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 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	**45-3464426**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

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

Telephone: (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	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

As of April 30, 2024, the registrant had 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.” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and as updated in our Quarterly Reports on Form 10-Q. You should specifically consider the numerous risks outlined in 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, or disease outbreak, including epidemics, pandemics or 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;
- our ability to develop and maintain brands that are critical to our success;
- economic downturns in our target markets;
- our ability to acquire businesses;
- impacts from inflationary trends;
- difficulty meeting our sales growth objectives and innovation goals; and
- changes in market interest rates and the availability of capital.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We are under no duty to update any of these forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our prior statements to actual results or revised expectations.

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, 2023, which was filed on February 7, 2024, under Part I, Item 1A. “Risk Factors” and as updated in our Quarterly Reports on Form 10-Q.

PART I—FINANCIAL INFORMATION

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 March 31,	
	2024	2023
Net revenues	$ 811	$ 852
Related party net revenues	22	22
Total net revenues	**833**	**874**
Cost of sales	(632)	(719)
Gross profit	**201**	**155**
Selling, general and administrative expenses	(111)	(105)
Other income, net	—	2
Income from operations	**90**	**52**
Interest expense, net	(25)	(29)
Income before income taxes	**65**	**23**
Income tax expense	(16)	(6)
Net income	**$ 49**	**$ 17**
Earnings per share:		
Basic	$ 0.23	$ 0.08
Diluted	$ 0.23	$ 0.08
Weighted average shares outstanding:		
Basic	210.1	209.9
Effect of dilutive securities	—	—
Diluted	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 March 31,	
	2024	2023
Net income	$ 49	$ 17
Other comprehensive income (loss), net of income taxes:		
Currency translation adjustment	(1)	—
Employee benefit plans	(1)	(1)
Interest rate derivatives	5	(12)
Other comprehensive income (loss), net of income taxes	3	(13)
Comprehensive income	**$ 52**	**$ 4**

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 March 31, 2024	As of December 31, 2023
Assets		
Cash and cash equivalents	$ 135	$ 115
Accounts receivable (net of allowance for doubtful accounts of $1 and $1)	330	347
Other receivables	8	7
Related party receivables	7	7
Inventories	570	524
Other current assets	41	41
Total current assets	**1,091**	**1,041**
Property, plant and equipment (net of accumulated depreciation of $918 and $897)	730	732
Operating lease right-of-use assets, net	84	56
Goodwill	1,895	1,895
Intangible assets, net	994	1,001
Other assets	64	55
Total assets	**$ 4,858**	**$ 4,780**
Liabilities		
Accounts payable	$ 290	$ 219
Related party payables	30	34
Current operating lease liabilities	18	16
Income taxes payable	37	22
Accrued and other current liabilities	142	187
Total current liabilities	**517**	**478**
Long-term debt	1,833	1,832
Long-term operating lease liabilities	68	42
Deferred income taxes	358	357
Long-term postretirement benefit obligation	16	16
Other liabilities	77	72
Total liabilities	**$ 2,869**	**$ 2,797**
Commitments and contingencies (Note 7)		
Stockholders' equity		
Common stock, $0.001 par value; 2,000 shares authorized; 210.1 shares issued and outstanding	—	—
Additional paid-in capital	1,399	1,396
Accumulated other comprehensive income	53	50
Retained earnings	537	537
Total stockholders' equity	**1,989**	**1,983**
Total liabilities and stockholders' equity	**$ 4,858**	**$ 4,780**

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)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance as of December 31, 2022	**$ —**	**$ 1,385**	**$ 431**	**$ 52**	**$ 1,868**
Net income	—	—	17	—	17
Other comprehensive loss, net of income taxes	—	—	—	(13)	(13)
Dividends ($0.23 per share declared and paid)	—	—	(48)	—	(48)
Other	—	1	—	—	1
Balance as of March 31, 2023	**$ —**	**$ 1,386**	**$ 400**	**$ 39**	**$ 1,825**
Balance as of December 31, 2023	**$ —**	**$ 1,396**	**$ 537**	**$ 50**	**$ 1,983**
Net income	—	—	49	—	49
Other comprehensive income, net of income taxes	—	—	—	3	3
Dividends ($0.23 per share declared and paid)	—	—	(48)	—	(48)
Other	—	3	(1)	—	2
Balance as of March 31, 2024	**$ —**	**$ 1,399**	**$ 537**	**$ 53**	**$ 1,989**

