



SECOND QUARTER 2021

**NON-GAAP
RECONCILIATIONS**

August 9, 2021

Appendix

Reconciliation of Non-GAAP Financial Measures

We supplement our financial information prepared in accordance with U.S. GAAP with certain non-GAAP measures including 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), free cash flow and other non-GAAP measures such as the Net Debt to Adjusted EBITDA ratio. We believe investors commonly use Adjusted EBITDA, free cash flow and these other non-GAAP measures as key financial metrics for valuing companies. In addition, the credit agreement governing our Asset-Based Lending Facility (the "ABL Facility") permits us to exclude the foregoing and other charges in calculating "Consolidated EBITDA", as defined in the ABL Facility. We approximate foreign currency effects by applying the foreign currency exchange rate for the prior period to the local currency results for the current period.

Adjusted EBITDA, free cash flow and these other non-GAAP measures are not alternative measures of financial performance or liquidity under U.S. GAAP. Non-GAAP measures do not have definitions under U.S. GAAP and may be defined differently by, and not be comparable to, similarly titled measures used by other companies. As a result, we consider and evaluate non-GAAP measures in connection with a review of the most directly comparable measure calculated in accordance with U.S. GAAP. We caution investors not to place undue reliance on such non-GAAP measures and to consider them with the most directly comparable U.S. GAAP measures. Adjusted EBITDA, free cash flow and these other non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under U.S. GAAP. Please see the following tables for reconciliations of non-GAAP measures to the most comparable U.S. GAAP measures.

Appendix

Reconciliation of Non-GAAP Financial Measures

Table I
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
NET INCOME (LOSS) TO ADJUSTED EBITDA; ADJUSTED EBITDA MARGIN
(in millions, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 26.4	\$ (18.5)	\$ 47.7	\$ (18.9)
Interest expense, net	4.5	7.2	9.6	14.2
Income tax expense (benefit)	9.1	(0.5)	18.2	(0.1)
Depreciation and amortization	14.3	14.3	28.8	28.1
EBITDA	54.3	2.5	104.3	23.3
Restructuring charges, net	5.2	32.5	9.5	32.5
Facility closure charges, including (gain) loss from asset disposition	(1.5)	0.6	(1.2)	2.0
Stock-based compensation	3.5	0.7	4.7	10.1
LIFO reserve (decrease) increase	11.0	1.7	16.1	(4.2)
Non-restructuring severance charges	1.1	0.7	1.9	2.4
Non-restructuring pension charges, net	—	0.1	—	7.2
Fair value adjustment on Tax Receivable Agreement contingent liability	—	(0.3)	—	(1.0)
Fair value adjustment on contingent consideration liability	—	—	—	1.0
Other	(0.1)	1.3	(2.3)	2.7
Adjusted EBITDA	\$ 73.5	\$ 39.8	\$ 133.0	\$ 76.0
Net sales	\$ 1,658.6	\$ 1,404.8	\$ 3,217.9	\$ 3,112.1
Adjusted EBITDA as a % of net sales	4.4 %	2.8 %	4.1 %	2.4 %

Appendix

Reconciliation of Non-GAAP Financial Measures

Table I.a.
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
NET INCOME (LOSS) TO ADJUSTED EBITDA GUIDANCE
(in millions, unaudited)

	Forecast for Year Ending December 31, 2021	
	Low	High
Net income (loss)	\$ 100	\$ 120
Interest expense, net	20	20
Income tax expense (benefit)	40	50
Depreciation and amortization	55	55
Other reconciling items	55	45
Adjusted EBITDA	\$ 270	\$ 290

Appendix

Reconciliation of Non-GAAP Financial Measures

Table I.b
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
NET INCOME (LOSS) TO ADJUSTED EBITDA; ADJUSTED EBITDA MARGIN
(in millions, unaudited)

	Year Ended December 31,				Year Ended December 31, 2014		
	2020	2019	2018	2017	Veritiv As Reported	Pro Forma Adjustments	Veritiv Pro Forma
Net income (loss)	\$ 34.2	\$ (29.5)	\$ (15.7)	\$ (13.3)	\$ (19.6)	\$ (16.2)	\$ (35.8)
Interest expense, net	25.1	38.1	42.3	31.2	14.0	12.4	26.4
Income tax expense (benefit)	8.8	0.7	5.5	11.4	(2.1)	6.8	4.7
Depreciation and amortization	57.7	53.5	53.5	54.2	37.6	16.8	54.4
EBITDA	125.8	62.8	85.6	83.5	29.9	19.8	49.7
Restructuring charges, net	52.2	28.8	21.3	16.7	4.0	0.2	4.2
Facility closure charges, including (gain) loss from asset disposition	(3.7)	-	-	-	-	-	-
Stock-based compensation	17.7	14.6	18.1	15.7	4.0	0.1	4.1
LIFO reserve (decrease) increase	(1.5)	(3.7)	19.9	7.1	6.3	1.3	7.6
Non-restructuring asset impairment charges	-	-	0.4	8.4	-	-	-
Non-restructuring severance charges	4.1	8.4	4.9	3.5	2.6	0.4	3.0
Non-restructuring pension charges, net	7.2	6.6	11.3	2.2	-	-	-
Gain on sale of joint venture	-	-	-	-	-	(6.6)	(6.6)
Integration, acquisition and merger expenses	-	17.5	31.8	36.5	75.1	14.1	89.2
Fair value adjustment on Tax Receivable Agreement contingent liability	(19.1)	0.3	(1.2)	(9.4)	1.7	-	1.7
Fair value adjustment on contingent consideration liability	1.0	13.1	(12.3)	2.0	-	-	-
Escheat audit contingent liability	(0.2)	3.7	2.5	7.5	-	-	-
Other	4.1	3.8	3.1	2.7	(1.7)	2.3	0.6
Loss from discontinued operations, net of income taxes	-	-	-	-	0.1	-	0.1
Adjusted EBITDA	\$ 187.6	\$ 155.9	\$ 185.4	\$ 176.4	\$ 122.0	\$ 31.6	\$ 153.6
Net Sales	\$ 6,345.6	\$ 7,659.4	\$ 8,696.2	\$ 8,364.7	\$ 7,406.5	\$ 1,907.6	\$ 9,314.1
Adjusted EBITDA/Pro Forma Adjusted EBITDA as a % of net sales	3.0%	2.0%	2.1%	2.1%	1.6%		1.6%

