UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

☐ **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: 001-39528

PACTIV EVERGREEN INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**88-0927268**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

1900 W. Field Court
Lake Forest, Illinois 60045
(Address of principal executive offices) (Zip Code)

Telephone: (847) 482-2000
(Registrant’s telephone number, including area code)

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, $0.001 par value	PTVE	The Nasdaq Stock Market LLC

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 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 is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The registrant had 178,455,556 shares of common stock, $0.001 par value per share, outstanding as of October 25, 2023.

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FORWARD-LOOKING STATEMENTS

This report contains certain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies, anticipated trends in our business and anticipated growth in the markets served by our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the caption entitled “Risk Factors” section in our Annual Report on Form 10-K for the year ended December 31, 2022. You should specifically consider these numerous risks. These risks include, among others, those related to:

- fluctuations in raw material, energy and freight costs;
- labor shortages and increased labor costs;
- failure to maintain satisfactory relationships with our major customers;
- our dependence on suppliers of raw materials and any interruption to our supply of raw materials;
- the macroeconomic environment globally and in North America, including higher rates of inflation and the risk of recession;
- the restructuring of our Beverage Merchandising operations;
- the impact of natural disasters, public health crises and catastrophic events outside of our control;
- our ability to successfully complete acquisitions, divestitures, investments and other similar transactions that we pursue from time to time;
- our ability to realize the benefits of our capital investment, acquisitions, restructuring and other cost savings programs;
- our safety performance;
- competition in the markets in which we operate;
- changes in consumer lifestyle, eating habits, nutritional preferences and health-related, environmental and sustainability concerns;
- the impact of our significant debt on our financial condition and ability to operate our business;
- compliance with, and liabilities related to, applicable laws and regulations; and
- the ownership of a majority of the voting power of our common stock by our parent company Packaging Finance Limited, which we refer to as PFL, an entity beneficially owned by Mr. Graeme Hart.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this report to conform our prior statements to actual results or revised expectations.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Pactiv Evergreen Inc.

Condensed Consolidated Statements of Income (Loss)
(In millions, except per share amounts)
(Unaudited)

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Net revenues	$ 1,379	$ 1,609	$ 4,236	$ 4,744
Cost of sales	(1,098)	(1,377)	(3,756)	(3,972)
Gross profit	**281**	**232**	**480**	**772**
Selling, general and administrative expenses	(137)	(145)	(403)	(435)
Restructuring, asset impairment and other related charges	(28)	(57)	(133)	(58)
Other (expense) income, net	(3)	239	1	279
Operating income (loss) from continuing operations	**113**	**269**	**(55)**	**558**
Non-operating (expense) income, net	(2)	44	(6)	52
Interest expense, net	(61)	(59)	(188)	(158)
Income (loss) from continuing operations before tax	**50**	**254**	**(249)**	**452**
Income tax (expense) benefit	(22)	(79)	5	(160)
Income (loss) from continuing operations	**28**	**175**	**(244)**	**292**
Income from discontinued operations, net of income taxes	2	1	2	1
Net income (loss)	**30**	**176**	**(242)**	**293**
Income attributable to non-controlling interests	(1)	—	(2)	(1)
Net income (loss) attributable to Pactiv Evergreen Inc. common shareholders	**$ 29**	**$ 176**	**$ (244)**	**$ 292**
Earnings (loss) per share attributable to Pactiv Evergreen Inc. common shareholders				
From continuing operations				
Basic	$ 0.15	$ 0.98	$ (1.39)	$ 1.63
Diluted	$ 0.15	$ 0.98	$ (1.39)	$ 1.63
From discontinued operations				
Basic	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Diluted	$ 0.01	$ —	$ 0.01	$ —
Total				
Basic	$ 0.16	$ 0.99	$ (1.38)	$ 1.64
Diluted	$ 0.16	$ 0.98	$ (1.38)	$ 1.63

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions)
(Unaudited)

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Net income (loss)	$ 30	$ 176	$ (242)	$ 293
Other comprehensive (loss) income, net of income taxes:				
Currency translation adjustments	(5)	(6)	19	(12)
Defined benefit plans	(1)	41	(2)	(62)
Interest rate derivatives	4	—	12	—
Other comprehensive (loss) income	(2)	35	29	(74)
Comprehensive income (loss)	**28**	**211**	**(213)**	**219**
Comprehensive income attributable to non-controlling interests	(1)	—	(2)	(1)
Comprehensive income (loss) attributable to Pactiv Evergreen Inc. common shareholders	**$ 27**	**$ 211**	**$ (215)**	**$ 218**

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

Condensed Consolidated Balance Sheets
(In millions, except share amounts)
(Unaudited)

	As of September 30, 2023	As of December 31, 2022
Assets		
Cash and cash equivalents	$ 233	$ 531
Accounts receivable, net of allowances of $2 and $3	470	448
Related party receivables	38	46
Inventories	846	1,062
Other current assets	109	126
Assets held for sale	7	6
Total current assets	**1,703**	**2,219**
Property, plant and equipment, net	1,469	1,773
Operating lease right-of-use assets, net	276	262
Goodwill	1,815	1,815
Intangible assets, net	1,019	1,064
Other noncurrent assets	164	173
Total assets	**$ 6,446**	**$ 7,306**
Liabilities		
Accounts payable	$ 329	$ 388
Related party payables	10	6
Current portion of long-term debt	18	31
Current portion of operating lease liabilities	63	65
Income taxes payable	5	6
Accrued and other current liabilities	447	415
Liabilities held for sale	—	3
Total current liabilities	**872**	**914**
Long-term debt	3,593	4,105
Long-term operating lease liabilities	225	209
Deferred income taxes	255	319
Long-term employee benefit obligations	59	60
Other noncurrent liabilities	138	146
Total liabilities	**$ 5,142**	**$ 5,753**
Commitments and contingencies (Note 12)		
Equity		
Common stock, $0.001 par value; 2,000,000,000 shares authorized; 178,452,889 and 177,926,081 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	$ —	$ —
Preferred stock, $0.001 par value; 200,000,000 shares authorized; no shares issued or outstanding	—	—
Additional paid in capital	669	647
Accumulated other comprehensive loss	(73)	(102)
Retained earnings	704	1,003
Total equity attributable to Pactiv Evergreen Inc. common shareholders	**1,300**	**1,548**
Non-controlling interests	4	5
Total equity	**1,304**	**1,553**
Total liabilities and equity	**$ 6,446**	**$ 7,306**

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

Condensed Consolidated Statements of Equity
(In millions, except per share amounts)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-Controlling Interests	Total Equity
For the Three Months Ended September 30, 2022							
Balance as of June 30, 2022	177.7	$ —	$ 634	$ (208)	$ 838	$ 5	$ 1,269
Net income	—	—	—	—	176	—	176
Other comprehensive income, net of income taxes	—	—	—	35	—	—	35
Equity based compensation	—	—	6	—	—	—	6
Vesting of restricted stock units, net of tax withholdings	0.1	—	(1)	—	—	—	(1)
Dividends declared - common shareholders ($0.10 per share)	—	—	—	—	(18)	—	(18)
Balance as of September 30, 2022	**177.8**	**$ —**	**$ 639**	**$ (173)**	**$ 996**	**$ 5**	**$ 1,467**
For the Three Months Ended September 30, 2023							
Balance as of June 30, 2023	178.4	$ —	$ 660	$ (71)	$ 693	$ 3	$ 1,285
Net income	—	—	—	—	29	1	30
Other comprehensive loss, net of income taxes	—	—	—	(2)	—	—	(2)
Equity based compensation	—	—	9	—	—	—	9
Vesting of restricted stock units, net of tax withholdings	0.1	—	—	—	—	—	—
Dividends declared - common shareholders ($0.10 per share)	—	—	—	—	(18)	—	(18)
Balance as of September 30, 2023	**178.5**	**$ —**	**$ 669**	**$ (73)**	**$ 704**	**$ 4**	**$ 1,304**
For the Nine Months Ended September 30, 2022							
Balance as of December 31, 2021	177.3	$ —	$ 625	$ (99)	$ 758	$ 4	$ 1,288
Net income	—	—	—	—	292	1	293
Other comprehensive loss, net of income taxes	—	—	—	(74)	—	—	(74)
Equity based compensation	—	—	16	—	—	—	16
Vesting of restricted stock units, net of tax withholdings	0.5	—	(2)	—	—	—	(2)
Dividends declared - common shareholders ($0.30 per share)	—	—	—	—	(54)	—	(54)
Balance as of September 30, 2022	**177.8**	**$ —**	**$ 639**	**$ (173)**	**$ 996**	**$ 5**	**$ 1,467**
For the Nine Months Ended September 30, 2023							
Balance as of December 31, 2022	177.9	$ —	$ 647	$ (102)	$ 1,003	$ 5	$ 1,553
Net (loss) income	—	—	—	—	(244)	2	(242)
Other comprehensive income, net of income taxes	—	—	—	29	—	—	29
Equity based compensation	—	—	24	—	—	—	24
Vesting of restricted stock units, net of tax withholdings	0.6	—	(2)	—	—	—	(2)
Dividends declared - common shareholders ($0.30 per share)	—	—	—	—	(55)	—	(55)
Dividends declared - non-controlling shareholders	—	—	—	—	—	(2)	(2)
Disposal of subsidiary	—	—	—	—	—	(1)	(1)
Balance as of September 30, 2023	**178.5**	**$ —**	**$ 669**	**$ (73)**	**$ 704**	**$ 4**	**$ 1,304**

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	For the Nine Months Ended September 30, 2023	2022
Operating Activities:		
Net (loss) income	$ (242)	$ 293
Adjustments to reconcile net (loss) income to operating cash flows:		
Depreciation and amortization	518	255
Deferred income taxes	(67)	95
Unrealized losses on derivatives	—	4
Asset impairment and restructuring related non-cash charges (net of reversals)	44	56
Loss (gain) on sale of businesses and noncurrent assets	1	(266)
Non-cash portion of employee benefit obligations	7	(51)
Non-cash portion of operating lease expense	60	62
Equity based compensation	24	16
Other non-cash items, net	3	18
Change in assets and liabilities:		
Accounts receivable, net	(10)	(50)
Inventories	183	(304)
Accounts payable	(42)	61
Operating lease payments	(60)	(61)
Accrued and other current liabilities	25	125
Other assets and liabilities	9	(12)
Net cash provided by operating activities	**453**	**241**
Investing Activities:		
Acquisition of property, plant and equipment	(178)	(169)
Disposal of businesses and joint venture equity interests, net of cash disposed	1	364
Other investing activities	10	1
Net cash (used in) provided by investing activities	**(167)**	**196**
Financing Activities:		
Long-term debt repayments	(523)	(17)
Dividends paid to common shareholders	(54)	(54)
Other financing activities	(10)	(8)
Net cash used in financing activities	**(587)**	**(79)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1	(6)
(Decrease) increase in cash, cash equivalents and restricted cash	(300)	352
Cash, cash equivalents and restricted cash, including amounts classified as held for sale, as of beginning of the period	557	238
Cash, cash equivalents and restricted cash as of end of the period	**$ 257**	**$ 590**
Cash, cash equivalents and restricted cash are comprised of:		
Cash and cash equivalents	$ 233	$ 559
Restricted cash classified as other noncurrent assets	24	24
Cash and cash equivalents classified as assets held for sale	—	7
Cash, cash equivalents and restricted cash as of end of the period	**$ 257**	**$ 590**
Cash paid:		
Interest	$ 177	$ 132
Income taxes paid, net	51	64

Significant non-cash investing and financing activities

During the nine months ended September 30, 2023 and 2022, we recognized operating lease right-of-use assets and lease liabilities of $63 million and $49 million, respectively.

