ("Publishing"). See Note 2, Revenue Recognition and Credit Losses, for descriptions of the Company's reportable segments and Corporate & Other.

The following table presents net sales, Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, restructuring charges, net, integration and acquisition expenses and other similar charges including any severance costs, costs associated with warehouse and office openings or closings, consolidation, and relocation and other business optimization expenses, stock-based compensation expense, changes in the LIFO reserve, non-restructuring asset impairment charges, non-restructuring severance charges, non-restructuring pension charges, net, fair value adjustments related to contingent liabilities assumed in mergers and acquisitions and certain other adjustments), which is the metric management uses to assess operating performance of the segments, and certain other measures for each of the reportable segments and Corporate & Other for the periods presented:

(in millions)	Packaging	Facility Solutions	Print	Publishing	Total Reportable Segments	Corporate & Other	Total
Year Ended December 31, 2021							
Net sales	$ 3,760.4	$ 894.0	$ 1,484.2	$ 596.6	$ 6,735.2	$ 115.3	$ 6,850.5
Adjusted EBITDA	393.5	52.7	96.0	18.7	560.9	(218.3)	
Depreciation and amortization	24.5	7.5	6.2	0.1	38.3	16.9	55.2
Restructuring charges, net	8.8	1.7	3.3	0.0	13.8	1.6	15.4
Total assets, end of period	1,482.6	280.6	420.2	126.5	2,309.9	128.5	2,438.4
Year Ended December 31, 2020							
Net sales	$ 3,316.7	$ 922.3	$ 1,458.2	$ 543.5	$ 6,240.7	$ 104.9	$ 6,345.6
Adjusted EBITDA	300.0	41.6	33.7	12.8	388.1	(200.5)	
Depreciation and amortization	22.5	7.9	7.6	0.2	38.2	19.5	57.7
Restructuring charges, net	16.0	5.1	23.8	0.0	44.9	7.3	52.2
Total assets, end of period	1,332.9	314.7	424.2	104.7	2,176.5	158.5	2,335.0
Year Ended December 31, 2019							
Net sales	$ 3,446.3	$ 1,181.8	$ 2,104.6	$ 798.0	$ 7,530.7	$ 128.7	$ 7,659.4
Adjusted EBITDA	243.5	33.1	43.1	21.4	341.1	(185.2)	
Depreciation and amortization	18.9	7.0	8.4	0.5	34.8	18.7	53.5
Restructuring charges, net	10.3	14.7	7.2	(9.1)	23.1	5.7	28.8
Total assets, end of period	1,290.2	324.4	610.3	123.9	2,348.8	162.3	2,511.1

The table below presents a reconciliation of net income (loss) as reflected on the Consolidated Statements of Operations to Adjusted EBITDA for the reportable segments:

	Year Ended December 31,		
(in millions)	2021	2020	2019
Net income (loss)	$ 144.6	$ 34.2	$ (29.5)
Interest expense, net	17.2	25.1	38.1
Income tax expense (benefit)	52.9	8.8	0.7
Depreciation and amortization	55.2	57.7	53.5
Restructuring charges, net	15.4	52.2	28.8
Facility closure charges, including (gain) loss from asset disposition	0.1	(3.7)	—
Stock-based compensation	7.4	17.7	14.6
LIFO reserve (decrease) increase	43.6	(1.5)	(3.7)
Non-restructuring severance charges	7.8	4.1	8.4
Non-restructuring pension charges, net	0.5	7.2	6.6
Integration expenses	—	—	17.5
Fair value adjustment on TRA contingent liability	—	(19.1)	0.3
Fair value adjustment on contingent consideration liability	—	1.0	13.1
Escheat audit contingent liability	—	(0.2)	3.7
Other	(2.1)	4.1	3.8
Adjustment for Corporate & Other	218.3	200.5	185.2
Adjusted EBITDA for reportable segments	$ 560.9	$ 388.1	$ 341.1

The following table presents net sales as well as property and equipment and operating lease ROU assets, which are shown net of accumulated depreciation and or accumulated amortization, by geographic area:

	Net Sales			Property and Equipment		Operating Lease ROU Assets	
	Year Ended December 31,			As of December 31,		As of December 31,	
(in millions)	2021	2020	2019	2021	2020	2021	2020
U.S.	$ 5,919.2	$ 5,521.8	$ 6,779.6	$ 120.1	$ 149.4	$ 321.7	$ 311.8
Canada	722.3	650.9	699.4	38.7	42.3	43.5	30.6
Rest of world	209.0	172.9	180.4	4.1	3.0	10.4	9.3
Total	$ 6,850.5	$ 6,345.6	$ 7,659.4	$ 162.9	$ 194.7	$ 375.6	$ 351.7

No single customer accounted for more than 5% of net sales for the years ended December 31, 2021, 2020 and 2019. During the year ended December 31, 2021, approximately 28% of our purchases were made from ten suppliers.