* Pro forma adjustments take into account the merger with UWW Holdings, Inc. and the related financing as if they occurred on January 1, 2014, as well as purchase accounting adjustments and adjustments for one-time costs related to the merger.

Appendix

Reconciliation of Non-GAAP Financial Measures

Table II
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
FREE CASH FLOW
(in millions, unaudited)

	<u>Six Months Ended June 30, 2021</u>	
Net cash provided by (used for) operating activities	\$	50.1
Less: Capital expenditures		<u>(9.1)</u>
Free cash flow	\$	<u>41.0</u>

Appendix

Reconciliation of Non-GAAP Financial Measures

Table II.a
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
2021 NORMALIZED FREE CASH FLOW GUIDANCE
(in millions, unaudited)

	Forecast for Year Ending December 31, 2021
Net cash provided by (used for) operating activities	at least \$145
Less: Capital expenditures	(35)
Free cash flow	at least \$110
Add: Restructuring cash outlay	30
Normalized free cash flow	at least \$140

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Reconciliation of Non-GAAP Financial Measures

Table II.b
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
FREE CASH FLOW
(in millions, unaudited)

	Year Ended December 31,			
	2020	2019	2018	2017
Net cash flows provided by operating activities	\$ 289.2	\$ 281.0	\$ 15.0	\$ 36.6
Less: Capital expenditures	(23.6)	(34.1)	(45.4)	(32.5)
Free cash flow	<u>\$ 265.6</u>	<u>\$ 246.9</u>	<u>\$ (30.4)</u>	<u>\$ 4.1</u>

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Reconciliation of Non-GAAP Financial Measures

Table III
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
NET DEBT TO ADJUSTED EBITDA
(in millions, unaudited)

	June 30, 2021
Amount drawn on ABL Facility	\$ 457.0
Less: Cash and cash equivalents	<u>(34.7)</u>
Net debt	\$ 422.3
Last Twelve Months Adjusted EBITDA	\$ 244.6
Net debt to Adjusted EBITDA	1.7x
	Last Twelve Months
	June 30, 2021
Net income (loss)	\$ 100.8
Interest expense, net	20.5
Income tax expense (benefit)	27.1
Depreciation and amortization	<u>58.4</u>
EBITDA	206.8
Restructuring charges, net	29.2
Facility closure charges, including (gain) loss from asset disposition	(6.9)
Stock-based compensation	12.3
LIFO reserve (decrease) increase	18.8
Non-restructuring severance charges	3.6
Fair value adjustment on Tax Receivable Agreement contingent liability	(18.1)
Escheat audit contingent liability	(0.2)
Other	<u>(0.9)</u>
Adjusted EBITDA	\$ 244.6
Net Sales	6,451.4
Adjusted EBITDA as a % of net sales	3.8%

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Reconciliation of Non-GAAP Financial Measures

Table III.a
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
NET DEBT TO ADJUSTED EBITDA
(in millions, unaudited)

	Year Ended December 31,			
	2020	2019	2018	2017
Amount drawn on ABL Facility	\$ 520.2	\$ 673.2	\$ 932.1	\$ 897.7
Less: Cash and cash equivalents	(120.6)	(38.0)	(64.3)	(80.3)
Net debt	\$ 399.6	\$ 635.2	\$ 867.8	\$ 817.4
Last twelve months Adjusted EBITDA	\$ 187.6	\$ 155.9	\$ 185.4	\$ 176.4
Net debt to Adjusted EBITDA	2.1	4.1	4.7	4.6
Last Twelve Months December 31,				
	2020	2019	2018	2017
Net income (loss)	\$ 34.2	\$ (29.5)	\$ (15.7)	\$ (13.3)
Interest expense, net	25.1	38.1	42.3	31.2
Income tax expense (benefit)	8.8	0.7	5.5	11.4
Depreciation and amortization	57.7	53.5	53.5	54.2
EBITDA	125.8	62.8	85.6	83.5
Restructuring charges, net	52.2	28.8	21.3	16.7
Facility closure charges, including (gain) loss from asset disposition	(3.7)	-	-	-
Stock-based compensation	17.7	14.6	18.1	15.7
LIFO reserve (decrease) increase	(1.5)	(3.7)	19.9	7.1
Non-restructuring asset impairment charges	-	-	0.4	8.4
Non-restructuring severance charges	4.1	8.4	4.9	3.5
Non-restructuring pension charges, net	7.2	6.6	11.3	2.2
Integration, acquisition and merger expenses	-	17.5	31.8	36.5
Fair value adjustment on Tax Receivable Agreement contingent liability	(19.1)	0.3	(1.2)	(9.4)
Fair value adjustment on contingent consideration liability	1.0	13.1	(12.3)	2.0
Escheat audit contingent liability	(0.2)	3.7	2.5	7.5
Other	4.1	3.8	3.1	2.7
Adjusted EBITDA	\$ 187.6	\$ 155.9	\$ 185.4	\$ 176.4