

REFINITIV

DELTA REPORT

10-Q

REYNOLDS CONSUMER PRODUCT

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	730
CHANGES	140
DELETIONS	267
ADDITIONS	323

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39205

REYNOLDS CONSUMER PRODUCTS INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

45-3464426

(I.R.S. Employer
Identification Number)

1900 W. Field Court
Lake Forest, Illinois 60045

(Address of principal executive offices) (Zip Code)

Telephone: (800) 879-5067

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, \$0.001 par value	REYN	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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of **October 31, 2023** **April 30, 2024**, the registrant had **210,009,231** **210,137,805** shares of common stock, \$0.001 par value per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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," "intends," "outlook," "forecast," "position," "committed," "plans," "anticipates," "believes," "estimates," "predicts," "model," "assumes," "confident," "look forward," "potential" "on track", or "continue," or 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 and anticipated trends in 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 risks and uncertainties discussed in Item 1A. "Risk Factors" Factors." in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 and as updated in our Quarterly Reports on Form 10-Q. You should specifically consider the numerous risks outlined in those the "Risk Factors" sections. These risks and uncertainties include factors related to:

- changes in consumer preferences, lifestyle, economic circumstances and environmental concerns;
- relationships with our major customers, consolidation of our customer bases and loss of a significant customer;
- competition and pricing pressures;
- loss of, or disruption at, any of our key manufacturing facilities;
- our suppliers of raw materials and any interruption in our supply of raw materials;
- loss due to an accident, labor issues, weather conditions, natural disaster, the emergence of a pandemic or disease outbreak, such as coronavirus including epidemics, pandemics or otherwise;
- the unknown duration and economic, operational and financial impacts of the global COVID-19 pandemic; similar widespread public health concerns;
- costs of raw materials, energy, labor and freight, including the impact of tariffs, trade sanctions and similar matters affecting our importation of certain raw materials;
- labor shortages and increased labor costs;

- impacts from inflationary trends:

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements is included in our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**, which was filed on **February 8, 2023** **February 7, 2024**, under Part I, Item 1A. “Risk Factors” and as updated in our Quarterly Reports on Form 10-Q.

Item 1. Financial Statements.

Reynolds Consumer Products Inc.
Condensed Consolidated Statements of Income
(in millions, except for per share data)
(Unaudited)

		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2023	2022	2023	2022
		For the Three Months Ended March 31,		For the Three Months Ended March 31,	
	2024			2024	2023
Net revenues	Net revenues	\$ 914	\$ 938	\$2,689	\$2,652
Related party net revenues	Related party net revenues	21	29	61	77
Total net revenues	Total net revenues	935	967	2,750	2,729
Cost of sales	Cost of sales	(686)	(789)	(2,117)	(2,199)
Gross profit	Gross profit	249	178	633	530
Selling, general and administrative expenses	Selling, general and administrative expenses	(115)	(90)	(327)	(264)
Other income net	(expense), net	—	(5)	—	(17)
Other income, net					
Income from operations	Income from operations	134	83	306	249
Interest expense, net	Interest expense, net	(31)	(20)	(91)	(48)
Income before income taxes	Income before income taxes	103	63	215	201

Income tax expense	Income tax expense	(25)	(15)	(54)	(49)		
Net income	Net income	\$ 78	\$ 48	\$ 161	\$ 152		
Earnings per share:	Earnings per share:						
Earnings per share:							
Earnings per share:							
Basic							
Basic							
Basic	Basic	\$0.37	\$0.23	\$ 0.77	\$ 0.72		
Diluted	Diluted	\$0.37	\$0.23	\$ 0.77	\$ 0.72		
Weighted average shares outstanding:	Weighted average shares outstanding:						
Weighted average shares outstanding:							
Weighted average shares outstanding:							
Basic							
Basic							
Basic	Basic	210.0	209.9	210.0	209.8	210.1	209.9
Effect of dilutive securities	Effect of dilutive securities	—	—	—	0.1	—	—
Diluted	Diluted	210.0	209.9	210.0	209.9	210.1	209.9

See accompanying notes to the condensed consolidated financial statements.

Reynolds Consumer Products Inc.
Condensed Consolidated Statements of Comprehensive Income
(in millions)
(Unaudited)

		For the Three Months Ended September 30,					
		2023	2022	2023	2022		
		For the Three Months Ended March 31,					
		2024					
Net income	Net income	\$78	\$48	\$161	\$152		
Other comprehensive (loss) income, net of income taxes:							
Other comprehensive income (loss), net of income taxes:							
Currency translation adjustment							

Currency translation adjustment					
Currency translation adjustment	Currency translation adjustment	—	(2)	—	(2)
Employee benefit plans	Employee benefit plans	(1)	—	(3)	(1)
Interest rate derivatives	Interest rate derivatives	1	24	3	35
Other comprehensive income, net of income taxes		—	22	—	32
Other comprehensive income (loss), net of income taxes					
Comprehensive income	Comprehensive income	\$78	\$70	\$161	\$184

See accompanying notes to the condensed consolidated financial statements.

Reynolds Consumer Products Inc.
Condensed Consolidated Balance Sheets
(in millions, except for per share data)

		(Unaudited) As of September 30, 2023	As of December 31, 2022		
		(Unaudited) As of March 31, 2024		(Unaudited) As of March 31, 2024	As of December 31, 2023
Assets	Assets				
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 124	\$ 38		
Accounts receivable (net of allowance for doubtful accounts of \$1 and \$1)	Accounts receivable (net of allowance for doubtful accounts of \$1 and \$1)	345	348		
Other receivables	Other receivables	4	15		
Related party receivables	Related party receivables	9	7		
Inventories	Inventories	576	722		
Other current assets	Other current assets	48	41		
Total current assets	Total current assets	1,106	1,171		
Property, plant and equipment (net of accumulated depreciation of \$878 and \$821)					
		719	722		

Property, plant and equipment (net of accumulated depreciation of \$918 and \$897)				
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	57	65	
Goodwill	Goodwill	1,879	1,879	
Intangible assets, net	Intangible assets, net	1,009	1,031	
Other assets	Other assets	68	61	
Total assets	Total assets	\$ 4,838	\$ 4,929	
Liabilities	Liabilities			Liabilities
Accounts payable	Accounts payable	\$ 237	\$ 252	
Related party payables	Related party payables	30	46	
Current portion of long-term debt	Current portion of long-term debt	—	25	
Current operating lease liabilities	Current operating lease liabilities	16	14	
Income taxes payable	Income taxes payable	1	14	
Accrued and other current liabilities	Accrued and other current liabilities	183	145	
Total current liabilities	Total current liabilities	467	496	
Long-term debt	Long-term debt	1,981	2,066	
Long-term operating lease liabilities	Long-term operating lease liabilities	44	53	
Deferred income taxes	Deferred income taxes	364	365	
Long-term postretirement benefit obligation	Long-term postretirement benefit obligation	34	34	
Other liabilities	Other liabilities	56	47	
Total liabilities	Total liabilities	\$ 2,946	\$ 3,061	
Commitments and contingencies (Note 7)	Commitments and contingencies (Note 7)			Commitments and contingencies (Note 7)
Stockholders' equity	Stockholders' equity			Stockholders' equity
Common stock, \$0.001 par value; 2,000 shares authorized; 210 shares issued and outstanding	Common stock, \$0.001 par value; 2,000 shares authorized; 210 shares issued and outstanding	—	—	

Common stock, \$0.001 par value; 2,000 shares authorized; 210.1 shares issued and outstanding			
Additional paid-in capital	Additional paid-in capital	1,392	1,385
Accumulated other comprehensive income	Accumulated other comprehensive income	52	52
Retained earnings	Retained earnings	448	431
Total stockholders' equity	Total stockholders' equity	1,892	1,868
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 4,838	\$ 4,929

See accompanying notes to the condensed consolidated financial statements.

Reynolds Consumer Products Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in millions, except for per share data)
(Unaudited)

	Accumulated				
	Additional		Other		
	Common	Paid-in	Retained	Comprehensive	Total
	Stock	Capital	Earnings	Income	Equity
Balance as of December 31, 2021	\$ —	\$ 1,381	\$ 365	\$ 10	\$1,756
Net income	—	—	52	—	52
Other comprehensive income, net of income taxes	—	—	—	7	7
Dividends (\$0.23 per share declared and paid)	—	—	(48)	—	(48)
Balance as of March 31, 2022	\$ —	\$ 1,381	\$ 369	\$ 17	\$1,767
Net income	—	—	52	—	52
Other comprehensive income, net of income taxes	—	—	—	3	3
Dividends (\$0.23 per share declared and paid)	—	—	(48)	—	(48)
Other	—	2	—	—	2
Balance as of June 30, 2022	\$ —	\$ 1,383	\$ 373	\$ 20	\$1,776
Net income	—	—	48	—	48
Other comprehensive income, net of income taxes	—	—	—	22	22
Dividends (\$0.23 per share declared and paid)	—	—	(48)	—	(48)

Balance as of September 30, 2022		\$ —		\$ 1,383		\$ 373		\$ 42		\$1,798						
												Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance as of December 31, 2022		Balance as of December 31, 2022		\$ —		\$ 1,385		\$ 431		\$ 52		\$1,868				
Net income	Net income	—		—		17		—		17						
Other comprehensive loss, net of income taxes	Other comprehensive loss, net of income taxes	—		—		—		(13)		(13)						
Dividends (\$0.23 per share declared and paid)	Dividends (\$0.23 per share declared and paid)	—		—		(48)		—		(48)						
Other	Other	—		1		—		—		1						
Balance as of March 31, 2023		Balance as of March 31, 2023		\$ —		\$ 1,386		\$ 400		\$ 39		\$1,825				
Balance as of December 31, 2023																
Net income	Net income	—		—		66		—		66						
Other comprehensive income, net of income taxes	Other comprehensive income, net of income taxes	—		—		—		13		13						
Dividends (\$0.23 per share declared and paid)	Dividends (\$0.23 per share declared and paid)	—		—		(48)		—		(48)						
Other	Other	—		3		—		—		3						
Balance as of June 30, 2023		\$ —		\$ 1,389		\$ 418		\$ 52		\$1,859						
Net income	Net income	—		—		78		—		78						
Dividends (\$0.23 per share declared and paid)	Dividends (\$0.23 per share declared and paid)	—		—		(48)		—		(48)						
Other	Other	—		3		—		—		3						
Balance as of September 30, 2023		\$ —		\$ 1,392		\$ 448		\$ 52		\$1,892						
Balance as of March 31, 2024																

See accompanying notes to the condensed consolidated financial statements.