On March 31, 2021, the Company sold its Print segment's Rollsource business, which provides specialized converting of commercial printing paper for distribution to the business-forms, direct-mail and digital-printing industries. The Company received total cash proceeds of approximately $8.2 million, which was immediately used to pay outstanding revolving loan borrowings under the ABL Facility. The cash proceeds are reported as proceeds from asset sales and sale of a business in the investing activities section of the Consolidated Statements of Cash Flows. The Company recognized a total gain of approximately $3.1 million on the sale, which is included in selling and administrative expenses on the Consolidated Statements of Operations. The transaction and post-close adjustments are now complete. The divestiture is not considered a strategic shift that will have a major effect on the Company's operations or financial results; therefore it is not reported as discontinued operations.

17. SUBSEQUENT EVENT

On March 1, 2022, Veritiv announced that its Board of Directors authorized a $200 million share repurchase program (the "2022 Share Repurchase Program"). The 2022 Share Repurchase Program authorizes the Company, from time

to time, to purchase shares of its common stock through open market transactions, privately negotiated transactions, forward, derivative, or accelerated repurchase transactions, tender offers or otherwise, including Rule 10b5-1 trading plans, in accordance with all applicable securities laws and regulations. The timing and method of any repurchases, which will depend on a variety of market factors, including market conditions, are subject to results of operations, financial conditions, cash requirements and other factors. This authorization may be suspended, terminated, increased or decreased by the Board of Directors at any time.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains a set of disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act, of 1934, as amended (the "Exchange Act"), designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2021. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2021.

Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. Judgments in decision-making can be faulty and breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of 2021 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Management's Annual Report On Internal Control Over Financial Reporting

Management's Responsibility for the Financial Statements

The management of Veritiv Corporation is responsible for the preparation and integrity of the Consolidated Financial Statements appearing in our Annual Report on Form 10-K. The financial statements were prepared in conformity with U.S. GAAP appropriate in the circumstances and, accordingly, include certain amounts based on our best judgments and estimates. Financial information in this Annual Report on Form 10-K is consistent with that in the financial statements.

Internal Control Over Financial Reporting

Management of our Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated Financial Statements. Our internal control over financial reporting is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written code of conduct adopted by our Board of Directors that is applicable to all officers and employees of our Company and subsidiaries, as well as a code of conduct that is applicable to all of our directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement

preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. The scope of management's assessment of the effectiveness of internal control over financial reporting includes all of the Company's businesses. In making this assessment on the effectiveness of our internal control over financial reporting as of December 31, 2021, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework* (2013 Framework). Based on our assessment, management has concluded that internal controls over financial reporting were effective as of December 31, 2021.

Our independent auditors, Deloitte & Touche LLP, an independent registered public accounting firm, are appointed by the Audit and Finance Committee of our Board of Directors. Deloitte & Touche LLP has audited and reported on the Consolidated Financial Statements of Veritiv Corporation, and has issued an attestation report on the effectiveness of our internal control over financial reporting. The report of the independent registered public accounting firm is contained in this Annual Report.

Audit and Finance Committee Responsibility

The Audit and Finance Committee of our Board of Directors, composed solely of directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act and our Corporate Governance Guidelines, meets with the independent auditors, management and internal auditors periodically to discuss internal control over financial reporting and auditing and financial reporting matters. The Audit and Finance Committee reviews with the independent auditors the scope and results of the audit effort. The Audit and Finance Committee also meets periodically with the independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Audit and Finance Committee. Our Audit and Finance Committee's Report can be found in the Proxy Statement for the Annual Meeting of Stockholders to be held on May 4, 2022, which will be filed on or about March 18, 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and Board of Directors of Veritiv Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Veritiv Corporation and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated March 1, 2022 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
March 1, 2022

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

This information is incorporated by reference to "Information About Our Executive Officers" in Part I, Item 1 of this report, and to the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders to be filed subsequent to the filing of this report under the headings "Proposal 1 – Election of Directors," "Corporate Governance—Board Committees," "Corporate Governance—Corporate Governance Principles" and, if applicable, "Security Ownership of Certain Beneficial Owners and Management—Delinquent Section 16(a) Reports."