See accompanying notes to the condensed consolidated financial statements.

Note 1. Nature of Operations and Basis of Presentation

The accompanying condensed consolidated financial statements comprise the accounts of Pactiv Evergreen Inc. (“PTVE”) and its subsidiaries (“we”, “us”, “our” or the “Company”) and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated interim financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods and should be read in conjunction with the consolidated financial statements and the related notes thereto included in our latest Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 7, 2023. Operating results for interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. All intercompany transactions and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Although our current estimates contemplate current conditions and how we expect them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in those estimates, which could materially affect our results of operations, balance sheet and cash flows. Among other effects, such changes could result in future impairments of goodwill, intangibles and long-lived assets, and adjustments to reserves for employee benefits and income taxes. The estimated recoverable amounts associated with asset impairments represent Level 3 measurements in the fair value hierarchy, which include inputs that are not based on observable market data.

Revision to Restricted Cash

During the nine months ended September 30, 2023, we revised the presentation of restricted cash balances on our condensed consolidated statements of cash flows to include $24 million of noncurrent restricted cash in the beginning and ending balances for all periods presented. There was no impact to our operating, investing or financing cash flow activities, and there was no impact to our condensed consolidated balance sheets or our condensed consolidated statements of income (loss), comprehensive income (loss) or equity. The impact to all previously reported interim and annual periods was not material.

Recent Accounting Pronouncements

We reviewed all recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact on our condensed consolidated financial statements.

Note 2. Dispositions

Beverage Merchandising Asia

On January 4, 2022, we entered into a definitive agreement with SIG Schweizerische Industrie-Gesellschaft GmbH to sell our carton packaging and filling machinery businesses in China, Korea and Taiwan (“Beverage Merchandising Asia”) included in the Food and Beverage Merchandising segment. The transaction closed on August 2, 2022, and we received proceeds of $336 million. We recognized a gain on sale of $239 million during the three months ended September 30, 2022 which was reflected in other income, net. The operations of Beverage Merchandising Asia did not meet the criteria to be presented as discontinued operations. Income from operations before income taxes for Beverage Merchandising Asia for the three and nine months ended September 30, 2022 was $2 million and $13 million, respectively.

Closures Businesses

During the third quarter of 2022, we committed to a plan to sell our remaining closures businesses included in the Other operating segment. As a result, we classified the related assets and liabilities of these businesses as held for sale and recognized an impairment charge of $56 million during the prior year quarter within restructuring, asset impairment and other related charges to reduce the carrying value of the disposal group to its fair value less costs to sell. This impairment charge included $26 million of cumulative currency translation adjustment losses. We completed the sale of a substantial portion of these businesses on October 31, 2022, and the remaining operations on March 1, 2023, all for an immaterial amount. We recognized a partial reversal of the initial impairment charge of $1 million during the nine months ended September 30, 2023 which was reflected in restructuring, asset impairment and other related charges. The operations of the remaining closures businesses did not meet the criteria to be presented as discontinued operations. The remaining closures businesses' income from operations before income taxes for the nine months ended September 30, 2023 and 2022 was immaterial.

(In millions, except per share data and unless otherwise indicated)

Naturepak Beverage

On March 29, 2022, we completed the sale of our equity interests in Naturepak Beverage Packaging Co. Ltd. ("Naturepak Beverage"), our 50% joint venture with Naturepak Limited, to affiliates of Elopak ASA. We received proceeds of $47 million and recognized a gain on the sale of our equity interests of $27 million during the nine months ended September 30, 2022 which was reflected in other income, net. Our interests in Naturepak Beverage did not meet the criteria to be presented as discontinued operations. The income from operations before income taxes from our equity interests in Naturepak Beverage for the nine months ended September 30, 2022 was immaterial.

Other

During the third quarter of 2023, we committed to a plan to sell certain properties within our Foodservice and Food and Beverage Merchandising segments. As a result, we classified the related assets as held for sale on the condensed consolidated balance sheet as of September 30, 2023. We expect to recognize an immaterial gain upon the sale of these properties.

Note 3. Restructuring, Asset Impairment and Other Related Charges

On March 6, 2023, we announced the Beverage Merchandising Restructuring, a plan approved by our Board of Directors to take significant restructuring actions related to our Beverage Merchandising operations. The Beverage Merchandising Restructuring includes, among other things:

- Closure of our Canton, North Carolina mill, including the cessation of mill operations, during the second quarter of 2023;
- Closure of our Olmsted Falls, Ohio converting facility and concurrent reallocation of production to our remaining converting facilities during the second quarter of 2023; and
- Reorganizing our operating and reporting structure to achieve increased efficiencies and related cost savings.

The Beverage Merchandising Restructuring resulted in a workforce reduction of approximately 1,300 employees. We also continue to explore strategic alternatives for our Pine Bluff, Arkansas mill and our Waynesville, North Carolina facility. We have not set a timetable in relation to this process.

As a result of the Beverage Merchandising Restructuring, we incurred charges during the three and nine months ended September 30, 2023, and we estimate we will incur further charges in future periods, as follows:

	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023	Total Expected Charges[1][2]
Non-cash:			
Accelerated property, plant and equipment depreciation	$ 4	$ 271	$ 280
Other non-cash charges[3]	1	44	45 - 50
Total non-cash charges	**5**	**315**	**325 - 330**
Cash:			
Severance, termination and related costs	3	42	45
Exit, disposal and other transition costs[4]	24	78	105 - 115
Total cash charges	**27**	**120**	**150 - 160**
Total Beverage Merchandising Restructuring charges	**$ 32**	**$ 435**	**$ 475 - 490**

(In millions, except per share data and unless otherwise indicated)

(1)We expect to incur these charges primarily during 2023. These estimates are provisional and include significant management judgments and assumptions that could change materially as we execute our plans. Actual results may differ from these estimates, and the execution of our plan could result in additional restructuring charges or impairments not reflected above.

(2)Total cash charges exclude the benefit of any potential cash proceeds related to possible sales of any property, plant and equipment that may be disposed of as part of our ongoing restructuring activities. During the third quarter of 2023, we classified $4 million of properties as held for sale related to our Beverage Merchandising Restructuring and expect to recognize an immaterial gain on the sale of these properties.

(3)Other non-cash charges include the write-down of certain spare parts classified as inventories on our condensed consolidated balance sheet, the write-off of scrapped raw materials and certain construction in-progress balances and accelerated amortization expense for certain operating lease right-of-use assets.

(4)Exit, disposal and other transition costs are primarily related to equipment decommissioning and dismantlement, transition labor associated with the facility closures and management restructuring, site remediation, contract terminations, systems conversion and other related costs.

The Beverage Merchandising Restructuring charges and other restructuring and asset impairment charges (net of reversals) were classified on our condensed consolidated statements of income (loss) as follows by segment:

	Food and Beverage Merchandising	Other	Total
For the Three Months Ended September 30, 2023			
Cost of sales	$ 4	$ —	**$ 4**
Selling, general and administrative expenses	—	—	**—**
Restructuring, asset impairment and other related charges	24	4	**28**
Total	**$ 28**	**$ 4**	**$ 32**
For the Nine Months Ended September 30, 2023			
Cost of sales	$ 298	$ —	**$ 298**
Selling, general and administrative expenses	4	—	**4**
Restructuring, asset impairment and other related charges	122	11	**133**
Total	**$ 424**	**$ 11**	**$ 435**
For the Three Months Ended September 30, 2022			
Restructuring, asset impairment and other related charges	$ 1	$ 56	**$ 57**
Total	**$ 1**	**$ 56**	**$ 57**
For the Nine Months Ended September 30, 2022			
Restructuring, asset impairment and other related charges	$ 2	$ 56	**$ 58**
Total	**$ 2**	**$ 56**	**$ 58**

During the three months ended September 30, 2022, we recorded a non-cash impairment charge of $56 million related to our remaining closures businesses, which is reported within the Other operating segment. Accordingly, the carrying value of the remaining closures businesses was reduced to fair value, as described in Note 2, *Acquisitions and Dispositions*. The impairment arose as a result of our decision to sell the remaining closures businesses.

During the three and nine months ended September 30, 2022, we recorded employee termination costs and other restructuring charges of $1 million and $2 million, respectively, within the Food and Beverage Merchandising segment.

(In millions, except per share data and unless otherwise indicated)

The following table summarizes the changes to our restructuring liability related to the Beverage Merchandising Restructuring during the nine months ended September 30, 2023:

	December 31, 2022	Charges to Earnings	Cash Paid	September 30, 2023
Severance, termination and related costs	$ —	$ 42	$ (29)	**$ 13**
Exit, disposal and other transition costs	—	78	(48)	**30**
Total[(1)]	**$ —**	**$ 120**	**$ (77)**	**$ 43**

(1)Included $41 million classified within accrued and other current liabilities and $2 million classified within other noncurrent liabilities as of September 30, 2023.

Note 4. Inventories

The components of inventories consisted of the following:

	As of September 30, 2023	As of December 31, 2022
Raw materials	$ 206	$ 260
Work in progress	87	101
Finished goods	455	596
Spare parts	98	105
Inventories	**$ 846**	**$ 1,062**

Note 5. Property, Plant and Equipment, Net

Property, plant and equipment, net consisted of the following:

	As of September 30, 2023	As of December 31, 2022
Land and land improvements	$ 72	$ 72
Buildings and building improvements	676	661
Machinery and equipment	3,632	3,485
Construction in progress	156	189
Property, plant and equipment, at cost	4,536	4,407
Less: accumulated depreciation	(3,067)	(2,634)
Property, plant and equipment, net	**$ 1,469**	**$ 1,773**

Depreciation expense related to property, plant and equipment was recognized in the following components in the condensed consolidated statements of income (loss):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of sales	$ 62	$ 63	$ 448	$ 191
Selling, general and administrative expenses	8	6	25	18
Total depreciation expense[(1)]	**$ 70**	**$ 69**	**$ 473**	**$ 209**

(1)For the three and nine months ended September 30, 2023, total depreciation expense included $4 million and $271 million, respectively, of accelerated depreciation expense related to the Beverage Merchandising Restructuring, substantially all of which was included in cost of sales. Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

(In millions, except per share data and unless otherwise indicated)

Note 6. Goodwill and Intangible Assets

Goodwill by reportable segment was as follows:

	Foodservice	Food and Beverage Merchandising	Total
As of December 31, 2022	$ 993	$ 822	$ 1,815
Reclassified due to segment composition change	(35)	35	—
As of September 30, 2023	**$ 958**	**$ 857**	**$ 1,815**

In the second quarter of 2023, in conjunction with the Beverage Merchandising Restructuring, we implemented a new operating and reporting structure resulting in the combination of our legacy Food Merchandising and Beverage Merchandising segments, creating our Food and Beverage Merchandising segment. Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details. We also reorganized the management of certain product lines from our Foodservice segment to our Food and Beverage Merchandising segment. Refer to Note 18, *Segment Information*, for additional details. The change in the management of certain product lines resulted in a $35 million reclassification of goodwill between the segments based on the estimated relative fair value of the product lines compared to the estimated fair value of the Foodservice reporting unit. We have reflected these changes in our segments in the table above.