Reynolds Consumer Products Inc.
Condensed Consolidated Statements of Cash Flows
(in millions)
(Unaudited)

Nine Months Ended	
September 30,	
2023	2022

		Three Months Ended		Three Months Ended	
		March 31,		March 31,	
		2024		2023	
Cash provided by operating activities	Cash provided by operating activities				
Net income	Net income	\$161	\$152		
Net income	Net income				
Adjustments to reconcile net income to operating cash flows:	Adjustments to reconcile net income to operating cash flows:				
Depreciation and amortization	Depreciation and amortization				
Depreciation and amortization	Depreciation and amortization	92	87		
Deferred income taxes	Deferred income taxes	(3)	(1)		
Stock compensation expense	Stock compensation expense	10	4		
Change in assets and liabilities:	Change in assets and liabilities:				
Accounts receivable, net	Accounts receivable, net				
Accounts receivable, net	Accounts receivable, net	3	27		
Other receivables	Other receivables	11	—		
Related party receivables	Related party receivables	(2)	—		
Inventories	Inventories	146	(213)		
Accounts payable	Accounts payable	(5)	40		
Related party payables	Related party payables	(16)	6		
Income taxes payable / receivable	Income taxes payable / receivable	(11)	—		
Accrued and other current liabilities	Accrued and other current liabilities	39	23		
Other assets and liabilities	Other assets and liabilities	(2)	(7)		
Net cash provided by operating activities	Net cash provided by operating activities	423	118		
Cash used in investing activities	Cash used in investing activities				

Acquisition of property, plant and equipment	Acquisition of property, plant and equipment	(77)	(86)
Acquisition of property, plant and equipment			
Acquisition of property, plant and equipment			
Net cash used in investing activities	Net cash used in investing activities	(77)	(86)
Cash used in financing activities	Cash used in financing activities		
Repayment of long-term debt			
Repayment of long-term debt			
Repayment of long-term debt	Repayment of long-term debt	(113)	(19)
Dividends paid	Dividends paid	(144)	(144)
Other financing activities	Other financing activities	(3)	—
Net cash used in financing activities	Net cash used in financing activities	(260)	(163)
Net increase (decrease) in cash and cash equivalents		86	(131)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	38	164
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$124	\$ 33
Cash paid:			
Interest		86	42
Income taxes		65	49
Cash paid:			
Cash paid:			
Interest - long-term debt, net of interest rate swaps			
Interest - long-term debt, net of interest rate swaps			
Interest - long-term debt, net of interest rate swaps			

See accompanying notes to the condensed consolidated financial statements.

Reynolds Consumer Products Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1 – Description of Business and Basis of Presentation

Description of Business:

Reynolds Consumer Products Inc. and its subsidiaries (“we”, “us” or “our”) produce and sell products across three broad categories: cooking products, waste and storage products and tableware. We sell our products under brands such as Reynolds and Hefty, and also under store brands. Our product portfolio includes aluminum foil, wraps, disposable

bakeware, trash bags, food storage bags and disposable tableware. We report four business segments: Reynolds Cooking & Baking; Hefty Waste & Storage; Hefty Tableware; and Presto Products.

Basis of Presentation:

We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X issued by the U.S. Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and notes required by GAAP for comprehensive annual financial statements.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2022 and December 31, 2023, and should be read in conjunction with the disclosures therein. In our opinion, these interim condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary to state fairly the financial condition, results of operations and cash flows for the periods presented. Operating results for interim periods are not necessarily indicative of annual operating results.

Non-Cash Lease Transactions:

We recorded \$32 million in operating lease right-of-use assets obtained in exchange for lease liabilities during the three months ended March 31, 2024. Operating lease right-of-use assets obtained in exchange for lease liabilities during the three months ended March 31, 2023, as well as finance lease right-of-use assets obtained in exchange for lease liabilities during the three months ended March 31, 2024 and 2023, were not material.

Supply Chain Financing:

In March 2023, we initiated a voluntary Supply Chain Finance program (the "SCF" "SCF") with a global financial institution (the "SCF" "SCF Bank"). Under the SCF, qualifying suppliers may elect to sell their receivables from us to the SCF Bank. These participating suppliers negotiate their receivables sales arrangements directly with the SCF Bank. We are not party to those agreements, nor do we provide any security or other forms of guarantees to the SCF Bank. The participation in the program is at the sole discretion of the supplier, we have no economic interest in a supplier's decision to enter into the agreement and have no direct financial relationship with the SCF Bank, as it relates to the SCF. Once a qualifying supplier elects to participate in the SCF and reaches an agreement with the SCF Bank, they elect which individual invoices they sell to the SCF Bank.

The terms of our payment obligations are not impacted by a supplier's participation in the SCF and as such, the SCF has no direct impact on our balance sheets, cash flows, or liquidity. Amounts due Our payment terms with our suppliers for similar services and materials within individual markets are consistent between suppliers that elect to suppliers who voluntarily participate in the SCF and those that do not participate.

All outstanding amounts related to suppliers participating in the SCF are included in recorded within accounts payable in our condensed consolidated balance sheet and our associated payments made under the SCF are reflected included as an operating cash flow in the condensed consolidated statement of cash flows. As of September 30, 2023 March 31, 2024, the amount of obligations outstanding that we have confirmed as valid under the SCF was \$18 \$9 million. As of March 31, 2023, there were no obligations outstanding that we had confirmed as valid under the SCF.

Note 2 – New Accounting Standards

Recently Adopted Accounting Guidance:

In March 2020, September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, and subsequently in January 2021, FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, both of which provide optional expedients and exceptions to applying the guidance on contract modifications, hedge accounting, and other transactions, to simplify the accounting for transitioning from the London Interbank Offered Rate ("LIBOR"), and other interbank offered rates expected to be discontinued, to alternative reference rates. Each of these ASUs were effective upon its issuance and could be applied prospectively through December 31, 2022. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which amended the sunset date of the guidance in Topic 848 to December 31, 2024 from December 31, 2022. We adopted the standards as of January 1, 2023. As a result of the planned phase out of the LIBOR as a reference rate and adoption of ASU 2020-04 and ASU 2021-01, we have amended our Credit Agreement and interest rate swaps and applied practical expedients under the guidance. The adoption did not have a material impact on our condensed consolidated financial statements.

In September 2022, FASB issued ASU 2022-04, *Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. These amendments require disclosure of the key terms of outstanding supplier finance programs and a rollforward of the related obligations. These amendments are were effective for fiscal years beginning after December 31, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 31, 2023. We adopted the standard as of January 1, 2023, other than the amendment on rollforward information, which will be adopted prospectively in our Annual Report on Form 10-K for the year ending December 31, 2024 as of January 1, 2023, required. The adoption relates to disclosure only, and does not have an impact on our condensed consolidated financial statements.

Accounting Guidance Issued But Not Yet Adopted:

In November 2023, FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, which enhances disclosures about significant segment expenses by requiring disclosure of incremental segment information on an annual and interim basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently assessing the impact of this standard on our consolidated financial statements.

In December 2023, FASB issued ASU 2023-09, *Income Taxes (Topic 740)*, which enhances disclosures within the income tax rate reconciliation and information disclosed related to income taxes paid, and requires disaggregation of certain financial statement captions between domestic, foreign, federal and state. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently assessing the impact of this standard on our consolidated financial statements.

In March 2024, the SEC adopted final rules under SEC Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, which will require public companies to include climate-related disclosures in their annual reports and registration statements. The final rules will require, among other matters, information about climate-related risks that have materially impacted, or are reasonably likely to have a material impact on, a registrant, including on its strategy, results of operations, or financial condition. In addition, under the final rules, certain disclosures related to severe weather events and other natural conditions will be required in the audited financial statements. The disclosure requirements related to financial statements are expected to be effective for our Annual Report on Form 10-K for the fiscal year ended December 31, 2025. We are currently assessing the impact of these rules on our consolidated financial statements and related disclosures.

Note 3 – Inventories

Inventories consisted of the following:

		September 30, 2023	December 31, 2022		
		(in millions)			
		March 31, 2024		March 31, 2024	December 31, 2023
		(in millions)		(in millions)	
Raw materials	Raw materials	\$ 171	\$ 215		
Work in progress	Work in progress	53	81		
Finished goods	Finished goods	303	383		
Spare parts	Spare parts	49	43		
Inventories	Inventories	\$ 576	\$ 722		

Note 4 – Debt

Long-term debt consisted of the following:

		September 30, 2023	December 31, 2022		
		(in millions)			
		March 31, 2024		March 31, 2024	December 31, 2023
		(in millions)		(in millions)	
Term loan facility	Term loan facility	\$ 1,995	\$ 2,107		
Deferred financing transaction costs	Deferred financing transaction costs	(13)	(14)		
Original issue discounts	Original issue discounts	(1)	(2)		
		1,981	2,091		
		1,833			
Less: current portion	Less: current portion	—	(25)		
Long-term debt	Long-term debt	\$ 1,981	\$ 2,066		

External Debt Facilities

In February 2020, we entered into new external debt facilities ("External Debt Facilities"), which consist of (i) a \$2,475 million senior secured term loan facility ("Term Loan Facility"); and (ii) a \$250 million senior secured revolving credit facility ("Revolving Facility"). In February 2023, we amended the External Debt Facilities (as amended, the "Amended External Debt Facilities" ("Amendment No. 1") which replaced the interest rate benchmark from the LIBOR London Interbank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR"). Additionally, in November 2023, we further amended the External Debt Facilities ("Amendment No. 2") to extend the maturity of the Revolving Facility by one year. Other than the foregoing, the material terms of the External Debt Facilities, as amended by Amendment No. 1 and Amendment No. 2 ("Amended External Debt Facilities") remain unchanged, and our election to use practical expedients under ASU 2020-04 and ASU 2021-01 as described in Note 2 - New Accounting Standards, resulted in no material impacts on our condensed consolidated financial statements.