ITEM 11. EXECUTIVE COMPENSATION

This information is incorporated by reference to the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders to be filed subsequent to the filing of this report under the headings "Executive Compensation" and "Corporate Governance—Director Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

This information is incorporated by reference to the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders to be filed subsequent to the filing of this report under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation—Equity Compensation Plans."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

This information is incorporated by reference to the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders to be filed subsequent to the filing of this report under the headings "Corporate Governance—Related Person Transaction Policy" and "Corporate Governance—Director Independence."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

This information is incorporated by reference to the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders to be filed subsequent to the filing of this report under the heading "Principal Accountant Fees and Services."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed or incorporated by reference as part of this Form 10-K:

1. Financial Statements:
   See Item 8. Financial Statements and Supplementary Data.

2. Financial Statement Schedules:
All schedules have been omitted as the required information is included in the footnotes or not applicable.

Exhibit No.	**Description**
3.1	Amended and Restated Certificate of Incorporation of Veritiv Corporation, incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on July 3, 2014.
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Veritiv Corporation, incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on May 13, 2016.
3.3	Amended and Restated Bylaws of Veritiv Corporation, incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 21, 2018.
4.1	Description of the Registrant's Securities, incorporated by reference from Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed on February 27, 2020.
10.1	Second Amendment to ABL Credit Agreement dated as of May 20, 2021 among Veritiv Corporation, Veritiv Operating Company and the other borrowers from to time parties thereto, the several lenders and financial institutions from time to time parties thereto, Bank of America, N.A., as administrative agent and collateral agent for the lenders party thereto, and the other parties thereto, incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 20, 2021.
10.2	U.S. Guarantee and Collateral Agreement, dated as of July 1, 2014, made by xpedx Intermediate, LLC, xpedx, LLC, the Subsidiary Borrowers and the U.S. Guarantors parties thereto and Veritiv Corporation, in favor of Bank of America, N.A., as administrative agent and collateral agent for the Secured Parties (as defined therein), together with the Assumption and Supplemental Agreement, dated as of July 1, 2014, made by Veritiv Corporation, Alco Realty, Inc., Graph Comm Holdings International, Inc., Graphic Communications Holdings, Inc., Paper Corporation of North America, Unisource International Holdings, Inc., Unisource International Holdings Poland, Inc., and Unisource Worldwide, Inc., in favor of Bank of America, N.A., as collateral agent and as administrative agent, incorporated by reference from Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on July 3, 2014.
10.3	Canadian Guarantee and Collateral Agreement, dated as of July 1, 2014, made by Unisource Canada, Inc. and the Canadian Guarantors parties thereto, in favour of Bank of America, N.A., as administrative agent and collateral agent for the Secured Parties (as defined therein), incorporated by reference from Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on July 3, 2014.
10.4†	Employment Agreement, dated as of December 29, 2017, between Veritiv Corporation and Mary A. Laschinger, incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 5, 2018.
10.5†	Offer Letter, dated as of February 13, 2014, between Veritiv Corporation (f/k/a xpedx Holding Company) and Stephen J. Smith, incorporated by reference from Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q filed on August 14, 2014.
10.6†	Separation Agreement, dated as of September 15, 2021, by and between Veritiv Operating Company and Tracy L. Pearson, incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 17, 2021.
10.7†	Offer Letter, dated as of February 15, 2018, between Veritiv Operating Company and Salvatore Abbate, incorporated by reference from Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed on February 28, 2019.
10.8†	Form of Indemnification Agreement between Veritiv Corporation (f/k/a xpedx Holding Company) and each of its directors, incorporated by reference from Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (File No. 333-193950) filed on June 11, 2014.
10.9†	Veritiv Corporation 2014 Omnibus Incentive Plan, as amended and restated, effective March 8, 2017, incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement on Schedule 14A filed on April 13, 2017.
10.10†	Veritiv Corporation Deferred Compensation Savings Plan, incorporated by reference from Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q filed on November 14, 2014.