Intangible assets, net consisted of the following:

	As of September 30, 2023			As of December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Finite-lived intangible assets						
Customer relationships	$ 1,060	$ (682)	$ 378	$ 1,060	$ (639)	$ 421
Trademarks	42	(14)	28	42	(12)	30
Other	7	(7)	—	7	(7)	—
Total finite-lived intangible assets	**$ 1,109**	**$ (703)**	**$ 406**	**$ 1,109**	**$ (658)**	**$ 451**
Indefinite-lived intangible assets						
Trademarks	$ 554	$ —	$ 554	$ 554	$ —	$ 554
Other	59	—	59	59	—	59
Total indefinite-lived intangible assets	**$ 613**	**$ —**	**$ 613**	**$ 613**	**$ —**	**$ 613**
Total intangible assets	**$ 1,722**	**$ (703)**	**$ 1,019**	**$ 1,722**	**$ (658)**	**$ 1,064**

Amortization expense for intangible assets of $15 million, $45 million, $16 million and $46 million for the three and nine months ended September 30, 2023 and 2022, respectively, was recognized in selling, general and administrative expenses.

Note 7. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	As of September 30, 2023	As of December 31, 2022
Rebates and credits	$ 117	$ 108
Personnel costs	122	160
Restructuring costs[(1)]	41	—
Interest	40	17
Other[(2)]	127	130
Accrued and other current liabilities	**$ 447**	**$ 415**

[(1)]Restructuring costs relate to the Beverage Merchandising Restructuring. Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

[(2)]Other included items such as freight, utilities and property and other non-income related taxes.

(In millions, except per share data and unless otherwise indicated)

Note 8. Debt

Debt consisted of the following:

	As of September 30, 2023	As of December 31, 2022
Credit Agreement	$ 1,705	$ 2,227
Notes:		
4.000% Senior Secured Notes due 2027	1,000	1,000
4.375% Senior Secured Notes due 2028	500	500
Pactiv Debentures:		
7.950% Debentures due 2025	217	217
8.375% Debentures due 2027	167	167
Other	43	49
Total principal amount of borrowings	**3,632**	**4,160**
Deferred debt issuance costs ("DIC")	(13)	(14)
Original issue discounts, net of premiums ("OID")	(8)	(10)
	3,611	**4,136**
Less: current portion	(18)	(31)
Long-term debt	**$ 3,593**	**$ 4,105**

We were in compliance with all debt covenants during the nine months ended September 30, 2023 and the year ended December 31, 2022.

Credit Agreement

PTVE and certain of its U.S. subsidiaries are parties to a senior secured credit agreement dated August 5, 2016 as amended (the "Credit Agreement"). As of September 30, 2023, the Credit Agreement comprised the following term and revolving tranches:

	Maturity Date	Value Drawn or Utilized	Applicable Interest Rate
Term Tranches			
U.S. term loans Tranche B-2	February 5, 2026	$ 710	SOFR (floor of 0.000%) + 3.250%
U.S. term loans Tranche B-3	September 24, 2028	$ 995	SOFR (floor of 0.500%) + 3.250%
Revolving Tranche[1]			
U.S. Revolving Loans	August 5, 2025	$ 49	—

[1] The Revolving Tranche represents a $250 million facility. The amount utilized is in the form of letters of credit.

We repaid a total of $515 million of our U.S. term loans Tranche B-2 during the nine months ended September 30, 2023, of which $225 million was repaid during the third quarter of 2023. The repayments were first applied to the remaining U.S term loans Tranche B-2 quarterly amortization payments, thereby eliminating all remaining quarterly amortization payments for the U.S term loans Tranche B-2, with the residual balance applied to the outstanding principal balance due at maturity.

On April 17, 2023, we amended the Credit Agreement, replacing the LIBOR-based reference rate with a Secured Overnight Financing Rate ("SOFR") based reference rate, effective for interest payments for the period commencing April 28, 2023. Other than the foregoing, the material terms of the Credit Agreement remain unchanged, and our election to use certain practical expedients under Accounting Standards Codification Topic 848: Reference Rate Reform resulted in no material impacts on our condensed consolidated financial statements.

On July 26, 2023, we further amended the Credit Agreement to extend the maturity date on our $250 million Revolving Tranche facility from August 5, 2024 to August 5, 2025. There were no other material changes to the terms of the Credit Agreement as a result of this amendment.

(In millions, except per share data and unless otherwise indicated)

The weighted average contractual interest rates related to our U.S. term loans Tranche B-2 and B-3 for the nine months ended September 30, 2023 and 2022 were 8.18%, 8.24%, 4.47% and 4.79%, respectively. Including the impact of interest rate swap agreements, which were entered into in the fourth quarter of 2022, the weighted average rate on our U.S. term loans was 7.77% for the nine months ended September 30, 2023. The effective interest rates of our debt obligations under the Credit Agreement are not materially different from the contractual interest rates. Refer to Note 9, *Financial Instruments*, for additional details regarding the interest rate swap agreements.

PTVE and certain of its U.S. subsidiaries have guaranteed on a senior basis the obligations under the Credit Agreement to the extent permitted by law. The borrowers and the guarantors have granted security over substantially all of their assets to support the obligations under the Credit Agreement. This security is expected to be shared on a first priority basis with the holders of the Notes.

Indebtedness under the Credit Agreement may be voluntarily repaid, in whole or in part, and must be mandatorily repaid in certain circumstances. We are required to make quarterly amortization payments of 0.25% of the principal amount of our U.S. term loans Tranche B-3. Additionally, we are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were due for the year ended December 31, 2022.

The Credit Agreement contains customary covenants which restrict us from certain activities including, among others, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the Credit Agreement.

Notes

As of September 30, 2023, our outstanding notes were as follows:

	Maturity Date	Interest Payment Dates
4.000% Senior Secured Notes due 2027	October 15, 2027	April 15 and October 15
4.375% Senior Secured Notes due 2028	October 15, 2028	April 15 and October 15

The effective interest rates of our debt obligations under the Notes are not materially different from the contractual interest rates.

PTVE and certain of its U.S. subsidiaries have guaranteed on a senior basis the obligations under the Notes (as defined below) to the extent permitted by law. The issuers and the guarantors have granted security over substantially all of their assets to support the obligations under the Notes. This security is expected to be shared on a first priority basis with the creditors under the Credit Agreement.

The respective indentures governing the 4.000% Senior Secured Notes due 2027 (“4.000% Notes”) and the 4.375% Senior Secured Notes due 2028 (together with the 4.000% Notes, the “Notes”) contain customary covenants which restrict us from certain activities including, among others, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the respective indentures governing the Notes.

Under the respective indentures governing the Notes, we can, at our option, elect to redeem the Notes under terms and conditions specified in the indentures. Under the respective indentures governing the Notes, in certain circumstances which would constitute a change in control, the holders of the Notes have the right to require us to repurchase the Notes at a premium.

Pactiv Debentures

As of September 30, 2023, our outstanding debentures (together, the “Pactiv Debentures”) were as follows:

	Maturity Date	Interest Payment Dates
7.950% Debentures due 2025	December 15, 2025	June 15 and December 15
8.375% Debentures due 2027	April 15, 2027	April 15 and October 15

The effective interest rates of our debt obligations under the Pactiv Debentures are not materially different from the contractual interest rates.

(In millions, except per share data and unless otherwise indicated)

The Pactiv Debentures are not guaranteed and are unsecured.

The indentures governing the Pactiv Debentures contain a negative pledge clause limiting the ability of certain of our entities, subject to certain exceptions, to (i) incur or guarantee debt that is secured by liens on “principal manufacturing properties” (as such term is defined in the indentures governing the Pactiv Debentures) or on the capital stock or debt of certain subsidiaries that own or lease any such principal manufacturing property and (ii) sell and then take an immediate lease back of such principal manufacturing property.

The 8.375% Debentures due 2027 may be redeemed at any time at our option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium, if any, plus accrued and unpaid interest to the date of the redemption.

Other borrowings

Other borrowings represented finance lease obligations of $43 million and $49 million as of September 30, 2023 and December 31, 2022, respectively.

Scheduled maturities

Below is a schedule of required future repayments on our debt outstanding as of September 30, 2023:

2023	$	5
2024		17
2025		233
2026		726
2027		1,183
Thereafter		1,468
Total principal amount of borrowings	**$**	**3,632**

Fair value of our long-term debt

The fair value of our long-term debt as of September 30, 2023 and December 31, 2022 is a Level 2 fair value measurement. Below is a schedule of carrying values and fair values of our debt outstanding:

	As of September 30, 2023		As of December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Agreement	$ 1,696	$ 1,706	$ 2,217	$ 2,206
Notes:				
4.000% Senior Secured Notes due 2027	994	889	993	890
4.375% Senior Secured Notes due 2028	496	435	496	447
Pactiv Debentures:				
7.950% Debentures due 2025	216	217	215	210
8.375% Debentures due 2027	166	167	166	162
Other	43	43	49	49
Total	**$ 3,611**	**$ 3,457**	**$ 4,136**	**$ 3,964**

(In millions, except per share data and unless otherwise indicated)

Interest expense, net

Interest expense, net consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest expense:				
Credit Agreement	$ 41	$ 32	$ 127	$ 76
Notes	15	15	46	46
Pactiv Debentures	8	11	24	30
Interest income	(3)	(1)	(10)	(2)
Amortization of DIC and OID	1	2	3	4
Realized derivative gains	(3)	—	(6)	—
Net foreign currency exchange losses	—	—	—	1
Other	2	—	4	3
Interest expense, net	**$ 61**	**$ 59**	**$ 188**	**$ 158**

Note 9. Financial Instruments

We had the following derivative instruments recorded at fair value in our condensed consolidated balance sheets:

	As of September 30, 2023		As of December 31, 2022	
	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
Commodity swap contracts	$ —	$ (5)	$ —	$ (5)
Interest rate derivatives	15	—	8	(9)
Total fair value	**$ 15**	**$ (5)**	**$ 8**	**$ (14)**
Classification:				
Other current assets	$ 12	$ —	$ 7	$ —
Other noncurrent assets	3	—	1	—
Accrued and other current liabilities	—	(4)	—	(3)
Other noncurrent liabilities	—	(1)	—	(11)
Total fair value	**$ 15**	**$ (5)**	**$ 8**	**$ (14)**

Our derivatives are comprised of commodity and interest rate swaps. All derivatives represent Level 2 financial assets and liabilities. Our derivatives are valued using an income approach based on the observable market index prices less the contract rate multiplied by the notional amount or based on pricing models that rely on market observable inputs such as commodity prices and interest rates. Our calculation of the fair value of these financial instruments takes into consideration the risk of non-performance, including counterparty credit risk. The majority of our derivative contracts do not have a legal right of set-off. We manage the credit risk in connection with our derivatives by limiting the amount of exposure with each counterparty and monitoring the financial condition of our counterparties.

During the fourth quarter of 2022, we entered into derivative financial instruments with several large financial institutions which swapped the LIBO rate for a weighted average fixed rate of 4.120% for an aggregate notional amount of $1,000 million to hedge a portion of the interest rate exposure resulting from our U.S. term loans. These instruments are classified as cash flow hedges and mature in October 2025. In April 2023, we amended our interest rate swap agreements to replace the interest rate benchmark from LIBOR to SOFR, effective for swap payments for the period commencing April 28, 2023. Other than the foregoing, the material terms of the interest rate swap agreements remain unchanged, including the weighted average fixed rate of 4.120%, and our election to use certain practical expedients under Accounting Standards Codification Topic 848: Reference Rate Reform resulted in no material impacts on our condensed consolidated financial statements.

During the three months ended September 30, 2023, we recognized an unrealized gain of $1 million in cost of sales, for our commodity swap contracts. There was no unrealized gain or loss during the nine months ended September 30, 2023 for our commodity swap contracts. During the three and nine months ended September 30, 2022, we recognized unrealized losses of $10 million and $4 million, respectively, in cost of sales, for our commodity swap contracts.