Borrowings under the Amended External Debt Facilities bear interest at a rate per annum equal to, at our option, either a base rate plus an applicable margin of 0.75% or a SOFR plus an applicable margin of 1.75%. During September 2020, May 2022 and August 2022, we have entered into a series of interest rate swaps to hedge a portion of the interest rate exposure resulting from these borrowings. In conjunction with the amendment of our External Debt Facilities, we amended the outstanding interest rate swaps to replace the interest rate benchmark from the LIBOR to SOFR. Refer to Note 5 – Financial Instruments for further details.

The Amended External Debt Facilities contain a springing financial covenant requiring compliance with a ratio of first lien net indebtedness to consolidated EBITDA, applicable solely to the Revolving Facility. The financial covenant is tested on the last day of any fiscal quarter only if the aggregate principal amount of borrowings under the Revolving Facility and drawn but unreimbursed letters of credit exceed 35% of the total amount of commitments under the Revolving Facility on such day. We are currently in compliance with the covenants contained in our Amended External Debt Facilities.

If an event of default occurs, the lenders under the Amended External Debt Facilities are entitled to take various actions, including the acceleration of amounts due under the Amended External Debt Facilities and all actions permitted to be taken by secured creditors.

Term Loan Facility

The Term Loan Facility matures in February 2027. The Term Loan Facility amortizes in equal quarterly installments of \$6 million, which commenced in June 2020, with the balance payable on maturity. During the three months year ended September 30, 2023 December 31, 2023, we made a voluntary principal payment payments of \$100 \$250 million related to on our Term Loan Facility, which was were first applied to pay the remaining quarterly amortization payments in full, with the residual balance applied to the outstanding principal balance due at maturity.

Revolving Facility

In November 2023, we amended the External Debt Facilities to extend the maturity date of the Revolving Facility by one year. The Revolving Facility matures in February 2025 2026 and includes a sub-facility for letters of credit. As of September 30, 2023 March 31, 2024, we had no outstanding borrowings under the Revolving Facility, and we had \$6 million of letters of credit outstanding, which reduces the borrowing capacity under the Revolving Facility.

Fair Value of Our Long-Term Debt

The fair value of our long-term debt as of September 30, 2023 March 31, 2024, which is a Level 2 fair value measurement, approximates the carrying value due to the variable market interest rate and the stability of our credit profile.

Note 5 - Financial Instruments

Interest Rate Derivatives

During 2020 and 2022, we entered into a series of interest rate swaps to fix the LIBOR of our External Debt Facilities. In February 2023, we amended our interest rate swaps to replace the interest rate benchmark from the LIBOR to SOFR. Other than the foregoing, the material terms of the interest rate swap agreements remained unchanged, and our election to use practical expedients under ASUs 2020-04 and 2021-01 as described in Note 2 - New Accounting Standards, resulted in no material impacts on our condensed consolidated financial statements. The aggregate notional amount of the interest rate swaps still in effect as of September 30, 2023 March 31, 2024 was \$1,150 million, and the SOFR is fixed at an annual rate of 0.40% to 3.40% (for an annual effective interest rate of 2.15% to 5.15%, including margin).

The interest rate swaps outstanding as of September 30, 2023 March 31, 2024 hedge a portion of the interest rate exposure resulting from our Term Loan Facility for periods ranging from a period of approximately two to three years. We classified these instruments as cash flow hedges. The effective portion of the gain or loss on the open hedging instrument is recorded in accumulated other comprehensive income and is reclassified into earnings as interest expense, net when settled. The associated asset or liability on the open hedges is recorded at its fair value in other assets or other liabilities, as applicable. The fair value of the interest rate swaps was determined using a discounted cash flow method based on market-based swap yield curves, taking into account current interest rates, and is classified as Level 2 within the fair value hierarchy.

The following table provides the notional amounts, the annual rates, the weighted average annual effective rates, and the fair value of our interest rate derivatives:

(In millions)	Notional Amount	Annual Rate	Weighted Average Annual	Fair Value - Other Current	
			Effective Rate	Assets	Fair Value - Other Assets
As of September 30, 2023	\$ 1,150	2.15% to 5.15%	4.38 %	\$ 30	\$ 22
As of December 31, 2022 ⁽¹⁾	\$ 1,150	2.19% to 5.19%	4.42 %	\$ 25	\$ 23

(In millions)			Weighted Average Annual	Fair Value - Other Current	
	Notional Amount	Annual Rate	Effective Rate	Assets	Fair Value - Other Assets
As of March 31, 2024	\$ 1,150	2.15% to 5.15%	4.38%	\$ 26	\$ 11
As of December 31, 2023	\$ 1,150	2.15% to 5.15%	4.38%	\$ 23	\$ 7

(1) Based on the interest rate swaps prior to the amendments entered into in February 2023, which was based on the LIBOR as of December 31, 2022.

Note 6 – Stock-based Compensation

Our equity incentive plan was established in 2020, for purposes of granting stock-based compensation awards to certain members of our senior management, our non-executive directors and to certain employees, to incentivize their performance and align their interests with ours. We have granted restricted stock units ("RSUs") to certain employees and non-employee directors that have a service-based vesting condition. In addition, we have granted performance stock units ("PSUs") to certain members of management that have a performance-based vesting condition. We account for forfeitures of outstanding but unvested grants in the period they occur. A maximum of 10.5 million shares of common stock were initially available for issuance under equity incentive awards granted pursuant to the plan. In the three and nine months ended September 30, 2023 March 31, 2024, zero and 0.2 million 0.3 million RSUs and zero and 0.2 million 0.3 million PSUs were granted, respectively. granted.

As of September 30, 2023 March 31, 2024, there were stock-based compensation awards representing 0.7 million 1.4 million shares outstanding compared to 0.4 million 0.8 million shares outstanding as of December 31, 2022 December 31, 2023. Stock-based compensation expense was \$3 million and \$10 million \$4 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to zero and \$4 million in \$3 million for the comparable prior year periods. three months ended March 31, 2023.

Note 7 – Commitments and Contingencies

Legal Proceedings:

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, consumer complaints, advertising/labelling claims, personal injury and commercial or contractual disputes. 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 as of September 30, 2023 March 31, 2024, we do not believe any of these matters, individually or in the aggregate, will have a material adverse effect on our financial position, results of operations or cash flows. However, actual outcomes may differ from those expected and could have a material effect on our financial position, results of operations or cash flows in a future period.

Note 8 – Accumulated Other Comprehensive Income

The following table summarizes the changes in our balances of each component of accumulated other comprehensive income.

(In millions)	(In millions)	Accumulated				(In millions)	Currency Translation	Employee Benefit	Interest Rate	Accumulated Other
		Currency Translation	Employee Benefit	Interest Rate	Other Comprehensive Income					
		Adjustments	Plans	Derivatives			Adjustments	Plans	Derivatives	Comprehensive Income
Balance as of December 31, 2021		\$ (6)	\$ 12	\$ 4	\$ 10					
Gain arising during the period		—	—	9	9					
Reclassification to earnings		—	—	—	—					
Effect of deferred taxes		—	—	(2)	(2)					
Balance as of March 31, 2022		\$ (6)	\$ 12	\$ 11	\$ 17					
Gain arising during the period		—	—	5	5					
Reclassification to earnings		—	(1)	—	(1)					
Effect of deferred taxes		—	—	(1)	(1)					
Balance as of June 30, 2022		\$ (6)	\$ 11	\$ 15	\$ 20					
Gain (loss) arising during the period		(2)	—	34	32					
Reclassification to earnings		—	—	(3)	(3)					
Effect of deferred taxes		—	—	(7)	(7)					
Balance as of September 30, 2022		\$ (8)	\$ 11	\$ 39	\$ 42					
Balance as of December 31, 2022	Balance as of December 31, 2022	\$ (7)	\$ 23	\$ 36	\$ 52					

Loss arising during the period	Loss arising during the period	—	—	(10)	(10)
Reclassification to earnings	Reclassification to earnings	—	(1)	(6)	(7)
Effect of deferred taxes	Effect of deferred taxes	—	—	4	4
Balance as of March 31, 2023	Balance as of March 31, 2023	(7)	22	24	39
Gain arising during the period		—	—	25	25
Balance as of December 31, 2023					
Balance as of December 31, 2023					
Balance as of December 31, 2023					
Gain (loss) arising during the period					
Reclassification to earnings	Reclassification to earnings	—	(1)	(7)	(8)
Effect of deferred taxes	Effect of deferred taxes	—	—	(4)	(4)
Balance as of June 30, 2023		(7)	21	38	52
Gain arising during the period		—	—	9	9
Reclassification to earnings		—	(1)	(8)	(9)
Effect of deferred taxes		—	—	—	—
Balance as of September 30, 2023		\$ (7)	\$ 20	\$ 39	\$ 52
Balance as of March 31, 2024					

Note 9 – Segment Information

Our Chief Executive Officer, who has been identified as our Chief Operating Decision Maker (“CODM”), has evaluated how he views and measures our performance. In applying the criteria set forth in the standards for reporting information about segments in financial statements, we have determined that we have four reportable segments - Reynolds Cooking & Baking, Hefty Waste & Storage, Hefty Tableware and Presto Products. The key factors used to identify these reportable segments are the organization and alignment 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 segments are described as follows:

Reynolds Cooking & Baking

Our Reynolds Cooking & Baking segment produces branded and store brand aluminum foil, disposable aluminum pans, parchment paper, freezer paper, wax paper, butcher paper, plastic wrap, baking cups, oven bags and slow cooker liners. Our branded products are sold under the Reynolds Wrap, Reynolds KITCHENS and EZ Foil brands in the United States and selected international markets, under the ALCAN brand in Canada and under the Diamond brand outside of North America.