Exhibit No.	Description
10.11†	Form of Director Deferred Share Unit Award Agreement, incorporated by reference from Exhibit 10.21 to the Registrant's Annual Report on Form 10-K filed on March 24, 2015.
10.12†	Form of Director Deferred Share Unit Award Agreement (Stock-Settled Award), incorporated by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 9, 2016.
10.13†	Form of Restricted Stock Unit Award Agreement, incorporated by reference from Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 24, 2015.
10.14†	Form of Performance Share Award Agreement (Adjusted EBITDA Performance Shares), incorporated by reference from Exhibit 10.23 to the Registrant's Annual Report on Form 10-K filed on March 24, 2015.
10.15†	Form of Performance Share Award Agreement (Relative TSR Performance Shares), incorporated by reference from Exhibit 10.24 to the Registrant's Annual Report on Form 10-K filed on March 24, 2015.
10.16†	2015 Veritiv Corporation Annual Incentive Plan, as amended and restated, effective March 8, 2017 incorporated by reference to Appendix B of the Registrant's Definitive Proxy Statement on Schedule 14A filed on April 13, 2017.
10.17†	Form of Restricted Stock Unit Award Agreement (2020 revision), incorporated by reference from Exhibit 10.24 to the Registrant's Annual Report on Form 10-K filed on February 27, 2020.
10.18†	Form of Performance-Based Unit Award Agreement (ROIC, Packaging Gross Profit Dollar Growth & Relative TSR Modifier), incorporated by reference from Exhibit 10.25 to the Registrant's Annual Report on Form 10-K filed on February 27, 2020.
10.19†	Separation Agreement, dated as of September 18, 2020, by and between Veritiv Corporation and Mary A. Laschinger, incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 21, 2020.
10.20†	Veritiv Corporation Executive Severance Plan, as amended and restated, effective September 30, 2020, incorporated by reference from Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on September 21, 2020.
10.21†*	Form of Performance Share Unit Award Agreement (ROIC, Packaging Gross Profit Dollar Growth & Relative TSR Modifier)
21.1*	List of Subsidiaries.
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
31.1*	Rule 13a-14(a) Certification of the Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of the Chief Financial Officer.
32.1*	Section 1350 Certification of the Chief Executive Officer.
32.2*	Section 1350 Certification of the Chief Financial Officer.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ Omitted schedules will be furnished supplementally to the SEC upon request

Exhibit No. **Description**

† Management contract or compensatory plans or arrangements

* Furnished or filed herewith

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on March 1, 2022.

VERITIV CORPORATION

(Registrant)

By: /s/ Salvatore A. Abbate

Name: Salvatore A. Abbate

Title: Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on March 1, 2022.

(i) Principal executive officer:

/s/ Salvatore A. Abbate Salvatore A. Abbate	Chief Executive Officer and Director

(ii) Principal financial officer:

/s/ Stephen J. Smith Stephen J. Smith	Senior Vice President and Chief Financial Officer

(iii) Principal accounting officer:

/s/ Andrew E. Magley Andrew E. Magley	Chief Accounting Officer

(iv) Directors:

/s/ Stephen E. Macadam Stephen E. Macadam	Chairman of the Board of Directors
/s/ Shantella E. Cooper Shantella E. Cooper	Director
/s/ David E. Flitman David E. Flitman	Director
/s/ Daniel T. Henry Daniel T. Henry	Director
/s/ Tracy A. Leinbach Tracy A. Leinbach	Director
/s/ Gregory B. Morrison Gregory B. Morrison	Director
/s/ Michael P. Muldowney Michael P. Muldowney	Director
/s/ Charles G. Ward, III Charles G. Ward, III	Director

Shareholder Information

TRANSFER AGENT
& REGISTRAR

Computershare
P.O. Box 505000
Louisville, KY 40233-5000
computershare.com/investor
866.276.9370

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2021

Deloitte & Touche LLP
Atlanta, GA

ANNUAL MEETING

The Veritiv Corporation Annual Meeting of Shareholders will be held virtually on Wednesday, May 4, 2022

INVESTOR CONTACT

Scott Palfreeman
Director, Finance and
Investor Relations

investor@veritivcorp.com
844.845.2136

ANNUAL REPORT &
FORM 10-K COPIES

Copies of the Annual Report and Form 10-K are available and may be obtained by contacting:

Veritiv Corporation
c/o Investor Relations
1000 Abernathy Rd. NE
Building 400, Suite 1700
Atlanta, GA 30328

844.845.2136
ir.veritivcorp.com

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report regarding the Company's future operating results, performance, business plans, prospects, guidance and any other statements not constituting historical fact are "forward-looking statements" subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. All forward-looking statements reflect only the Company's current beliefs and assumptions with respect to future operating results, performance, business plans, prospects, guidance and other matters, and are based on information currently available to the Company. Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause the Company's actual operating results, performance or business plans or prospects to differ materially from those expressed in, or implied by, these statements. For a detailed discussion of specific risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, which is included in this report, and in other filings we make with the SEC. The Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, historical information should not be considered as an indicator of future performance.

1000 Abernathy Rd. NE
Building 400, Suite 1700
Atlanta, GA 30328

veritivcorp.com

The mark of responsible forestry

Printed on Endurance® Silk Cover & 80 lb. Text.

© 2022 Veritiv Corporation. All rights reserved. Veritiv, the Veritiv logo, and Endurance are trademarks of Veritiv Corporation or its affiliates.