(In millions, except per share data and unless otherwise indicated)

During the three and nine months ended September 30, 2023, we recognized realized gains of $3 million and $6 million, respectively, within interest expense, net and unrealized gains of $8 million and $22 million, respectively, within other comprehensive income (loss) for our interest rate derivatives. At September 30, 2023, we expected to reclassify $9 million of gains, net of tax, from accumulated other comprehensive loss ("AOCL") to earnings over the next twelve months. The actual amount that will be reclassified to future earnings may vary from this amount as a result of changes in market conditions.

The following table provides the detail of outstanding commodity derivative contracts as of September 30, 2023:

Type	Unit of Measure	Contracted Volume	Contracted Price Range	Contracted Date of Maturity
Natural gas swaps	Million BTU	3,511,030	$3.94 - $5.37	Nov 2023 - Dec 2025

Note 10. Employee Benefits

Net periodic benefit (expense) income for our defined benefit pension plans and other post-employment benefit plans consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Service cost	$ —	$ —	$ (1)	$ (1)
Interest cost	(13)	(17)	(38)	(54)
Expected return on plan assets	10	14	30	49
Amortization of actuarial gains	1	—	2	—
Ongoing net periodic benefit cost	(2)	(3)	(7)	(6)
Income due to settlements[1]	—	47	—	57
Total net periodic benefit (expense) income	**$ (2)**	**$ 44**	**$ (7)**	**$ 51**

(1)Refer to the *Pension Partial Settlement Transactions* section below for additional details.

Net periodic benefit (expense) income for defined benefit pension plans and other post-employment benefit plans was recognized as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of sales	$ —	$ —	$ (1)	$ (1)
Non-operating (expense) income, net	(2)	44	(6)	52
Total net periodic benefit (expense) income	**$ (2)**	**$ 44**	**$ (7)**	**$ 51**

Contributions to the Pension Plan for Pactiv Evergreen ("PPPE") during the year ending December 31, 2023 are expected to be less than $1 million.

Pension Partial Settlement Transactions

On September 20, 2022 and February 24, 2022, using PPPE assets, we purchased non-participating group annuity contracts from insurance companies and transferred $656 million and $1,257 million, respectively, of the PPPE's projected benefit obligations. In each instance, the respective insurance companies have assumed responsibility for pension benefits and annuity administration. These transactions resulted in the recognition of non-cash, pre-tax settlement gains.

(In millions, except per share data and unless otherwise indicated)

Note 11. Other (Expense) Income, Net

Other (expense) income, net consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Gain (loss) on sale of businesses and noncurrent assets	$ —	$ 239	$ (1)	$ 266
Gain on legal settlement[(1)]	—	—	—	15
Other	(3)	—	2	(2)
Other (expense) income, net	**$ (3)**	**$ 239**	**$ 1**	**$ 279**

(1) Reflects a gain, net of costs, arising from the settlement of a historical legal action.

Note 12. Commitments and Contingencies

We are from time to time party to litigation, legal proceedings and tax examinations arising from our operations. Most of these matters involve allegations of damages against us relating to employment matters, personal injury and commercial or contractual disputes. We are also involved in various administrative and other proceedings relating to environmental matters that arise in the normal course of business, and we may become involved in similar matters in the future. We record estimates for claims and proceedings that constitute a present obligation when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of such obligation can be made. While it is not possible to predict the outcome of any of these matters, based on our assessment of the facts and circumstances, we do not believe any of these matters, individually or in the aggregate, will have a material adverse effect on our balance sheet, results of operations or cash flows. However, actual outcomes may differ from those expected and could have a material effect on our balance sheet, results of operations or cash flows in a future period. Except for amounts provided, there were no legal proceedings pending other than those for which we have determined that the possibility of a material outflow is remote.

Indemnities

As part of the agreements for the sale of various businesses, we have provided certain warranties and indemnities to the respective purchasers as set out in the respective sale agreements. These warranties and indemnities are subject to various terms and conditions affecting the duration and total amount of the indemnities. Any claims pursuant to these warranties and indemnities, if successful, could have a material effect on our balance sheet, results of operations or cash flows.

(In millions, except per share data and unless otherwise indicated)

Note 13. Accumulated Other Comprehensive Loss

The following table summarizes the changes in our balances of each component of AOCL:

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Currency translation adjustments:				
Balance as of beginning of period	$ (165)	$ (213)	$ (189)	$ (207)
Currency translation adjustments	(5)	(6)	19	(12)
Other comprehensive (loss) income	(5)	(6)	19	(12)
Balance as of end of period	**$ (170)**	**$ (219)**	**$ (170)**	**$ (219)**
Defined benefit plans:				
Balance as of beginning of period	$ 87	$ 5	$ 88	$ 108
Net actuarial gain (loss) arising during year[1]	—	101	—	(25)
Deferred tax (expense) benefit on net actuarial gain (loss)	—	(25)	—	6
Loss (gain) reclassified from AOCL:				
Reclassification upon sale of businesses[2]	—	1	—	1
Amortization of experience gains	(1)	—	(2)	—
Defined benefit plan settlement gain	—	(47)	—	(57)
Deferred tax expense on reclassification	—	11	—	13
Other comprehensive (loss) income	(1)	41	(2)	(62)
Balance as of end of period	**$ 86**	**$ 46**	**$ 86**	**$ 46**
Interest rate derivatives:				
Balance as of beginning of period	$ 7	$ —	$ (1)	$ —
Net derivative gain	8	—	22	—
Deferred tax expense on net derivative gain	(2)	—	(6)	—
Gain reclassified from AOCL	(3)	—	(6)	—
Deferred tax expense on reclassification	1	—	2	—
Other comprehensive income	4	—	12	—
Balance as of end of period	**$ 11**	**$ —**	**$ 11**	**$ —**
AOCL				
Balance as of beginning of period	$ (71)	$ (208)	$ (102)	$ (99)
Other comprehensive (loss) income	(2)	35	29	(74)
Balance as of end of period	**$ (73)**	**$ (173)**	**$ (73)**	**$ (173)**

(1)Net actuarial gain (loss) relates to the interim remeasurements of the PPPE due to the pension partial settlement transactions completed in September 2022 and February 2022. Net actuarial gain arising during the three months ended September 30, 2022 was primarily due to an increase in the discount rate utilized in measuring plan obligations, reflecting changes in market rates, partially offset by asset returns. Net actuarial loss arising during the nine months ended September 30, 2022 was primarily due to asset returns, partially offset by an increase in the discount rate utilized in measuring plan obligations, reflecting changes in market rates. Refer to Note 10, *Employee Benefits*, for additional details.

(2)Reclassifications upon sale of businesses are recorded in other (expense) income, net.

Note 14. Income Taxes

The effective tax rates for the three and nine months ended September 30, 2023 and 2022 represent our estimate of the annual effective tax rates expected to be applicable for the respective full fiscal years, adjusted for any discrete events which are recorded in the period that they occur.

During the three months ended September 30, 2023, we recognized a tax expense of $22 million on income from continuing operations before tax of $50 million. During the nine months ended September 30, 2023, we recognized a tax benefit of $5 million on a loss from continuing operations before tax of $249 million. The effective tax rate for the aforementioned periods was driven primarily by the inability to recognize a tax benefit on all interest expense.

(In millions, except per share data and unless otherwise indicated)

During the three months ended September 30, 2022, we recognized a tax expense of $79 million on income from continuing operations before tax of $254 million. During the nine months ended September 30, 2022, we recognized a tax expense of $160 million on income from continuing operations before tax of $452 million. The effective tax rate for the aforementioned periods was primarily driven by the inability to recognize a tax benefit on all interest expense and the tax impacts from the sales of our businesses.

We are under audit by the Internal Revenue Service ("IRS") and other taxing authorities. The IRS is currently auditing our U.S. income tax returns for 2016-2017. As of September 30, 2023, we have not received any proposed adjustments from taxing authorities that would be material. Although the ultimate timing is uncertain, it is reasonably possible that a reduction of up to $9 million of unrecognized tax benefits could occur within the next twelve months due to changes in audit status, settlements of tax assessments and other events.

Note 15. Related Party Transactions

As of September 30, 2023, approximately 77% of our shares were owned by PFL.

Transactions with our related parties are detailed below. All of our related parties are commonly controlled by Mr. Graeme Hart, our controlling shareholder, except for our joint ventures.

	Income (expense) for the Three Months Ended September 30,		Income (expense) for the Nine Months Ended September 30,		Balance Outstanding as of	
	2023	2022	2023	2022	September 30, 2023	December 31, 2022
Joint ventures						
Included in other current assets					$ 2	$ 3
Sale of goods and services[1]	$ 1	$ 2	$ 5	$ 12		
Other common controlled entities						
Related party receivables[2]					38	46
Sale of goods and services[2]	92	107	291	313		
Transition services agreements and rental income[2]	3	—	4	1		
Charges[3]	1	1	5	4		
Related party payables[2]					(10)	(6)
Purchase of goods[2]	(21)	(29)	(58)	(77)		
Charges[3]	(3)	(3)	(10)	(9)		

(1) All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated based on market rates. All amounts are unsecured, non-interest bearing and settled on normal trade terms.

(2) We sell and purchase various goods and services with Reynolds Consumer Products Inc. ("RCPI") under contractual arrangements that expire over a variety of periods through December 31, 2027. During the first quarter of 2023, we amended these contractual arrangements with RCPI, which, among other things, extended the expiration date for certain arrangements and included price adjustments for certain goods we sold to and purchased from RCPI in the current and prior periods. The price adjustments resulted in $22 million of incremental net revenues and $9 million of incremental costs of goods sold recognized during the nine months ended September 30, 2023.

We also lease a portion of two facilities to RCPI and are party to an information technology services agreement with RCPI. We do not trade with Graham Packaging Company Inc. ("GPCI") on an ongoing basis. We also are party to a transition services agreement with GPCI.

(3) These charges are for various costs incurred including services provided under a transition services agreement, an insurance sharing agreement and an investment advisory agreement with Rank Group Limited ("Rank"). All amounts are unsecured, non-interest bearing and settled on normal trade terms.

Note 16. Equity Based Compensation

We established the Pactiv Evergreen Inc. Equity Incentive Plan for purposes of granting stock or other equity based compensation awards to our employees (including our senior management), directors, consultants and advisors.

Equity based compensation costs were $9 million, $24 million, $6 million and $16 million for the three and nine months ended September 30, 2023 and 2022, respectively, substantially all of which was recognized in selling, general and administrative expenses.

Restricted Stock Units

During the nine months ended September 30, 2023, we granted restricted stock units ("RSUs") to certain members of management and certain members of our Board of Directors. These RSUs require future service to be provided and vest in annual installments over a period ranging from one to three years beginning on the first anniversary of the grant date. During the vesting period, the RSUs carry dividend-equivalent rights, but the RSUs do not have voting rights. The RSUs and any related dividend-equivalent rights are forfeited in the event the holder is no longer an employee on the vesting date, unless the holder satisfies certain retirement-eligibility criteria. The following table summarizes RSU activity during 2023:

(In thousands, except per share amounts)	Number of RSUs	Weighted Average Grant Date Fair Value
Non-vested, at January 1	1,983	$ 11.89
Granted[(1)]	1,744	9.64
Forfeited	(233)	12.08
Vested	(653)	12.89
Non-vested, at September 30	2,841	$ 10.26

(1)Includes 86 thousand shares reserved for issuance upon the settlement of dividend-equivalent rights carried by the reported RSUs concurrently with the settlement of such RSUs for shares.

Unrecognized compensation cost related to unvested RSUs as of September 30, 2023 was $11 million, which is expected to be recognized over a weighted average period of 2.1 years. The total vest date fair value of shares that vested during the nine months ended September 30, 2023 was $6 million.