Hefty Waste & Storage

Our Hefty Waste & Storage segment produces both branded and store brand trash and food storage bags. Our branded products are sold under the Hefty Ultra Strong and Hefty Strong brands for trash bags, and as the Hefty and Baggies brands for our food storage bags.

Hefty Tableware

Our Hefty Tableware segment sells both branded and store brand disposable and compostable plates, bowls, platters, cups and cutlery. Our Hefty branded products include dishes and party cups.

Presto Products

Our Presto Products segment primarily sells store brand products in four main categories: food storage bags, trash bags, reusable storage containers and plastic wrap. Our Presto Products segment also includes our specialty business, which serves other consumer products companies by providing Fresh-Lock and Slide-Rite resealable closure systems.

Information by Segment

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

Adjusted EBITDA represents each segment's earnings before interest, tax, depreciation and amortization and **is may be** further adjusted to exclude **IPO and separation-related costs, certain non-recurring costs, if applicable.**

Total assets by segment are those assets directly associated with the respective operating activities, comprising inventory, property, plant and equipment and operating lease right-of-use assets. Other assets, such as cash, accounts receivable and intangible assets, are monitored on an entity-wide basis and not included in segment information that is regularly reviewed by our CODM.

Transactions between segments are at negotiated prices.

	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated ⁽¹⁾	Total
Three Months Ended September 30, 2023	(in millions)						
Net revenues	\$ 312	\$ 241	\$ 233	\$ 147	\$ 933	\$ 2	\$ 935
Intersegment revenues	—	3	—	5	8	(8)	—
Total segment net revenues	\$ 312	\$ 244	\$ 233	\$ 152	\$ 941	\$ (6)	\$ 935
Adjusted EBITDA	51	71	41	31	194		
Depreciation and amortization	8	5	4	5	22	9	31
	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated ⁽¹⁾	Total
Three Months Ended September 30, 2022	(in millions)						
Net revenues	\$ 327	\$ 234	\$ 251	\$ 154	\$ 966	\$ 1	\$ 967
Intersegment revenues	—	3	—	1	4	(4)	—
Total segment net revenues	\$ 327	\$ 237	\$ 251	\$ 155	\$ 970	\$ (3)	\$ 967
Adjusted EBITDA	33	44	24	23	124		
Depreciation and amortization	6	5	4	6	21	9	30

	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated ⁽¹⁾	Total	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated ⁽¹⁾	Total
Nine Months Ended September 30, 2023	(in millions)							Three Months Ended March 31, 2024						
Three Months Ended March 31, 2024	(in millions)							(in millions)						
Net revenues	\$ 916	\$ 697	\$ 708	\$ 433	\$ 2,754	\$ (4)	\$ 2,750	Adjusted EBITDA	33	66	66	30	29	158
Intersegment revenues	—	8	—	8	16	(16)	—							
Total segment net revenues	\$ 916	\$ 705	\$ 708	\$ 441	\$ 2,770	\$ (20)	\$ 2,750							
Adjusted EBITDA	94	188	117	78	477									
Depreciation and amortization	22	15	12	16	65	27	92							

		Hefty						
		Reynolds	Waste					
		Cooking	&	Hefty	Presto	Segment		
		& Baking	Storage	Tableware	Products	Total	Unallocated ⁽¹⁾	Total
Nine Months Ended September 30, 2022								
(in millions)								
		Reynolds						
		Cooking						
		& Baking						
		Reynolds						
		Cooking						
		& Baking						
		Reynolds	Hefty					
		Cooking	Waste					
		& Baking	&					
			Storage	Tableware	Products	Total	Unallocated	

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
		(in millions)		(in millions)	
Three Months Ended					
March 31,					
2024					
(in millions)					
Segment	Segment				
Adjusted	Adjusted				
EBITDA	EBITDA	\$194	\$124	\$477	\$371
Corporate /	Corporate /				
unallocated	unallocated				
expenses	expenses	(29)	(8)	(79)	(25)
		165	116	398	346
122					
Adjustments	Adjustments				
to reconcile to	to reconcile to				
GAAP income	GAAP income				
before income	before income				
taxes	taxes	Adjustments to reconcile to GAAP income before income taxes			
Depreciation	Depreciation				
and	and				
amortization	amortization	(31)	(30)	(92)	(87)
Interest	Interest				
expense, net	expense, net	(31)	(20)	(91)	(48)
IPO and separation-related					
costs		—	(3)	—	(10)
Consolidated	Consolidated				
GAAP	GAAP				
income	income				
before	before				
income taxes	income taxes	\$103	\$ 63	\$215	\$201

Information in Relation to Products

Net revenues by product line are as follows:

		Three Months		Nine Months	
		Ended		Ended September	
		September 30,		30,	
		2023	2022	2023	2022
		(in millions)		(in millions)	
Three Months Ended					
March 31,					
2024		2024		Three Months Ended March 31,	
				2023	
(in millions)		(in millions)			
Waste and storage products ⁽¹⁾	Waste and storage products ⁽¹⁾	\$396	\$392	\$1,146	\$1,151
Cooking products	Cooking products	312	327	916	889
Tableware	Tableware	233	251	708	701
Unallocated	Unallocated	(6)	(3)	(20)	(12)

Net revenues	Net revenues	\$935	\$967	\$2,750	\$2,729
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(1) Waste and storage products are comprised of our Hefty Waste & Storage and Presto Products segments.

Our different product lines are generally sold to a common group of customers. 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.

Note 10 – Related Party Transactions

Packaging Finance Limited ("PFL") owns the majority of our outstanding common stock and owns the majority of the outstanding common stock of Pactiv Evergreen Inc. and its subsidiaries ("PEI Group"). We sell and purchase various goods and services with PEI Group under contractual arrangements that expire over a variety of periods through December 31, 2027. During the nine months year ended September 30, 2023 December 31, 2023, we amended these contractual arrangements with PEI Group, which, among other things, extended the expiration date for certain arrangements. Transactions between us and PEI Group are described below.

For each of the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, revenues from products sold to PEI Group were \$21 million and \$61 million, respectively, compared to \$29 million and \$77 million in the comparable prior year periods. \$22 million. For the three and nine months ended September 30, 2023 March 31, 2024, products purchased from PEI Group were \$92 million and \$291 million \$80 million, respectively, compared to \$101 million and \$294 million \$106 million in the comparable prior year periods. period. For the three and nine months ended September 30, 2023 March 31, 2024, PEI Group charged us freight and warehousing costs of \$9 million and \$28 million \$8 million, respectively, compared to \$12 million and \$42 million \$9 million in the comparable prior year periods. period, which were included in cost of sales. The resulting related party receivables and payables are settled regularly in the normal course of business.

Furthermore, \$36 million of the dividends paid during each of the three months ended September 30, 2023 March 31, 2024 and September 30, 2022, and \$107 million of the dividends paid during each of the nine months ended September 30, 2023 and September 30, 2022 March 31, 2023, were paid to PFL.

Note 11 – Subsequent Events

Quarterly Cash Dividend

On October 26, 2023 April 25, 2024, our Board of Directors approved a cash dividend of \$0.23 per common share to be paid on November 30, 2023 May 31, 2024 to shareholders of record on November 16, 2023 May 17, 2024.

Term Loan Facility

Subsequent to September 30, 2023 March 31, 2024, we made a voluntary principal payment of \$100 \$50 million related to our Term Loan Facility.

Except as described above, there have been no events subsequent to September 30, 2023 March 31, 2024 which would require accrual or disclosure in these condensed consolidated financial statements.

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

Our management's 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 and our consolidated financial statements and the accompanying notes contained in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Description of the Company and its Business Segments

We are a market-leading consumer products company with a presence in 95% of households across the United States. We produce and sell products across three broad categories: cooking products, waste and storage products and tableware. We sell our products under iconic brands such as Reynolds and Hefty and also under store brands that are strategically important to our customers, retail partners. Overall, across both our branded and store brand offerings, we hold the #1 or #2 U.S. market share position in the majority of product categories in which we participate. Over 65% of our revenue comes from products that are #1 in their respective categories. We have developed our market-leading position by investing in our product categories and consistently developing innovative products that meet the evolving needs and preferences of the modern consumer.

Our mix of branded and store brand products is a key competitive advantage that aligns our goal of growing the overall product categories with our customers' goals and where we have offerings. Our retail partners also measure their success in category growth, which positions us as a trusted strategic partner to our retailers. Our Reynolds and Hefty brands have preeminent positions in their categories and carry strong brand recognition in household aisles. partner.

We manage our operations in four operating and reportable segments: Reynolds Cooking & Baking, Hefty Waste & Storage, Hefty Tableware and Presto Products:

- Reynolds Cooking & Baking:** Through our Reynolds Cooking & Baking segment, we produce sell both branded and store brand aluminum foil, disposable aluminum pans, parchment paper, freezer paper, wax paper, butcher paper, plastic wrap, baking cups, oven bags and slow cooker liners. Our branded products are sold under the Reynolds Wrap, Reynolds KITCHENS and EZ Foil brands in the United States and selected international markets, under the ALCAN brand in Canada and under the Diamond brand outside of North America. With our flagship Reynolds Wrap products, we hold the #1 market position in the U.S. consumer foil market measured by retail sales and volume. We also hold the #1 market position in the Canadian branded foil market under the ALCAN brand. We have no significant branded competitor in this market. Reynolds is one of the most recognized household brands in the United States and has been the top trusted brand in the consumer foil market for over 75 years, with greater than 50% market share in most of its categories.

- Hefty Waste & Storage:** Through our Hefty Waste & Storage segment, we produce both branded and store brand trash and food storage bags. Hefty is a well-recognized leader in the trash bag and food storage bag categories and our private label products offer value to our retail partners. Our branded products are sold under the Hefty Ultra Strong and Hefty Strong brands for trash bags, and as the Hefty and Baggies brands for our food storage bags. We have the #1 branded market share in the U.S. large black trash bag and slider bag segments, and the #2 branded market share in the tall kitchen trash bag segment. Our robust product portfolio in this segment includes a full suite of products, including sustainable solutions such as blue and clear recycling bags, compostable bags, bags made from recycled materials and orange bags through the Hefty ReNew™ Program, formerly the Hefty EnergyBag ReNew™ Program.
- Hefty Tableware:** Through our Hefty Tableware segment, we sell both branded and store brand disposable and compostable plates, bowls, platters, cups and cutlery. Our Hefty branded products include dishes and party cups. Hefty branded party cups are the #1 party cup in America measured by market share. Our branded products use our Hefty brand to represent both quality and great price, value, and we bring this same quality and value promise to all of our store brands as well. We sell across a broad range of materials and price points in all retail channels, allowing our consumers to select the product that best suits their price, function and aesthetic needs. These materials include sustainable solutions, such as Hefty ECOSAVE™ and Hefty Compostable Printed Paper Plates.
- Presto Products:** Through our Presto Products segment, we primarily sell store brand products in four main categories: food storage bags, trash bags, reusable storage containers and plastic wrap. Presto Products is a market leader in food storage bags and differentiates itself by providing access to category management, consumer insights, marketing, merchandising and research and development ("R&D") resources. Presto Products was the first in the U.S. market to offer a store branded sandwich bag made with an approximately 20% proprietary blend of plant and ocean, renewable materials. Our Presto Products segment also includes our specialty business, which serves other consumer products companies by providing Fresh-Lock and Slide-Rite resealable closure systems.

Overview

Total net revenues decreased 3% 5% in the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022, 2023. The revenue decrease was primarily due to consisted of lower volume slightly offset in both our retail and non-retail businesses. Our retail and lower-margin non-retail net revenue declined by higher pricing due to previously implemented pricing actions. Total net revenues increased 1% in the nine months ended September 30, 2023 compared to the same period in 2022. The revenue increase was primarily due to higher pricing due to previously implemented pricing actions, partially offset by lower volume. \$23 million and \$18 million, respectively.

During the three months ended September 30, 2023 March 31, 2024, our net income improved by 63% compared to the prior year period, primarily increased \$32 million driven by higher pricing due to previously implemented pricing actions and lower declines in material and manufacturing costs, as well as lower logistics costs. These were partially offset by higher selling, general and administrative expenses, a reduction in interest expense and income tax expense.

During the nine months ended September 30, 2023, our net income improved by 6% compared to the prior year period, primarily driven by higher pricing as a result of a lower outstanding principal balance due to previously implemented pricing actions and lower material and manufacturing costs, as well as lower logistics costs. These were partially offset by higher selling, general and administrative expenses, interest expense and income tax expense. repayments made on our term loan facility throughout 2023.

Non-GAAP Measures

In this Quarterly Report on Form 10-Q we use the non-GAAP financial measures measure "Adjusted EBITDA", "Adjusted Net Income" and "Adjusted Diluted Earnings Per Share" ("Adjusted EPS"), which are measures adjusted for the impact of specified items and are not in accordance with GAAP. is a non-GAAP measure.

We define Adjusted EBITDA as net income calculated in accordance with GAAP, plus the sum of income tax expense, net interest expense, depreciation and amortization and as may be further adjusted to exclude IPO and separation-related costs. We define Adjusted Net Income and Adjusted EPS as Net Income and Earnings Per Share calculated in accordance with GAAP, plus IPO and separation-related costs, certain non-recurring items, if applicable.

We present Adjusted EBITDA because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions. In addition, our chief operating decision maker uses Adjusted EBITDA of each reportable segment to evaluate the operating performance of such segments. We use Adjusted Net Income and Adjusted EPS as supplemental measures to evaluate our business' performance in a way that also considers our ability to generate profit without the impact of certain items. Accordingly, we believe presenting these measures this measure 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.

Non-GAAP information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, our non-GAAP financial measures may not be the same as or comparable to similar non-GAAP financial measures presented by other companies.

The following table presents a reconciliation of our net income, the most directly comparable GAAP financial measure, to Adjusted EBITDA:

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
		(in millions)		(in millions)	
Three Months Ended					
March 31,					
Three Months Ended March 31,					

	2024	2024				2023			
	(in millions)					(in millions)			
Net income	Net income								
– GAAP	– GAAP	\$ 78	\$ 48	\$161	\$152				
Income tax expense	Income tax expense	25	15	54	49				
Interest expense, net	Interest expense, net	31	20	91	48				
Depreciation and amortization	Depreciation and amortization	31	30	92	87				
IPO and separation-related costs ⁽¹⁾		—	3	—	10				
Adjusted EBITDA (Non-GAAP)	Adjusted EBITDA (Non-GAAP)	\$165	\$116	\$398	\$346				

(1) Reflects costs related to the IPO process, as well as costs related to our separation to operate as a stand-alone public company. These costs are included in Other expense, net in our condensed consolidated statements of income.

The following tables present reconciliations of our net income and diluted EPS, the most directly comparable GAAP financial measures, to Adjusted Net Income and Adjusted EPS:

(in millions, except for per share data)	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Net Income	Diluted Shares	Diluted EPS	Net Income	Diluted Shares	Diluted EPS
As Reported - GAAP	\$ 78	210	\$ 0.37	\$ 48	210	\$ 0.23
Adjustments:						
IPO and separation-related costs ⁽¹⁾	—	210	—	2	210	0.01
Adjusted (Non-GAAP)	\$ 78	210	\$ 0.37	\$ 50	210	\$ 0.24

(1) Amount is after tax, calculated using a tax rate of 24.0% for the three months ended September 30, 2022, which was our effective tax rate for the period presented.

(in millions, except for per share data)	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Net Income	Diluted Shares	Diluted EPS	Net Income	Diluted Shares	Diluted EPS
As Reported - GAAP	\$ 161	210	\$ 0.77	\$ 152	210	\$ 0.72
Adjustments:						
IPO and separation-related costs ⁽¹⁾	—	210	—	8	210	0.04
Adjusted (Non-GAAP)	\$ 161	210	\$ 0.77	\$ 160	210	\$ 0.76

(1) Amount is after tax, calculated using a tax rate of 24.5% for the nine months ended September 30, 2022, which was our effective tax rate for the period presented.

Results of Operations – Three Months Ended September 30, 2023 March 31, 2024

The following discussion should be read in conjunction with our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Detailed comparisons of revenue and results are presented in the discussions of the operating segments, which follow our consolidated results discussion.

Certain discussions in this section provide a breakdown of net revenues between our retail and non-retail businesses. Our retail business net revenues consist of sales to grocery stores, mass merchants, warehouse clubs, discount chains, dollar stores, drug stores, home improvement stores, military outlets and eCommerce retailers. Our non-retail business net revenues consist of sales to food service customers, which are classified as related party revenues, and industrial customers.

Aggregation of Segment Revenue and Adjusted EBITDA

(in millions)	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Unallocated ⁽¹⁾	Total Reynolds Consumer Products
Net revenues for the three months ended September 30:						
2023	\$ 312	\$ 244	\$ 233	\$ 152	\$ (6)	\$ 935
2022	327	237	251	155	(3)	967
Adjusted EBITDA ⁽²⁾ for the three months ended September 30:						
2023	\$ 51	\$ 71	\$ 41	\$ 31	\$ (29)	\$ 165
2022	33	44	24	23	(8)	116

(in millions)	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Unallocated ⁽¹⁾	Total Reynolds Consumer Products
Net revenues for the three months ended March 31:						
2024	\$ 264	\$ 229	\$ 205	\$ 143	\$ (8)	\$ 833
2023	283	233	224	144	(10)	874
Adjusted EBITDA ⁽²⁾ for the three months ended March 31:						
2024	\$ 33	\$ 66	\$ 30	\$ 29	\$ (36)	\$ 122
2023	4	55	30	19	(26)	82

- (1) The unallocated net revenues include elimination of intersegment revenues and other revenue adjustments. The unallocated Adjusted EBITDA represents the combination of corporate expenses which are not allocated to our segments and other unallocated revenue adjustments.
- (2) Adjusted EBITDA is a non-GAAP measure. See "Non-GAAP Measures" for details, including a reconciliation between net income and Adjusted EBITDA.