Performance Share Units

During the nine months ended September 30, 2023, we granted performance share units ("PSUs") to certain members of management which vest on the third anniversary of the grant date. Based on the achievement of a company performance target during a performance period set by our Compensation Committee of our Board of Directors, upon vesting, the PSUs are exchanged for a number of shares of common stock equal to the number of PSUs multiplied by a factor between 0% and 200%. We use our stock price on the grant date to estimate the fair value of our PSUs. We adjust the expense based on the likelihood of future achievement of performance metrics. If any of the performance targets are not achieved, the awards are forfeited. During the vesting period, the PSUs carry dividend-equivalent rights, but the PSUs do not have voting rights. The PSUs and any related dividend-equivalent rights are forfeited in the event the holder is no longer an employee on the vesting date, unless the holder satisfies certain retirement-eligibility criteria. The following table summarizes PSU activity during 2023:

(In thousands, except per share amounts)	Number of PSUs	Weighted Average Grant Date Fair Value
Non-vested, at January 1	1,155	$ 9.29
Granted[(1)]	1,729	9.37
Forfeited	(91)	9.54
Non-vested, at September 30	2,793	$ 9.33

(1)Includes 168 thousand shares reserved for issuance upon the settlement of dividend-equivalent rights carried by the reported PSUs concurrently with the settlement of such PSUs for shares.

Unrecognized compensation cost related to unvested PSUs as of September 30, 2023 was $21 million, which is expected to be recognized over a weighted average period of 2.2 years.

(In millions, except per share data and unless otherwise indicated)

Note 17. Earnings Per Share

Earnings (loss) per share, including a reconciliation of the number of shares used for our earnings (loss) per share calculation, was as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator				
Net earnings (loss) attributable to common shareholders - continuing operations	$ 27	$ 175	$ (246)	$ 291
Less: dividend-equivalents declared for equity based awards	—	—	(2)	(1)
Net earnings (loss) available to common shareholders - continuing operations	27	175	(248)	290
Net earnings attributable to common shareholders - discontinued operations	2	1	2	1
Total net earnings (loss) available to common shareholders	$ 29	$ 176	$ (246)	$ 291
Denominator				
Weighted average number of shares outstanding - basic	178.7	177.9	178.5	177.7
Effect of dilutive securities	1.0	0.8	—	0.6
Weighted average number of shares outstanding - diluted	179.7	178.7	178.5	178.3
Earnings (loss) per share attributable to Pactiv Evergreen Inc. common shareholders				
From continuing operations				
Basic	$ 0.15	$ 0.98	$ (1.39)	$ 1.63
Diluted	$ 0.15	$ 0.98	$ (1.39)	$ 1.63
From discontinued operations				
Basic	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Diluted	$ 0.01	$ —	$ 0.01	$ —
Total				
Basic	$ 0.16	$ 0.99	$ (1.38)	$ 1.64
Diluted	$ 0.16	$ 0.98	$ (1.38)	$ 1.63

There were no anti-dilutive potential common shares excluded from the calculation above for the three months ended September 30, 2023. The weighted average number of anti-dilutive potential common shares excluded from the calculation above was 0.8 million for the nine months ended September 30, 2023 and 0.2 million shares and 0.7 million shares for the three and nine months ended September 30, 2022, respectively.

On October 31, 2023, our Board of Directors declared a dividend of $0.10 per share to be paid on December 15, 2023 to shareholders of record as of November 30, 2023.

Note 18. Segment Information

In the second quarter of 2023, in conjunction with the Beverage Merchandising Restructuring, we implemented a new operating and reporting structure resulting in the combination of our legacy Food Merchandising and Beverage Merchandising segments, creating our Food and Beverage Merchandising segment. Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details. We also reorganized the management of certain product lines from our Foodservice segment to our Food and Beverage Merchandising segment.

As of the end of the second quarter of 2023, we analyzed the results of our business through our Foodservice and Food and Beverage Merchandising segments. All prior periods have been recast to reflect the current reportable segment structure and the change in the management of certain product lines. These reportable segments reflect our operating structure and the manner in which our Chief Operating Decision Maker (“CODM”), who is our President and Chief Executive Officer, assesses information for decision-making purposes. The key factors used to identify these reportable segments are the organization of our internal operations and the nature of our products. This reflects how our CODM monitors performance, allocates capital and makes strategic and operational decisions. Our reportable segments are described as follows:

Foodservice - Manufactures a broad range of products that enable consumers to eat and drink where they want and when they want with convenience. Foodservice manufactures food containers, drinkware (hot and cold cups and lids), tableware, serviceware and other products which make eating on-the-go more enjoyable and easy to do.

Food and Beverage Merchandising - Manufactures products that protect and attractively display food and beverages while preserving freshness. Food and Beverage Merchandising products include cartons for fresh refrigerated beverage products, primarily serving dairy (including plant-based, organic and specialties), juice and other specialty beverage end-markets, clear rigid-display containers, containers for prepared and ready-to-eat food, trays for meat and poultry and egg cartons. It also produces fiber-based liquid packaging board for its internal requirements and to sell to other fresh beverage carton manufacturers. Prior to June 2023, it also produced a range of paper-based products which it sold to paper and packaging converters.

Other/Unallocated - In addition to our reportable segments, we had other operating segments that did not meet the threshold for presentation as a reportable segment. These operating segments comprised the remaining components of our former closures business, which generated revenue from the sale of caps and closures, and are presented as “Other.” As of March 31, 2023, we had disposed of all of the remaining components of our former closures business. Unallocated includes corporate costs, primarily relating to general and administrative functions such as finance, tax and legal and the effects of the PPPE.

Information by Segment

We present reportable segment Adjusted EBITDA as this is the financial measure by which management and our CODM allocate resources and analyze the performance of our reportable segments.

A segment’s Adjusted EBITDA represents its earnings before interest, tax, depreciation and amortization and is further adjusted to exclude certain items, including but not limited to restructuring, asset impairment and other related charges, gains or losses on the sale of businesses and noncurrent assets, non-cash pension income or expense, operational process engineering-related consultancy costs, business acquisition and integration costs and purchase accounting adjustments, unrealized gains or losses on derivatives, foreign exchange gains or losses on cash and gains or losses on certain legal settlements.

(In millions, except per share data and unless otherwise indicated)

	Foodservice	Food and Beverage Merchandising	Reportable Segment Total
For the Three Months Ended September 30, 2023			
Net revenues	$ 675	$ 704	**$ 1,379**
Intersegment revenues	—	8	**8**
Total reportable segment net revenues	675	712	**1,387**
Adjusted EBITDA	117	130	**247**
For the Three Months Ended September 30, 2022			
Net revenues	$ 713	$ 870	**$ 1,583**
Intersegment revenues	—	50	**50**
Total reportable segment net revenues	713	920	**1,633**
Adjusted EBITDA	107	102	**209**
For the Nine Months Ended September 30, 2023			
Net revenues	$ 1,945	$ 2,289	**$ 4,234**
Intersegment revenues	—	78	**78**
Total reportable segment net revenues	1,945	2,367	**4,312**
Adjusted EBITDA	351	340	**691**
For the Nine Months Ended September 30, 2022			
Net revenues	$ 2,115	$ 2,554	**$ 4,669**
Intersegment revenues	—	123	**123**
Total reportable segment net revenues	2,115	2,677	**4,792**
Adjusted EBITDA	378	303	**681**

Reportable segment assets consisted of the following:

	Foodservice	Food and Beverage Merchandising	Reportable Segment Total
As of September 30, 2023	$ 1,279	$ 1,485	**$ 2,764**
As of December 31, 2022	1,385	1,884	**3,269**

(In millions, except per share data and unless otherwise indicated)

The following table presents a reconciliation of reportable segment Adjusted EBITDA to consolidated income (loss) from continuing operations before income taxes:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Reportable segment Adjusted EBITDA	$ 247	$ 209	$ 691	$ 681
Other	—	1	—	3
Unallocated	(20)	(23)	(58)	(66)
	227	187	633	618
Adjustments to reconcile to income (loss) from continuing operations before income taxes				
Interest expense, net	(61)	(59)	(188)	(158)
Depreciation and amortization (excluding restructuring-related charges)	(81)	(85)	(247)	(255)
Beverage Merchandising Restructuring charges	(32)	—	(435)	—
Other restructuring and asset impairment charges (reversals)	—	(57)	—	(58)
Gain (loss) on sale of businesses and noncurrent assets	—	239	(1)	266
Non-cash pension (expense) income	(2)	44	(6)	52
Operational process engineering-related consultancy costs	—	(3)	—	(7)
Business integration costs	—	—	—	(6)
Unrealized gains (losses) on commodity derivatives	1	(10)	—	(4)
Foreign exchange losses on cash	(2)	—	(4)	(2)
Executive transition charges	—	—	—	(2)
(Losses) gains on legal settlements	—	—	(1)	15
Costs associated with legacy facility	—	—	—	(6)
Other	—	(2)	—	(1)
Income (loss) from continuing operations before tax	**$ 50**	**$ 254**	**$ (249)**	**$ 452**

The following table presents a reconciliation of reportable segment assets to consolidated assets:

	As of September 30, 2023	As of December 31, 2022
Reportable segment assets[1]	$ 2,764	$ 3,269
Unallocated[2]	3,682	4,037
Total assets	**$ 6,446**	**$ 7,306**

[1] Reportable segment assets represent trade receivables, inventory and property, plant and equipment.

[2] Unallocated is comprised of cash and cash equivalents, other current assets, assets held for sale, entity-wide property, plant and equipment, operating lease right-of-use assets, goodwill, intangible assets, related party receivables and other noncurrent assets.

(In millions, except per share data and unless otherwise indicated)

Information in Relation to Products

Net revenues by product line are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Foodservice				
Drinkware	$ 324	$ 322	$ 892	$ 934
Containers	233	256	700	798
Tableware	72	76	215	214
Serviceware and other	46	59	138	169
Food and Beverage Merchandising				
Cartons for fresh beverage products	177	197	554	644
Bakery/snack/produce/fruit containers	123	148	389	435
Meat trays	108	103	323	278
Liquid packaging board	68	152	317	388
Tableware	103	112	309	325
Prepared food trays	38	42	110	124
Egg cartons	33	30	103	87
Paper products	—	73	74	213
Other	62	63	188	183
Reportable segment net revenues	**1,387**	**1,633**	**4,312**	**4,792**
Other / Unallocated				
Other	—	26	2	75
Intersegment eliminations	(8)	(50)	(78)	(123)
Net revenues	**$ 1,379**	**$ 1,609**	**$ 4,236**	**$ 4,744**

For all product lines, there is a relatively short time period between the receipt of the order and the transfer of control over the goods to the customer.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Our discussion and analysis is intended to help the reader understand our results of operations and financial condition and is provided as an addition to, and should be read in connection with, our condensed consolidated financial statements and the accompanying notes included elsewhere in this Quarterly Report on Form 10-Q.

Our Company

We are a leading manufacturer and distributor of fresh foodservice and food merchandising products and fresh beverage cartons in North America. We produce a broad range of on-trend and feature-rich products that protect, package and display food and beverages for today's consumers. Our products include containers, drinkware (such as hot and cold cups and lids), cartons for fresh refrigerated beverage products, tableware, meat and poultry trays, liquid packaging board, serviceware, prepared food trays and egg cartons. Our products, many of which are made with recycled, recyclable or renewable materials, are sold to a diversified mix of customers, including restaurants, foodservice distributors, retailers, food and beverage producers, packers and processors.

Change in Segments

In the second quarter of 2023, in conjunction with the Beverage Merchandising Restructuring, we implemented a new operating and reporting structure resulting in the combination of our legacy Food Merchandising and Beverage Merchandising segments, creating our Food and Beverage Merchandising segment. We also reorganized the management of certain product lines from our Foodservice segment to our Food and Beverage Merchandising segment.