Three Months Ended **September 30, 2023** **March 31, 2024** Compared with the Three Months Ended **September 30, 2022** **March 31, 2023**

Total Reynolds Consumer Products

For the Three Months Ended September 30,													
For the Three Months Ended March 31,													
(in millions, except for %)	(in millions, except for %)	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue	% of Revenue
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
(in millions, except for %)													
(in millions, except for %)													
Net revenues													
Net revenues													
Net revenues	Net revenues	\$914	98 %	\$938	97 %	\$ (24)	(3) %	\$ 811	97	97 %	\$852	97	97 %
Related party net revenues	Related party net revenues	21	2 %	29	3 %	(8)	(28) %	22	3	3 %	22	3	3 %
Total net revenues	Total net revenues	935	100 %	967	100 %	(32)	(3) %	833	100	100 %	874	100	100 %
Cost of sales	Cost of sales	(686)	(73) %	(789)	(82) %	103	13 %	(632)	(76)	(76) %	(719)	(82)	(82) %
Gross profit	Gross profit	249	27 %	178	18 %	71	40 %	201	24	24 %	155	18	18 %
Selling, general and administrative expenses	Selling, general and administrative expenses	(115)	(12) %	(90)	(9) %	(25)	(28) %	(111)	(13)	(13) %	(105)	(12)	(12) %
Other expense, net		—	— %	(5)	(1) %	5	NM						

Other income, net								Other income, net												
								—			— %			2		— % (2)			NM %	
Income from operations	Income from operations	134	14 %	83	9 %	51	61 %	Income from operations	90	11	11 %	52	6	6 %	38	73	73 %			
Interest expense, net	Interest expense, net	(31)	(3) %	(20)	(2) %	(11)	(55) %	Interest expense, net	(25)	(3)	(3) %	(29)	(3)	(3) %	4	14	14 %			
Income before income taxes	Income before income taxes	103	11 %	63	7 %	40	63 %	Income before income taxes	65	8	8 %	23	3	3 %	42	183	183 %			
Income tax expense	Income tax expense	(25)	(3) %	(15)	(2) %	(10)	(67) %	Income tax expense	(16)	(2)	(2) %	(6)	(1)	(1) %	(10)	(167)	(167) %			
Net income	Net income	\$ 78	8 %	\$ 48	5 %	\$ 30	63 %	Net income	\$ 49	6	6 %	\$ 17	2	2 %	\$32	188	188 %			
Adjusted EBITDA ⁽¹⁾	Adjusted EBITDA ⁽¹⁾	\$165	18 %	\$116	12 %	\$ 49	42 %	Adjusted EBITDA ⁽¹⁾	\$122	15	15 %	\$ 82	9	9 %	\$40	49	49 %			

Components of Change in Net Revenues for the Three Months Ended September 30, 2023 March 31, 2024 vs. the Three Months Ended September 30, 2022 March 31, 2023

Total Net Revenues. Total net revenues decreased by \$32 million, or 3%, to \$935 million. The decrease was primarily driven by lower volume in both our retail and non-retail businesses. Our retail and non-retail net revenue declined by higher pricing due to previously implemented pricing actions. \$23 million and \$18 million, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by **\$25 \$6** million, or **28% 6%**, to **\$115 \$111** million, primarily due to higher personnel costs and advertising costs and professional fees. costs.

Adjusted EBITDA. Hefty Tableware Adjusted EBITDA increased by \$17 million, or 71%, to \$41 million. The increase in Adjusted EBITDA was primarily driven by higher pricing due to previously implemented pricing actions and remained flat, with lower material and manufacturing costs as well as lower logistics costs, partially offset by higher advertising costs, lower volume.

	For the Three Months Ended September 30,										
	For the Three Months Ended March 31,										
(in millions, except for %)	(in millions, except for %)	2023	2022	Change	% Change						
(in millions, except for %)											
(in millions, except for %)											
Total segment net revenues											
Total segment net revenues											
Total segment net revenues	\$152	\$155	\$ (3)	(2) %	\$143	\$	\$	\$144	\$	\$ (1)	(1) %
Segment Adjusted EBITDA	31	23	8	35 %	29	19	19	10	10	53	53 %
Segment Adjusted EBITDA Margin	20 %	15 %									

Adjusted EBITDA. Presto Products Adjusted EBITDA increased by \$8 million \$10 million, or 35% 53%, to \$31 million \$29 million. The increase in Adjusted EBITDA was primarily driven by lower material and manufacturing costs, as well as lower logistics costs.

The following discussion should be read in conjunction with our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Detailed comparisons of revenue and results are presented in the discussions of the operating segments, which follow our consolidated results discussion.

	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Unallocated ⁽¹⁾	Total Reynolds Consumer Products
(in millions)						
Net revenues for the nine months ended September 30:						
2023	\$ 916	\$ 705	\$ 708	\$ 441	\$ (20)	\$ 2,750
2022	889	704	701	447	(12)	2,729
Adjusted EBITDA ⁽²⁾ for the nine months ended September 30:						
2023	\$ 94	\$ 188	\$ 117	\$ 78	\$ (79)	\$ 398

2022	97	135	72	67	(25)	346
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- (1) The unallocated net revenues include elimination of intersegment revenues and other revenue adjustments. The unallocated Adjusted EBITDA represents the combination of corporate expenses which are not allocated to our segments and other unallocated revenue adjustments.
- (2) Adjusted EBITDA is a non-GAAP measure. See "Non-GAAP Measures" for details, including a reconciliation between net income and Adjusted EBITDA.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Total Reynolds Consumer Products

(in millions, except for %)	For the Nine Months Ended September 30,					
	2023	% of Revenue	2022	% of Revenue	Change	% Change
Net revenues	\$ 2,689	98 %	\$ 2,652	97 %	\$ 37	1 %
Related party net revenues	61	2 %	77	3 %	(16)	(21) %
Total net revenues	2,750	100 %	2,729	100 %	21	1 %
Cost of sales	(2,117)	(77) %	(2,199)	(81) %	82	4 %
Gross profit	633	23 %	530	19 %	103	19 %
Selling, general and administrative expenses	(327)	(12) %	(264)	(10) %	(63)	(24) %
Other expense, net	—	— %	(17)	(1) %	17	100 %
Income from operations	306	11 %	249	9 %	57	23 %
Interest expense, net	(91)	(3) %	(48)	(2) %	(43)	(90) %
Income before income taxes	215	8 %	201	7 %	14	7 %
Income tax expense	(54)	(2) %	(49)	(2) %	(5)	(10) %
Net income	\$ 161	6 %	\$ 152	6 %	\$ 9	6 %
Adjusted EBITDA ⁽¹⁾	\$ 398	14 %	\$ 346	13 %	\$ 52	15 %

- (1) Adjusted EBITDA is a non-GAAP measure. See "Non-GAAP Measures" for details, including a reconciliation between net income and Adjusted EBITDA.

Components of Change in Net Revenues for the Nine Months Ended September 30, 2023 vs. the Nine Months Ended September 30, 2022

	Price	Volume/Mix	Total
Reynolds Cooking & Baking	(1) %	4 %	3 %
Hefty Waste & Storage	3 %	(3) %	— %
Hefty Tableware	9 %	(8) %	1 %
Presto Products	1 %	(2) %	(1) %
Total RCP	3 %	(2) %	1 %

Total Net Revenues. Total net revenues increased by \$21 million, or 1%, to \$2,750 million. The increase was primarily driven by higher pricing due to previously implemented pricing actions, partially offset by lower volume.

Cost of Sales. Cost of sales decreased by \$82 million, or 4%, to \$2,117 million. The decrease was driven by lower volume and lower material and manufacturing costs, as well as lower logistics costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$63 million, or 24%, to \$327 million primarily due to higher personnel costs, advertising costs and professional fees.

Other expense, net. Other expense, net decreased by \$17 million, or 100%, to zero primarily due to IPO and separation-related costs and changes in our deferred compensation plan assets in the prior year period that did not reoccur in the current year period.

Interest Expense, Net. Interest expense, net increased by \$43 million, or 90%, to \$91 million due to higher interest rates.

Income Tax Expense. We recognized income tax expense of \$54 million on income before income taxes of \$215 million (an effective tax rate of 24.9%) for the nine months ended September 30, 2023 compared to income tax expense of \$49 million on income before income taxes of \$201 million (an effective tax rate of 24.5%) for the nine months ended September 30, 2022.

Adjusted EBITDA. Adjusted EBITDA increased by \$52 million, or 15%, to \$398 million. The increase in Adjusted EBITDA was primarily attributable to higher pricing due to previously implemented pricing actions and lower material and manufacturing costs, as well as lower logistics costs, partially offset by higher selling, general and administrative expenses.

Segment Information

Reynolds Cooking & Baking

(in millions, except for %)	For the Nine Months Ended September 30,			
	2023	2022	Change	% Change
Total segment net revenues	\$ 916	\$ 889	\$ 27	3 %
Segment Adjusted EBITDA	94	97	(3)	(3) %
Segment Adjusted EBITDA Margin	10 %	11 %		

Total Segment Net Revenues. Reynolds Cooking & Baking total segment net revenues increased by \$27 million, or 3%, to \$916 million. The increase in net revenues was primarily driven by higher volume, slightly offset by lower pricing. Retail sales increased \$58 million compared to the prior year period while non-retail sales, which are consistently low margin, were down \$31 million compared to the prior year period.

Adjusted EBITDA. Reynolds Cooking & Baking Adjusted EBITDA decreased by \$3 million, or 3%, to \$94 million. The decrease in Adjusted EBITDA was primarily driven by higher material and manufacturing costs, partially offset by higher volume.

Hefty Waste & Storage

(in millions, except for %)	For the Nine Months Ended September 30,			
	2023	2022	Change	% Change
Total segment net revenues	\$ 705	\$ 704	\$ 1	— %
Segment Adjusted EBITDA	188	135	53	39 %
Segment Adjusted EBITDA Margin	27 %	19 %		

Total Segment Net Revenues. Hefty Waste & Storage total segment net revenues increased by \$1 million, to \$705 million. The increase in net revenues was primarily driven by higher pricing due to previously implemented pricing actions, mostly offset by lower volume.

Adjusted EBITDA. Hefty Waste & Storage Adjusted EBITDA increased by \$53 million, or 39%, to \$188 million. The increase in Adjusted EBITDA was primarily driven by higher pricing due to previously implemented pricing actions and lower material and manufacturing costs, partially offset by lower volume and higher advertising costs.

Hefty Tableware

(in millions, except for %)	For the Nine Months Ended September 30,			
	2023	2022	Change	% Change
Total segment net revenues	\$ 708	\$ 701	\$ 7	1 %
Segment Adjusted EBITDA	117	72	45	63 %
Segment Adjusted EBITDA Margin	17 %	10 %		

Total Segment Net Revenues. Hefty Tableware total segment net revenues increased by \$7 million, or 1%, to \$708 million. The increase in net revenues was primarily driven by higher pricing due to previously implemented pricing actions, mostly offset by lower volume.

Adjusted EBITDA. Hefty Tableware Adjusted EBITDA increased by \$45 million, or 63%, to \$117 million. The increase in Adjusted EBITDA was primarily driven by higher pricing due to previously implemented pricing actions and lower logistics costs, partially offset by lower volume and higher material and manufacturing costs.

Presto Products

(in millions, except for %)	For the Nine Months Ended September 30,			
	2023	2022	Change	% Change
Total segment net revenues	\$ 441	\$ 447	\$ (6)	(1) %
Segment Adjusted EBITDA	78	67	11	16 %
Segment Adjusted EBITDA Margin	18 %	15 %		

Total Segment Net Revenues. Presto Products total segment net revenues decreased by \$6 million, or 1%, to \$441 million. The decrease in net revenues was primarily driven by lower volume.

Adjusted EBITDA. Presto Products Adjusted EBITDA increased by \$11 million, or 16%, to \$78 million. The increase in Adjusted EBITDA was primarily driven by lower material and manufacturing costs, as well as lower logistics costs, partially offset by lower volume.

Liquidity and Capital Resources

Our principal sources of liquidity are existing cash and cash equivalents, cash generated from operating activities and available borrowings under the Revolving Facility.

The following table discloses our cash flows for the periods presented:

		For the Nine Months Ended September 30,		For the Three Months Ended March 31,		For the Three Months Ended March 31,	
(in millions)	(in millions)	2023	2022	(in millions)	2024	2023	
Net cash provided by operating activities	Net cash provided by operating activities	\$423	\$ 118				
Net cash used in investing activities	Net cash used in investing activities	(77)	(86)				
Net cash used in financing activities	Net cash used in financing activities	(260)	(163)				
Increase (decrease) in cash and cash equivalents		\$ 86	\$(131)				
Increase in cash and cash equivalents							

Cash provided by operating activities

Net cash from operating activities increased by \$305 \$11 million to \$423 \$99 million in the nine three months ended September 30, 2023 March 31, 2024. The increase was primarily driven by improved earnings the benefit from working capital initiatives and a reduction higher net income, partially offset by higher net investment in working capital inventory during the current period.

Cash used in investing activities

Net cash used in investing activities decreased increased by \$9 \$7 million to \$77 \$29 million. The decrease increase was driven primarily by decreased increased cash outlays for capital expenditures.

Cash used in financing activities

Net cash used in financing activities increased decreased by \$97 million, \$4 million to \$260 million. \$50 million. The increase decrease was primarily attributable to a driven by voluntary principal payment of \$100 million payments related to our Term Loan Facility, that was which were made in 2023 and first applied to pay the remaining quarterly amortization payments in full. As a result, no quarterly amortization payments were made during the third quarter three months ended March 31, 2024, compared to \$6 million of 2023, amortization payments made during the three months ended March 31, 2023.

External Debt Facilities

In February 2020, we entered into the External Debt Facilities which consist of a \$2,475 million Term Loan Facility and a Revolving Facility that provides for additional borrowing capacity of up to \$250 million, reduced by amounts used for letters of credit. In February 2023, we amended the External Debt Facilities ("Amended External Debt Facilities") ("Amendment No. 1") which replaced the interest rate benchmark from LIBOR to the London Interbank Offered Rate SOFR. Additionally, in November 2023, we further amended the External Debt Facilities ("LIBOR" Amendment No. 2") to extend the Secured Overnight Financing Rate ("SOFR"), maturity of the Revolving Facility by one year. Other than the foregoing, the material terms of the agreement remained unchanged.

As of September 30, 2023 March 31, 2024, the outstanding balance under the Term Loan Facility was \$1,995 \$1,845 million. As of September 30, 2023 March 31, 2024, we had no outstanding borrowings under the Revolving Facility, and we had \$6 million of letters of credit outstanding, which reduces the borrowing capacity under the Revolving Facility.

The borrower under the Amended External Debt Facilities is Reynolds Consumer Products LLC (the "Borrower"). The Revolving Facility includes a sub-facility for letters of credit. In addition, the Amended External Debt Facilities provide that the Borrower has the right at any time, subject to customary conditions, to request incremental term loans or incremental revolving credit commitments in amounts and on terms set forth therein. The lenders under the Amended External Debt Facilities are not under any obligation to provide any such incremental loans or commitments, and any such addition of or increase in loans is subject to certain customary conditions precedent and other provisions.

Interest rate and fees

Borrowings under the Amended External Debt Facilities bear interest at a rate per annum equal to, at our option, either a base rate plus an applicable margin of 0.75% or SOFR plus an applicable margin of 1.75%.

During 2020 and 2022, we entered into a series of interest rate swaps to fix the LIBOR of our External Debt Facilities. On February 28, 2023, In February 2023, we amended our interest rate swaps to replace the interest rate benchmark from the LIBOR to SOFR. Other than the foregoing, the material terms of the interest rate swap agreements remained unchanged, and our election to use practical expedients under ASUs 2020-04 and 2021-01 resulted in no material impacts on the condensed consolidated financial statements. The aggregate notional amount of our the interest rate swaps still in effect as of September 30, 2023 March 31, 2024 was \$1,150 million, and the SOFR is fixed at an annual rate of 0.40% to 3.40% (for an annual effective interest rate of 2.15% to 5.15%, including margin). These interest rate swaps hedge a portion of the interest rate exposure resulting from our Term Loan Facility for periods ranging from two to three years.

Prepayments

The Term Loan Facility contains customary mandatory prepayments, including with respect to excess cash flow, asset sale proceeds and proceeds from certain incurrences of indebtedness.

The Borrower may voluntarily repay outstanding loans under the Term Loan Facility at any time without premium or penalty, other than customary breakage costs with respect to SOFR based loans. During the third quarter of 2023, we made a voluntary principal payment of \$100 million related to the Term Loan Facility, which was not subject to a prepayment premium.

Subsequent to September 30, 2023 March 31, 2024, we made an additional voluntary principal payment of \$100 million \$50 million related to the Term Loan Facility, which was not subject to a prepayment premium. Facility.

Amortization and maturity

The Term Loan Facility matures in February 2027. The Term Loan Facility amortizes in equal quarterly installments of \$6 million, which commenced in June 2020, with the balance payable on maturity. During the three months year ended September 30, 2023 December 31, 2023, we made a voluntary principal payment payments of \$100 million \$250 million related to our Term Loan Facility, which was were first applied to pay the remaining quarterly amortization payments in full, with the residual balance applied to the outstanding principal balance due at maturity. The

As amended, the Revolving Facility matures in February 2025, 2026.

Guarantee and security

All obligations under the Amended External Debt Facilities and certain hedge agreements and cash management arrangements provided by any lender party to the Amended External Debt Facilities or any of its affiliates and certain other persons are unconditionally guaranteed by Reynolds Consumer Products Inc. ("RCPI"), the Borrower (with respect to hedge agreements and cash management arrangements not entered into by the Borrower) and certain of RCPI's existing and subsequently acquired or organized direct or indirect material wholly-owned U.S. restricted subsidiaries, with customary exceptions including, among other things, where providing such guarantees is not permitted by law, regulation or contract or would result in material adverse tax consequences.

All obligations under the Amended External Debt Facilities and certain hedge agreements and cash management arrangements provided by any lender party to the Amended External Debt Facilities or any of its affiliates and certain other persons, and the guarantees of such obligations, are secured, subject to permitted liens and other exceptions, by: (i) a perfected first-priority pledge of all the equity interests of each wholly-owned material restricted subsidiary of RCPI, the Borrower or a subsidiary guarantor, including the equity interests of the Borrower (limited to 65% of voting stock in the case of first-tier non-U.S. subsidiaries of RCPI, the Borrower or any subsidiary guarantor) and (ii) perfected first-priority security interests in substantially all tangible and intangible personal property of RCPI, the Borrower and the subsidiary guarantors (subject to certain other exclusions).

Certain covenants and events of default

The Amended External Debt Facilities contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of the restricted subsidiaries of RCPI to:

- incur additional indebtedness and guarantee indebtedness;
- create or incur liens;
- engage in mergers or consolidations;
- sell, transfer or otherwise dispose of assets;
- pay dividends and distributions or repurchase capital stock;
- prepay, redeem or repurchase certain indebtedness;
- make investments, loans and advances;
- enter into certain transactions with affiliates;
- enter into agreements which limit the ability of our restricted subsidiaries to incur restrictions on their ability to make distributions; and
- enter into amendments to certain indebtedness in a manner materially adverse to the lenders.

The Amended External Debt Facilities contain a springing financial covenant requiring compliance with a ratio of first lien net indebtedness to consolidated EBITDA, applicable solely to the Revolving Facility. The financial covenant is tested on the last day of any fiscal quarter only if the aggregate principal amount of borrowings under the Revolving Facility and drawn but unreimbursed letters of credit exceed 35% of the total amount of commitments under the Revolving Facility on such day.

If an event of default occurs, the lenders under the Amended External Debt Facilities are entitled to take various actions, including the acceleration of amounts due under the Amended External Debt Facilities and all actions permitted to be taken by secured creditors.

We are currently in compliance with the covenants contained in our Amended External Debt Facilities.