As of the end of the second quarter of 2023, we analyzed the results of our business through our Foodservice and Food and Beverage Merchandising segments. All prior periods have been recast to reflect the current reportable segment structure and the change in the management of certain product lines.

In addition, we provided certain unaudited recast financial information for the years ended December 31, 2022 and 2021, the four quarters of the year ended December 31, 2022 and the three months ended March 31, 2023 in a Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on August 2, 2023.

Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, and Note 18, *Segment Information*, for additional details.

Business Environment

During 2023, we experienced a continued moderation in consumer demand for certain of our products, primarily driven by sustained high levels of inflation and general macroeconomic uncertainty. While we have not seen a material economic contraction to-date, these pressures may continue to impact consumer demand and thus our customers' purchasing decisions and order patterns throughout the remainder of 2023 and into 2024.

Our input costs have largely stabilized and have begun to moderate in certain circumstances as compared to recent periods. We believe our pricing strategy provides us with flexibility to manage our market position through cost recovery mechanisms and strategic competitive pricing. In this dynamic environment, we remain focused on servicing our customers and improving manufacturing productivity across our business.

During the second quarter of 2023, we ceased operations at our Canton, North Carolina mill and our converting facility in Olmsted Falls, Ohio, and production from the Olmsted Falls facility was reallocated to other sites. We expect these actions will allow us to solidify our leadership position in large, growing end markets while prioritizing our distinctive core strengths.

Elevated interest rates, sustained high levels of inflation, geopolitical factors and the resulting volatility within the capital markets over the last year have created uncertainty with respect to the economic outlook. If economic conditions were to deteriorate, a further decline in consumer spending may result, which could lead to a meaningful decline in demand for our products in the remainder of 2023 and beyond.

Recent Developments and Items Impacting Comparability

Beverage Merchandising Restructuring

On March 6, 2023, we announced the Beverage Merchandising Restructuring, a plan approved by our Board of Directors to take significant restructuring actions related to our Beverage Merchandising operations. We expect these actions to increase our production efficiency, streamline our management structure and reduce our ongoing capital expenditures and overhead costs.

We expect that the Beverage Merchandising Restructuring will enable us to maintain our strong position in the liquid packaging market by increasing our overall productivity over time and optimizing our manufacturing footprint. It also resulted in our exit from the uncoated freesheet paper market.

We also continue to explore strategic alternatives for our Pine Bluff, Arkansas mill and our Waynesville, North Carolina facility. We have not set a timetable in relation to this process.

The operations impacted by the Beverage Merchandising Restructuring did not qualify for presentation as discontinued operations.

Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Dispositions

On January 4, 2022, we entered into a definitive agreement with SIG Schweizerische Industrie-Gesellschaft GmbH to sell Beverage Merchandising Asia. The transaction closed on August 2, 2022, and we received proceeds of $336 million. We recognized a gain on sale of $239 million during the three months ended September 30, 2022. Sales of liquid packaging board to our former Beverage Merchandising Asia operations, which were previously eliminated in consolidation, are recorded as external net revenues subsequent to the transaction’s completion.

During the third quarter of 2022, we committed to a plan to sell our remaining closures businesses included in the Other operating segment and recognized a charge to earnings of $56 million within restructuring, asset impairment and other related charges. We completed the sale of a substantial portion of these businesses on October 31, 2022, and the remaining operations on March 1, 2023, all for an immaterial amount.

On March 29, 2022, we completed the sale of our equity interests in Naturepak Beverage, our 50% joint venture with Naturepak Limited, to affiliates of Elopak ASA. We received proceeds of $47 million and recognized a gain on the sale of our equity interests of $27 million during the nine months ended September 30, 2022.

None of these dispositions qualified for presentation as discontinued operations.

Pension Partial Settlement Transactions

On September 20, 2022 and February 24, 2022, using PPPE assets, we purchased non-participating group annuity contracts from insurance companies and transferred a portion of the PPPE’s projected benefit obligations. In each instance, the respective insurance companies have assumed responsibility for pension benefits and annuity administration. The following table provides details regarding each transaction:

		(In millions)			
Transaction Date	**Reporting Period**	**Assets Transferred**	**Projected Benefit Obligations Transferred**	**Settlement Gain Recognized**	**Number of Participants Impacted**
September 20, 2022	Q3 2022	$ 629	$ 656	$ 47	10,200
February 24, 2022	Q1 2022	1,260	1,257	10	13,300

Non-GAAP Measures – Adjusted EBITDA from Continuing Operations

In addition to financial measures determined in accordance with GAAP, we make use of the non-GAAP financial measure Adjusted EBITDA from continuing operations to evaluate and manage our business and to plan and make near-term and long-term operating and strategic decisions.

Adjusted EBITDA from continuing operations is defined as net income (loss) from continuing operations calculated in accordance with GAAP, plus the sum of income tax expense, net interest expense, depreciation and amortization and further adjusted to exclude certain items, including but not limited to restructuring, asset impairment and other related charges, gains or losses on the sale of businesses and noncurrent assets, non-cash pension income or expense, operational process engineering-related consultancy costs, business acquisition and integration costs and purchase accounting adjustments, unrealized gains or losses on derivatives, foreign exchange gains or losses on cash and gains or losses on certain legal settlements.

We present Adjusted EBITDA from continuing operations because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans, make strategic decisions and incentivize and reward our employees. Accordingly, we believe that Adjusted EBITDA from continuing operations provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and Board of Directors. We also believe that using Adjusted EBITDA from continuing operations facilitates operating performance comparisons on a period-to-period basis because it excludes variations primarily caused by changes in the items noted above.

In addition, our chief operating decision maker, who is our President and Chief Executive Officer, uses Adjusted EBITDA of each reportable segment to evaluate the operating performance of such segments.

Our use of Adjusted EBITDA from continuing operations has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Instead, you should consider it alongside other financial performance measures, including our net income (loss) from continuing operations and other GAAP results. In addition, in evaluating Adjusted EBITDA from continuing operations, you should be aware that in the future we will incur expenses such as those that are the subject of adjustments made in deriving Adjusted EBITDA from continuing operations, and you should not infer from our presentation of Adjusted EBITDA from continuing operations that our future results will not be affected by these expenses or any unusual or non-recurring items. The following is a reconciliation of our net income (loss) from continuing operations, the most directly comparable GAAP financial measure, to Adjusted EBITDA from continuing operations for each of the periods indicated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Net income (loss) from continuing operations (GAAP)	**$ 28**	**$ 175**	**$ (244)**	**$ 292**
Income tax expense (benefit)	22	79	(5)	160
Interest expense, net	61	59	188	158
Depreciation and amortization (excluding restructuring-related charges)	81	85	247	255
Beverage Merchandising Restructuring charges[1]	32	—	435	—
Other restructuring and asset impairment charges (reversals)[2]	—	57	—	58
(Gain) loss on sale of businesses and noncurrent assets[3]	—	(239)	1	(266)
Non-cash pension expense (income)[4]	2	(44)	6	(52)
Operational process engineering-related consultancy costs[5]	—	3	—	7
Business integration costs[6]	—	—	—	6
Unrealized (gains) losses on commodity derivatives	(1)	10	—	4
Foreign exchange losses on cash	2	—	4	2
Executive transition charges[7]	—	—	—	2
Losses (gains) on legal settlements[8]	—	—	1	(15)
Costs associated with legacy facility[9]	—	—	—	6
Other	—	2	—	1
Adjusted EBITDA from continuing operations (Non-GAAP)	**$ 227**	**$ 187**	**$ 633**	**$ 618**

(1)Reflects charges related to the Beverage Merchandising Restructuring, including $4 million and $271 million of accelerated depreciation expense during the three and nine months ended September 30, 2023, respectively. Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

(2)Reflects other restructuring and asset impairment charges (reversals) not related to the Beverage Merchandising Restructuring. Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

(3)Reflects the (gain) loss from the sale of businesses and noncurrent assets, primarily related to the sale of Beverage Merchandising Asia and the sale of our equity interests in Naturepak Beverage in 2022. Refer to Note 2, *Dispositions*, for additional details.

(4)Reflects the non-cash pension expense (income) related to our employee benefit plans, including the pension settlement gains of $47 million and $57 million recognized during the three and nine months ended September 30, 2022, respectively. Refer to Note 10, *Employee Benefits*, for additional details.

(5)Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.

(6)Reflects integration costs related to Fabri-Kal.

(7)Reflects charges relating to key executive retirement and separation agreements.

(8)Reflects losses (gains), net of costs, arising from the settlement of certain historical legal actions.

(9)Reflects costs related to a closed facility that was sold prior to our acquisition of the entity.

Results of Operations

Three Months Ended September 30, 2023 and 2022

Consolidated Results

	For the Three Months Ended September 30,					
(In millions, except for %)	**2023**	**% of Revenue**	**2022**	**% of Revenue**	**Change**	**% Change**
Net revenues	$ 1,379	100 %	$ 1,609	100 %	$ (230)	(14)%
Cost of sales	(1,098)	(80)%	(1,377)	(86)%	279	20%
Gross profit	**281**	**20%**	**232**	**14%**	**49**	**21%**
Selling, general and administrative expenses	(137)	(10)%	(145)	(9)%	8	6%
Restructuring, asset impairment and other related charges	(28)	(2)%	(57)	(4)%	29	51%
Other (expense) income, net	(3)	—%	239	15%	(242)	NM
Operating income from continuing operations	**113**	**8%**	**269**	**17%**	**(156)**	58%
Non-operating (expense) income, net	(2)	—%	44	3%	(46)	NM
Interest expense, net	(61)	(4)%	(59)	(4)%	(2)	(3)%
Income from continuing operations before tax	**50**	**4%**	**254**	**16%**	**(204)**	80%
Income tax expense	(22)	(2%)	(79)	(5)%	57	72%
Income from continuing operations	**28**	**2%**	**175**	**11%**	**(147)**	84%
Income from discontinued operations, net of income taxes	2		1		1	
Net income	**$ 30**		**$ 176**		**$ (146)**	
Adjusted EBITDA from continuing operations[1]	**$ 227**	**16%**	**$ 187**	**12%**	**$ 40**	**21%**

NM indicates that the calculation is “not meaningful”.

[1]Adjusted EBITDA from continuing operations is a non-GAAP measure. For details, refer to *Non-GAAP Measures - Adjusted EBITDA from Continuing Operations*, including a reconciliation between net income (loss) from continuing operations and Adjusted EBITDA from continuing operations.

Components of Change in Reportable Segment Net Revenues

	Price/Mix	**Volume**	**Dispositions / Mill Closure**	**FX**	**Total**
Net revenues	(2)%	(4)%	(9)%	1%	(14)%
By reportable segment:					
Foodservice	(5)%	—%	—%	—%	(5)%
Food and Beverage Merchandising	—%	(6)%	(18)%	1%	(23)%

Net Revenues. Net revenues for the three months ended September 30, 2023 decreased by $230 million, or 14%, to $1,379 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill during the second quarter of 2023, lower sales volume and unfavorable pricing due to lower material costs. Lower sales volume was largely due to a focus on value over volume and the market softening amid inflationary pressures within our Food and Beverage Merchandising segment.