Accounts Receivable Factoring

Our accounts receivable We are party to a factoring agreement with JP Morgan Chase Bank, N.A. allows us to sell certain accounts receivable up to \$190 million \$95 million. We had no outstanding balance owed under the factoring arrangement as of September 30, 2023 March 31, 2024. Transactions under this agreement are accounted for as sales of accounts receivable, and the receivables sold are removed from the condensed consolidated balance sheet at the time of the sales transaction. We classify the proceeds received from the sales of accounts receivable as an operating cash flow in the condensed consolidated statement of cash flows. We record the discount as other expense, net in the condensed consolidated statement of income.

Supply Chain Financing

In March 2023, we initiated a voluntary Supply Chain Finance program (the "SCF") with a global financial institution (the "SCF Bank"). Under the SCF, qualifying suppliers may elect to sell their receivables from us to the SCF Bank. These participating suppliers negotiate their receivables sales arrangements directly with the SCF Bank. We are not party to those agreements, nor do we provide any security or other forms of guarantees to the SCF Bank. The participation in the program is at the sole discretion of the supplier, we have no economic interest in a supplier's decision to enter into the agreement and have no direct financial relationship with the SCF Bank, as it relates to the SCF. Once a qualifying supplier elects to participate in the SCF and reaches an agreement with the SCF Bank, they elect which individual invoices they sell to the SCF Bank.

The terms of our payment obligations are not impacted by a supplier's participation in the SCF and as such, the SCF has no direct impact on our balance sheets, cash flows, or liquidity. Our payment terms with our suppliers for similar services and materials within individual markets are consistent between suppliers that elect to participate in the SCF and those that do not participate.

All outstanding amounts related to suppliers participating in the SCF are recorded within accounts payable in the our condensed consolidated balance sheet and the associated payments are included as an operating cash flow in the condensed consolidated statement of cash flows. As of September 30, 2023, March 31, 2024, the amount of obligations outstanding that we have confirmed as valid under the SCF was \$18 million \$9 million. As of March 31, 2023, there were no obligations outstanding that we had confirmed as valid under the SCF.

Dividends

During the three and nine months ended September 30, 2023 March 31, 2024, a cash dividends dividend of \$0.23 and \$0.69 per share respectively, were was declared and paid. On October 26, 2023 April 25, 2024, a quarterly cash dividend of \$0.23 per share was declared and is to be paid on November 30, 2023 May 31, 2024. We expect to continue paying cash dividends on a quarterly basis; however, future dividends are at the discretion of our Board of Directors and will depend upon our earnings, capital requirements, financial condition, contractual limitations (including under the Term Loan Facility Amended External Debt Facilities) and other factors.

We believe that our projected cash position, cash flows from operations, including proceeds from factored receivables, and available borrowings under the Revolving Facility are sufficient to meet debt service, capital expenditures and working capital needs for the foreseeable future. However, we cannot ensure that our business will generate sufficient cash flow from operations or that future borrowings will be available under our borrowing agreements in amounts sufficient to pay indebtedness or fund other liquidity needs. Actual results of operations will depend on numerous factors, many of which are beyond our control as further discussed in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

Critical Accounting Policies and Estimates

Accounting policies and estimates are considered critical when they require management to make subjective and complex judgments, estimates and assumptions about matters that have a material impact on the presentation of our financial statements and accompanying notes. For a description of our critical accounting policies and estimates, see our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

See "Item 7A: Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, there have been no material changes in our exposure to market risk.

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 Securities Exchange Act of 1934, as amended (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** **March 31, 2024**. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of **September 30, 2023** **March 31, 2024**, our disclosure controls and procedures were effective.

b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended **September 30, 2023** **March 31, 2024** 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 7 - Commitments and Contingencies, to the condensed consolidated financial statements included in Part I, Item 1.

Item 1A. Risk Factors.

There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds, and Issuer Purchases of Equity Securities. 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** **March 31, 2024**, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as identified in Item 408(c) of Regulation S-K).

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 4, 2020)
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Reynolds Consumer Products Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 25, 2024)
3.3	Amended and Restated By-Laws (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on February 4, 2020)
10.1 10.1*	Offer Letter, dated as Form of September 15, 2023, Assignment and Assumption Agreement for Employment Agreements, and Form of Assignment and Assumption Agreement for Restrictive Covenant Agreement, each by and between Reynolds Consumer Products Inc. and Scott E. Huckins (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 12, 2023)
10.2	Employment Agreement, effective October 23, 2023, by and between among Reynolds Consumer Products LLC, Reynolds Consumer Products Holdings LLC, and Lance Mitchell, Scott E. Huckins, (including the Restrictive Covenant Agreement attached thereto) (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on October 12, 2023) Rachel Bishop, Judith Buckner and Lisa Smith
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.
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.
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.
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.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because 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 (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

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.

REYNOLDS CONSUMER PRODUCTS INC.

(Registrant)

By: /s/ Chris Mayrhofer

Chris Mayrhofer

Senior Vice President and Controller

(Principal Accounting Officer)

May 8, 2024

November 8, 2023

33 28

Exhibit 10.1

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the “**Agreement**”), effective as of [] (the “**Effective Date**”), is by and among Reynolds Consumer Products LLC, a Delaware limited liability company (“**Assignor**”), Reynolds Consumer Products Holdings LLC, a Delaware limited liability company (“**Assignee**”), and [], an individual (“**Employee**”).

WHEREAS, Assignee is a wholly-owned indirect subsidiary of Assignor.

WHEREAS, Assignor and Employee previously entered into that certain Employment Agreement, dated as of [], as same may be amended from time to time (the “**Employment Agreement**”).

WHEREAS, Employee is currently employed by Assignee and Assignee has agreed to assume all of Assignor’s rights, duties and obligations under the Employment Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Employment Agreement.
2. **Assignment and Assumption.** Without the need for any additional act or consent of any person or entity, Assignor hereby assigns, grants, conveys and transfers to Assignee all of Assignor’s right, duties and obligations in and to the Employment Agreement. Assignee hereby accepts such assignment and assumes all of Assignor’s rights, duties and obligations under the Employment Agreement and agrees to pay, perform and discharge, as and when due, all of the obligations of Assignor under the Employment Agreement.
3. **Acknowledgement.** Employee is hereby notified of the above assignment, receipt of which is hereby acknowledged and accepted.
4. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.
5. **Future Cooperation.** Each of the Parties hereto agrees to cooperate at all times from and after the date hereof with respect to all of the matters described herein, and to execute such further documents as may be reasonably requested for the purpose of giving effect to, or evidencing or giving notice of, the transactions contemplated by this Agreement.
6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without giving effect to any conflict of law principles.

[Remainder of page intentionally left blank;
Signature page follows.]

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be executed effective as of the date first above written.

REYNOLDS CONSUMER PRODUCTS LLC

By:
C. David Watson,
Vice President, General Counsel
and Secretary

REYNOLDS CONSUMER PRODUCTS HOLDINGS LLC

By:
C. David Watson,
Vice President, General Counsel
and Secretary

ACKNOWLEDGED AND ACCEPTED:

EMPLOYEE

[]

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the “**Agreement**”), effective as of [], (the “**Effective Date**”), is by and among Reynolds Consumer Products LLC, a Delaware limited liability company (“**Assignor**”), Reynolds Consumer Products Holdings LLC, a Delaware limited liability company (“**Assignee**”), and [], an individual (“**Employee**”).

WHEREAS, Assignee is a wholly-owned indirect subsidiary of Assignor.

WHEREAS, Assignor and Employee previously entered into that certain Restrictive Covenant Agreement, dated as of [] (the “**Restrictive Covenant Agreement**”).

WHEREAS, Employee is currently employed by Assignee and Assignee has agreed to assume all of Assignor's rights, duties and obligations under the Restrictive Covenant Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Restrictive Covenant Agreement.
2. **Assignment and Assumption.** Without the need for any additional act or consent of any person or entity, Assignor hereby assigns, grants, conveys and transfers to Assignee all of Assignor's right, duties and obligations in and to the Restrictive Covenant Agreement. Assignee hereby accepts such assignment and assumes all of Assignor's rights, duties and obligations under the Restrictive Covenant Agreement and agrees to perform and discharge, as and when due, all of the obligations of Assignor under the Restrictive Covenant Agreement accruing on and after the Effective Date.
3. **Acknowledgement.** Employee is hereby notified of the above assignment, receipt of which is hereby acknowledged and accepted.
4. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.
5. **Future Cooperation.** Each of the Parties hereto agrees to cooperate at all times from and after the date hereof with respect to all of the matters described herein, and to execute such further documents as may be reasonably requested for the purpose of giving effect to, or evidencing or giving notice of, the transactions contemplated by this Agreement.
6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without giving effect to any conflict of law principles.

*[Remainder of page intentionally left blank;
Signature page follows.]*

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be executed effective as of the date first above written.

REYNOLDS CONSUMER PRODUCTS LLC

By:

C. David Watson,
Vice President, General Counsel
and Secretary

REYNOLDS CONSUMER PRODUCTS HOLDINGS LLC

By:

C. David Watson,
Vice President, General Counsel
and Secretary

ACKNOWLEDGED AND ACCEPTED:

EMPLOYEE

[]

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Exhibit 31.1

CERTIFICATION

I, Lance Mitchell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Reynolds Consumer Products 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 8, 2023 May 8, 2024

By:

/s/ Lance Mitchell

Lance Mitchell

President and Chief Executive Officer

Exhibit 31.2

I, Michael Graham, Scott Huckins, certify that:

- Date: November 8, 2023 May 8, 2024

Exhibit 32.1

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In connection with the Quarterly Report of Reynolds Consumer Products Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lance Mitchell, President and Chief Executive Officer, 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 8, 2023 May 8, 2024 By: /s/ Lance Mitchell
Lance Mitchell
President and Chief Executive Officer

;position:absolute;width:100%">

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 Reynolds Consumer Products Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Graham, Scott Huckins, Chief Financial Officer, 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 8, 2023 May 8, 2024 By: /s/ Michael Graham Scott Huckins
Michael Graham Scott Huckins
Chief Financial Officer

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