Cost of Sales. Cost of sales for the three months ended September 30, 2023 decreased by $279 million, or 20%, to $1,098 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill, lower material costs and lower sales volume.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three months ended September 30, 2023 decreased by $8 million, or 6%, to $137 million compared to the prior year period. The decrease was primarily due to lower employee-related costs.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the three months ended September 30, 2023 decreased by $29 million, or 51%, to $28 million compared to the prior year period. The current period expense related to activities associated with the Beverage Merchandising Restructuring. The prior year period expense was primarily due to a $56 million impairment charge related to the decision to exit our remaining closures businesses. Refer to Note 3*, Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Other (Expense) Income, Net. During the three months ended September 30, 2023, we recognized $3 million of expense compared to $239 million of income for the three months ended September 30, 2022. The change was primarily attributable to the $239 million gain on the sale of Beverage Merchandising Asia in the prior year period.

Non-operating (Expense) Income, Net. Non-operating expense, net, for the three months ended September 30, 2023 was $2 million of expense compared to $44 million of income for the three months ended September 30, 2022. The change was primarily due to a $47 million pension settlement gain recognized in the prior year period. Refer to Note 10, *Employee Benefits*, for additional details.

Interest Expense, Net. Interest expense, net, for the three months ended September 30, 2023 increased by $2 million, or 3%, to $61 million, compared to the prior year period. The increase was primarily due to an increase in the interest rate on our floating rate term loans, partially offset by a reduction in total debt outstanding. Refer to Note 8*, Debt,* for additional details.

Income Tax Benefit (Expense). During the three months ended September 30, 2023, we recognized a tax expense of $22 million on income from continuing operations before tax of $50 million, compared to tax expense of $79 million on income from continuing operations before tax of $254 million for the prior year period. The effective tax rate during the current year period was driven primarily by the inability to recognize a tax benefit on all interest expense. The effective tax rate during the prior year period was primarily attributable to tax impacts from the sale of our businesses.

Income from Continuing Operations. Income from continuing operations for the three months ended September 30, 2023 decreased $147 million, or 84%, to $28 million compared to the prior year period. The prior year period included a $239 million gain on the sale of Beverage Merchandising Asia and a $47 million pension settlement gain, partially offset by a $56 million impairment charge due to the decision to exit our remaining closures businesses. The change in income from continuing operations was also impacted by a $57 million decrease in tax expense, largely driven by the discrete tax effect of the gain on sale in the prior year period, a $49 million increase in gross profit, primarily from lower material and transportation costs, partially offset by $28 million in current year period charges related to the Beverage Merchandising Restructuring.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the three months ended September 30, 2023 increased by $40 million, or 21%, to $227 million compared to the prior year period. The increase was primarily attributable to lower material costs, net of costs passed through, and lower transportation and manufacturing costs, partially offset by the closure of our Canton, North Carolina mill and lower sales volume.

Segment Information

Foodservice

	For the Three Months Ended September 30,			
(In millions, except for %)	**2023**	**2022**	**Change**	**% Change**
Total segment net revenues	$ 675	$ 713	$ (38)	(5)%
Segment Adjusted EBITDA	$ 117	$ 107	$ 10	9%
Segment Adjusted EBITDA margin[1]	17%	15%		

[1]For each segment, segment Adjusted EBITDA margin is calculated as segment Adjusted EBITDA divided by total segment net revenues.

Total Segment Net Revenues. Foodservice total segment net revenues for the three months ended September 30, 2023 decreased by $38 million, or 5%, to $675 million compared to the prior year period. The decrease was mainly due to unfavorable pricing, primarily due to lower material costs.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the three months ended September 30, 2023 increased by $10 million, or 9%, to $117 million compared to the prior year period. The increase was primarily due to lower transportation and material costs, net of costs passed through.

Food and Beverage Merchandising

(In millions, except for %)	For the Three Months Ended September 30, 2023	2022	Change	% Change
Total segment net revenues	$ 712	$ 920	$ (208)	(23)%
Segment Adjusted EBITDA	$ 130	$ 102	$ 28	27%
Segment Adjusted EBITDA margin	18%	11%		

Total Segment Net Revenues. Food and Beverage Merchandising total segment net revenues for the three months ended September 30, 2023 decreased by $208 million, or 23%, to $712 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill and lower sales volume. Sales volume was lower mainly due to a focus on value over volume and the market softening amid inflationary pressures.

Adjusted EBITDA. Food and Beverage Merchandising Adjusted EBITDA for the three months ended September 30, 2023 increased by $28 million, or 27%, to $130 million compared to the prior year period. The increase was primarily due to lower material costs, net of costs passed through, and lower transportation and manufacturing costs, partially offset by the closure of our Canton, North Carolina mill and lower sales volume.

Nine Months Ended September 30, 2023 and 2022

Consolidated Results

(In millions, except for %)	For the Nine Months Ended September 30, 2023	% of Revenue	2022	% of Revenue	Change	% Change
Net revenues	$ 4,236	100%	$ 4,744	100%	$ (508)	(11)%
Cost of sales	(3,756)	(89)%	(3,972)	(84)%	216	5%
Gross profit	**480**	**11%**	**772**	**16%**	**(292)**	**(38)%**
Selling, general and administrative expenses	(403)	(10)%	(435)	(9)%	32	7%
Restructuring, asset impairment and other related charges	(133)	(3)%	(58)	(1)%	(75)	(129)%
Other income, net	1	—%	279	6%	(278)	(100)%
Operating (loss) income from continuing operations	**(55)**	**(1)%**	**558**	**12%**	**(613)**	**NM**
Non-operating (expense) income, net	(6)	—%	52	1%	(58)	NM
Interest expense, net	(188)	(4)%	(158)	(3)%	(30)	(19)%
(Loss) income from continuing operations before tax	**(249)**	**(6)%**	**452**	**10%**	**(701)**	NM
Income tax benefit (expense)	5	—%	(160)	(3)%	165	NM
(Loss) income from continuing operations	**(244)**	**(6)%**	**292**	**6%**	**(536)**	NM
Income from discontinued operations, net of income taxes	2		1		1	
Net (loss) income	**$ (242)**		**$ 293**		**$ (535)**	
Adjusted EBITDA from continuing operations[(1)]	**$ 633**	**15%**	**$ 618**	**13%**	**$ 15**	**2%**

[(1)]Adjusted EBITDA from continuing operations is a non-GAAP measure. For details, refer to *Non-GAAP Measures - Adjusted EBITDA from Continuing Operations*, including a reconciliation between net income (loss) from continuing operations and Adjusted EBITDA from continuing operations.

Components of Change in Reportable Segment Net Revenues

	Price/Mix	Volume	Dispositions / Mill Closure	FX	Total
Net revenues	—%	(4)%	(7)%	—%	(11)%
By reportable segment:					
Foodservice	(4)%	(4)%	—%	—%	(8)%
Food and Beverage Merchandising	4%	(5)%	(12)%	1%	(12)%

Net Revenues. Net revenues for the nine months ended September 30, 2023 decreased by $508 million, or 11%, to $4,236 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill during the second quarter of 2023, lower sales volume and the disposition of Beverage Merchandising Asia on August 2, 2022. Lower sales volume was mainly due to a focus on value over volume and the market softening amid inflationary pressures. Favorable pricing in our Food and Beverage Merchandising segment, driven by pricing actions, was offset by unfavorable pricing in our Foodservice segment, mainly due to the contractual pass-through of lower material costs.

Cost of Sales. Cost of sales for the nine months ended September 30, 2023 decreased by $216 million, or 5%, to $3,756 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill, lower sales volume, lower material costs, the disposition of Beverage Merchandising Asia and lower transportation costs. This decrease was partially offset by $298 million of charges related to the Beverage Merchandising Restructuring as well as higher manufacturing costs. Refer to Note 3*, Restructuring, Asset Impairment and Other Related Charges*, for additional details of the Beverage Merchandising Restructuring.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the nine months ended September 30, 2023 decreased by $32 million, or 7%, to $403 million compared to the prior year period. The decrease was primarily due to lower employee-related costs, including the impact of cost savings from the Beverage Merchandising Restructuring and the sale of Beverage Merchandising Asia in the prior year.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the nine months ended September 30, 2023 increased by $75 million, or 129%, to $133 million compared to the prior year period. The current year period expense arose from Beverage Merchandising Restructuring charges. The prior year period expense was primarily related to an impairment charge related to the decision to exit our remaining closures businesses Refer to Note 3*, Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Other Income, Net. Other Income, Net, for the nine months ended September 30, 2023 decreased by $278 million to $1 million, compared to the prior year period. The prior year period included a $239 million gain on the sale of Beverage Merchandising Asia, a $27 million gain on the sale of our equity interests in Naturepak Beverage and a gain of $15 million, net of costs, related to the settlement of a historical legal action.

Non-operating (Expense) Income, Net. Non-operating (expense) income, net, for the nine months ended September 30, 2023 was $6 million of expense compared to $52 million of income for the nine months ended September 30, 2022. The change was principally due to $57 million of pension settlement gains recognized in the prior year period. Refer to Note 10, *Employee Benefits*, for additional details.

Interest Expense, Net. Interest expense, net, for the nine months ended September 30, 2023 increased by $30 million, or 19%, to $188 million, compared to the prior year period. The increase was primarily due to an increase in the interest rate on our floating rate term loans, partially offset by a reduction in total debt outstanding. Refer to Note 8*, Debt,* for additional details.

Income Tax Benefit (Expense). During the nine months ended September 30, 2023, we recognized a tax benefit of $5 million on a loss from continuing operations before tax of $249 million, compared to tax expense of $160 million on income from continuing operations before tax of $452 million for the prior year period. The effective tax rate during the current year period was driven primarily by the inability to recognize a tax benefit on all interest expense. The effective tax rate during the prior year period was driven primarily by the inability to recognize a tax benefit on all interest expense and the tax impacts from the sales of our businesses.

(Loss) Income from Continuing Operations. (Loss) income from continuing operations for the nine months ended September 30, 2023 was a loss of $244 million compared to income of $292 million for the nine months ended September 30, 2022. The change was impacted by $435 million of current year period charges related to the Beverage Merchandising Restructuring and a $165 million decrease in tax expense, largely driven by the discrete tax effects of restructuring charges in the current year period and gains on sales in the prior year period. In addition, the prior year period included $266 million of gains on the sale of businesses and $57 million of pension settlement gains, partially offset by a $56 million impairment charge due to the decision to exit our remaining closures businesses.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the nine months ended September 30, 2023 increased by $15 million, or 2%, to $633 million compared to the prior year period. The increase reflects lower material costs, net of costs passed through, and lower transportation costs, partially offset by higher manufacturing costs, lower sales volume as well as the impact from the closure of our Canton, North Carolina mill and the disposition of Beverage Merchandising Asia.

Segment Information

Foodservice

	For the Nine Months Ended September 30,			
(In millions, except for %)	**2023**	**2022**	**Change**	**% Change**
Total segment net revenues	$ 1,945	$ 2,115	$ (170)	(8)%
Segment Adjusted EBITDA	$ 351	$ 378	$ (27)	(7)%
Segment Adjusted EBITDA margin	18%	18%		

Total Segment Net Revenues. Foodservice total segment net revenues for the nine months ended September 30, 2023 decreased by $170 million, or 8%, to $1,945 million compared to the prior year period. The decrease was mainly due to unfavorable pricing, largely due to lower material costs, and lower sales volume, primarily due to the cumulative impact of our strategy focused on value over volume.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the nine months ended September 30, 2023 decreased by $27 million, or 7%, to $351 million compared to the prior year period. The decrease was primarily due to higher manufacturing costs and lower sales volume, partially offset by lower transportation and material costs, net of costs passed through.

Food and Beverage Merchandising

	For the Nine Months Ended September 30,			
(In millions, except for %)	**2023**	**2022**	**Change**	**% Change**
Total segment net revenues	$ 2,367	$ 2,677	$ (310)	(12)%
Segment Adjusted EBITDA	$ 340	$ 303	$ 37	12%
Segment Adjusted EBITDA margin	14%	11%		

Total Segment Net Revenues. Food and Beverage Merchandising total segment net revenues for the nine months ended September 30, 2023 decreased by $310 million, or 12%, to $2,367 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill, lower sales volume and the disposition of Beverage Merchandising Asia. Lower sales volume was driven by a focus on value over volume and the market softening amid inflationary pressures. The decrease was partially offset by favorable pricing, due to pricing actions taken to offset higher input costs, including pricing benefit from the extension of key business, and the contractual pass-through of higher material costs.

Adjusted EBITDA. Food and Beverage Merchandising Adjusted EBITDA for the nine months ended September 30, 2023 increased by $37 million, or 12%, to $340 million compared to the prior year period. The increase was primarily due to favorable pricing, net of material costs passed through, and lower transportation costs, partially offset by higher manufacturing costs, lower sales volume, the closure of our Canton, North Carolina mill and the disposition of Beverage Merchandising Asia.

Liquidity and Capital Resources

We manage our capital structure in an effort to most effectively execute our strategic priorities and maximize shareholder value. We believe that we have sufficient liquidity to support our ongoing operations and to re-invest in our business to drive future growth. Our projected operating cash flows, cash on-hand and available capacity under our revolving credit facility are our primary sources of liquidity for the next 12 months. We expect our liquidity to fund capital expenditures, payments of interest and principal on our debt, cash-based restructuring charges and distributions to shareholders that require approval by our Board of Directors. Additionally, we may continue to utilize portions of our excess cash to repurchase certain amounts of our long-term debt prior to maturity depending on market conditions, among other factors.

Cash flows

Our cash flows for the nine months ended September 30, 2023 and 2022 were as follows:

	For the Nine Months Ended September 30,	
(In millions)	**2023**	**2022**
Net cash provided by operating activities	$ 453	$ 241
Net cash (used in) provided by investing activities	(167)	196
Net cash used in financing activities	(587)	(79)
Effect of exchange rate on cash, cash equivalents and restricted cash	1	(6)
Net (decrease) increase in cash, cash equivalents and restricted cash	**$ (300)**	**$ 352**

Net cash flows were an outflow of $300 million in the current year period compared to an inflow of $352 million in the prior year period primarily due to $515 million of early debt repayments during 2023 and proceeds received from the sale of Beverage Merchandising Asia and Naturepak Beverage during the prior year, partially offset by higher net cash provided by operating activities. Net cash provided by operating activities increased primarily due to favorable changes in inventory balances, driven in part by the strategic inventory build during the prior year that did not recur, partially offset by cash payments made related to the Beverage Merchandising Restructuring, higher incentive compensation payments and higher cash interest payments.

During the nine months ended September 30, 2023, our primary source of cash was $453 million of net cash provided by operating activities. The net cash provided by operating activities reflects income from operations, partially offset by $177 million of cash interest payments and $51 million of cash taxes. Our primary uses of cash for the same period were $515 million of early debt repayments, $178 million of capital expenditures and $54 million of dividends paid.

During the nine months ended September 30, 2022, our primary sources of cash were $364 million in combined proceeds related to the sale of Beverage Merchandising Asia and our equity interests in Naturepak Beverage and $241 million of net cash provided by operating activities. The net cash provided by operating activities reflects income from operations, partially offset by $132 million of cash interest payments and $64 million of cash taxes. Our primary uses of cash for the same period were $169 million of capital expenditures and $54 million of dividends paid.

Dividends

During each of the nine months ended September 30, 2023 and 2022, we paid cash dividends of $54 million. On October 31, 2023, our Board of Directors declared a dividend of $0.10 per share to be paid on December 15, 2023 to shareholders of record as of November 30, 2023.

Our Credit Agreement and Notes limit the ability to make dividend payments, subject to specified exceptions. Our Board of Directors must review and approve future dividend payments and will determine whether to declare additional dividends based on our operating performance, expected future cash flows, debt levels, liquidity needs and investment opportunities.

Financing and capital resources

As of September 30, 2023, we had $3,632 million of total principal amount of borrowings. Refer to Note 8, *Debt*, for additional details. Of our total debt, $1,705 million is subject to variable interest rates, representing borrowings drawn under our Credit Agreement.

On April 17, 2023, we amended the Credit Agreement, replacing the LIBOR-based reference rate with a SOFR-based reference rate, effective for interest payments for the period commencing April 28, 2023. As of September 30, 2023, the underlying one-month SOFR for amounts borrowed under our Credit Agreement was 5.43%.

On July 26, 2023, we further amended the Credit Agreement to extend the maturity date on our $250 million Revolving Tranche facility from August 5, 2024 to August 5, 2025. There were no other material changes to the terms of the Credit Agreement as a result of this amendment.

During the nine months ended September 30, 2023, we repaid an aggregate of $515 million of our U.S. term loans Tranche B-2.

During the fourth quarter of 2022, we entered into derivative financial instruments with large institutions that fixed the LIBO rate at a weighted average rate of 4.12% for an aggregate notional amount of $1,000 million to hedge a portion of the interest rate exposure resulting from our U.S. term loans and classified the instruments as cash flow hedges. Our cash flow hedge contracts mature in October 2025. During the second quarter of 2023, we amended our interest rate swap agreements, replacing the LIBOR-based reference rate with a SOFR-based reference rate, effective for swap payments for the period commencing April 28, 2023. The weighted average fixed rate of 4.12% for our interest rate swap agreements was unchanged as a result of these amendments.

Based on the one-month SOFR as of September 30, 2023, and including the impact of our interest rate swap agreements, our 2023 annual cash interest obligations on our borrowings are expected to be approximately $257 million.

Under the Credit Agreement, we may incur additional indebtedness either by satisfying certain incurrence tests or by incurring such additional indebtedness under certain specific categories of permitted debt. Incremental senior secured indebtedness under the Credit Agreement and senior secured or unsecured notes in lieu thereof are permitted to be incurred up to an aggregate principal amount of $750 million subject to pro forma compliance with the Credit Agreement’s total secured leverage ratio covenant. In addition, we may incur senior secured indebtedness in an unlimited amount as long as our total secured leverage ratio does not exceed 4.50 to 1.00 on a pro forma basis, and (in the case of incremental senior secured indebtedness under the Credit Agreement only) we are in pro forma compliance with the Credit Agreement’s total secured leverage ratio covenant. The incurrence of unsecured indebtedness, including the issuance of senior notes, and unsecured subordinated indebtedness is also permitted (subject to the terms of the Credit Agreement) if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis.

Under the respective indentures governing the Notes, we may incur additional indebtedness either by satisfying certain incurrence tests or by incurring such additional indebtedness under certain specific categories of permitted debt. Indebtedness may be incurred under the incurrence tests if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis or the consolidated total leverage ratio is no greater than 5.50 to 1.00 and the liens securing first lien secured indebtedness do not exceed a 4.10 to 1.00 consolidated secured first lien leverage ratio.

We are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were due for the year ended December 31, 2022.

Liquidity and working capital

Our liquidity position is summarized in the table below:

(In millions, except for current ratio)	**As of September 30, 2023**	**As of December 31, 2022**
Cash and cash equivalents[1]	$ 233	$ 531
Availability under revolving credit facility	201	200
	$ 434	**$ 731**
Working capital[2]	831	1,305
Current ratio	2.0	2.4

(1) Excludes $24 million of restricted cash classified as other noncurrent assets as of September 30, 2023 and December 31, 2022 and also excludes $2 million of cash classified as held for sale as of December 31, 2022.

(2) Includes $7 million of assets as of September 30, 2023 and $6 million of assets and $3 million of liabilities as of December 31, 2022 classified as held for sale.

As of September 30, 2023, we had $233 million of cash and cash equivalents on-hand. We also had $201 million available under our revolving credit facility, net of $49 million utilized in the form of letters of credit under the facility. Our next debt maturity is $217 million of Pactiv Debentures due in December 2025, excluding amortization payments related to our U.S. term loans Tranche B-3 under our Credit Agreement.

We believe that we have sufficient liquidity to support our ongoing operations in the next 12 months and to invest in future growth to create further value for our shareholders. Our primary drivers of decreased liquidity for the nine months ended September 30, 2023 were $515 million of debt repayments, $178 million of capital expenditures and $54 million of dividends paid. These drivers of decreased liquidity were partially offset by net operating cash flows of $453 million during the same period. We currently anticipate cash payments of approximately $280 million for capital expenditures and approximately $120 million for restructuring charges during 2023.

During the nine months ended September 30, 2023, our working capital decreased $474 million, or 36%, primarily due to our use of cash for $515 million of early debt repayments, capital expenditures and dividend payments, and reductions of our inventory levels which were partially offset by income from continuing operations. Our working capital position provides us the flexibility for further consideration of strategic initiatives, including reinvestment in our business and deleveraging of our balance sheet. As a result, we may continue to utilize portions of our excess cash to repurchase certain amounts of our long-term debt prior to maturity depending on market conditions, among other factors.

Our ability to borrow under our revolving credit facility or to incur additional indebtedness may be limited by the terms of such indebtedness or other indebtedness, including the Credit Agreement and the Notes. The Credit Agreement and the respective indentures governing the Notes generally allow our subsidiaries to transfer funds in the form of cash dividends, loans or advances within the Company.

Other than short-term leases executed in the normal course of business, we have no material off-balance sheet obligations.

Critical Accounting Policies, Estimates and Assumptions

The most critical accounting policies and estimates are those that are most important to the portrayal of our financial condition and results of operations and require us to make the most difficult and subjective judgments, often estimating the outcome of future events that are inherently uncertain. Our significant accounting policies are described in Note 2, *Summary of Significant Accounting Policies,* to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2022. Our critical accounting estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2022.

Recent Accounting Pronouncements

New accounting standards that we have recently adopted, as well as accounting standards that have been recently issued but not yet adopted by us, is included in Note 1, *Nature of Operations and Basis of Presentation.*

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no material changes to our market risk during the nine months ended September 30, 2023. For additional information, refer to Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures.

a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. In connection with the preparation of this report, management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023, our disclosure controls and procedures were effective.

b) Changes in Internal Control over Financial Reporting

There were no material changes in our internal control over financial reporting that occurred during the three months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The information required to be set forth under this heading is incorporated by reference from Note 12, *Commitments and Contingencies*, to the interim Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

There have been no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended September 30, 2023, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and/or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits.

The following exhibits are filed as part of, or are incorporated by reference in, this report:

				Incorporated by Reference		
Exhibit	**Exhibit Title**	**Filed Herewith**	**Furnished Herewith**	**Form**	**Exhibit No.**	**Date Filed**
3.1	Amended and Restated Certificate of Incorporation of the Registrant.			8-K	3.1	Sept. 21, 2020
3.2	Amended and Restated Bylaws of the Registrant.			8-K	3.2	Sept. 21, 2020
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X			
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X			
101.INS	Inline 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)					

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PACTIV EVERGREEN INC.
(Registrant)

By: /s/ Jonathan H. Baksht
Jonathan H. Baksht
Chief Financial Officer (principal financial officer and principal accounting officer)
November 1, 2023

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. King, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Pactiv Evergreen Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023	By:	/s/ Michael J. King **Michael J. King** **President and Chief Executive Officer**

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jonathan H. Baksht, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Pactiv Evergreen Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023	By:	/s/ Jonathan H. Baksht **Jonathan H. Baksht** **Chief Financial Officer**

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pactiv Evergreen Inc (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 1, 2023	By:	/s/ Michael J. King **Michael J. King** **President and Chief Executive Officer**

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pactiv Evergreen Inc (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 1, 2023	By:	/s/ Jonathan H. Baksht
		Jonathan H. Baksht
		Chief Financial Officer