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2024	**2023**
Cash provided by operating activities		
Net income	$ 49	$ 17
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	32	30
Deferred income taxes	(1)	(9)
Stock compensation expense	4	3
Change in assets and liabilities:		
Accounts receivable, net	17	6
Other receivables	—	12
Related party receivables	—	(11)
Inventories	(45)	40
Accounts payable	77	(15)
Related party payables	(4)	19
Income taxes payable / receivable	15	12
Accrued and other current liabilities	(45)	(15)
Other assets and liabilities	—	(1)
Net cash provided by operating activities	**99**	**88**
Cash used in investing activities		
Acquisition of property, plant and equipment	(29)	(22)
Net cash used in investing activities	**(29)**	**(22)**
Cash used in financing activities		
Repayment of long-term debt	—	(6)
Dividends paid	(48)	(48)
Other financing activities	(2)	—
Net cash used in financing activities	**(50)**	**(54)**
Net increase in cash and cash equivalents	20	12
Cash and cash equivalents at beginning of period	115	38
Cash and cash equivalents at end of period	**$ 135**	**$ 50**
Cash paid:		
Interest - long-term debt, net of interest rate swaps	25	28

See accompanying notes to the 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, 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") 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 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 our condensed consolidated balance sheet and associated payments are included as an operating cash flow in the condensed consolidated statement of cash flows. As of March 31, 2024, the amount of obligations outstanding that we have confirmed as valid under the SCF was $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 September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 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 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:

	March 31, 2024	December 31, 2023
	(in millions)	
Raw materials	$ 137	$ 153
Work in progress	70	60
Finished goods	309	260
Spare parts	54	51
Inventories	**$ 570**	**$ 524**

Note 4 – Debt

Long-term debt consisted of the following:

		March 31, 2024		December 31, 2023
		(in millions)		
Term loan facility	$	1,845	$	1,845
Deferred financing transaction costs		(11)		(12)
Original issue discounts		(1)		(1)
		1,833		1,832
Less: current portion		—		—
Long-term debt	**$**	**1,833**	**$**	**1,832**

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 (“Amendment No. 1”) which replaced the interest rate benchmark from the 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 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%. We have entered into a series of interest rate swaps to hedge a portion of the interest rate exposure resulting from these borrowings. 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 year ended December 31, 2023, we made voluntary principal payments of $250 million on our Term Loan Facility, which 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 2026 and includes a sub-facility for letters of credit. As of 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 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 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 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 March 31, 2024 hedge a portion of the interest rate exposure resulting from our Term Loan Facility for a period of approximately two 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 Effective Rate	Fair Value - Other Current 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

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 months ended March 31, 2024, 0.3 million RSUs and 0.3 million PSUs were granted.

As of March 31, 2024, there were stock-based compensation awards representing 1.4 million shares outstanding compared to 0.8 million shares outstanding as of December 31, 2023. Stock-based compensation expense was $4 million for the three months ended March 31, 2024 compared to $3 million for the 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 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)	Currency Translation Adjustments	Employee Benefit Plans	Interest Rate Derivatives	Accumulated Other Comprehensive Income
Balance as of December 31, 2022	**$ (7)**	**$ 23**	**$ 36**	**$ 52**
Loss arising during the period	—	—	(10)	(10)
Reclassification to earnings	—	(1)	(6)	(7)
Effect of deferred taxes	—	—	4	4
Balance as of March 31, 2023	**$ (7)**	**$ 22**	**$ 24**	**$ 39**
Balance as of December 31, 2023	**$ (7)**	**$ 34**	**$ 23**	**$ 50**
Gain (loss) arising during the period	(1)	—	15	14
Reclassification to earnings	—	(1)	(8)	(9)
Effect of deferred taxes	—	—	(2)	(2)
Balance as of March 31, 2024	**(8)**	**33**	**28**	**53**

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 may be further adjusted to exclude 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.

Three Months Ended March 31, 2024	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated[(1)]	Total
				(in millions)			
Net revenues	$ 264	$ 226	$ 205	$ 140	**$ 835**	$ (2)	**$ 833**
Intersegment revenues	—	3	—	3	**6**	(6)	**—**
Total segment net revenues	264	229	205	143	**841**	(8)	**833**
Adjusted EBITDA	33	66	30	29	**158**		
Depreciation and amortization	8	5	4	6	**23**	9	**32**

Three Months Ended March 31, 2023	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated[(1)]	Total
				(in millions)			
Net revenues	$ 283	$ 230	$ 224	$ 141	**$ 878**	$ (4)	**$ 874**
Intersegment revenues	—	3	—	3	**6**	(6)	**—**
Total segment net revenues	283	233	224	144	**884**	(10)	**874**
Adjusted EBITDA	4	55	30	19	**108**		
Depreciation and amortization	7	5	4	5	**21**	9	**30**

Segment assets consisted of the following:

	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated[(1)]	Total
				(in millions)			
As of March 31, 2024	$ 572	$ 271	$ 240	$ 238	**$ 1,321**	$ 3,537	**$ 4,858**
As of December 31, 2023	556	267	216	239	**1,278**	3,502	**4,780**

(1) Unallocated includes the elimination of intersegment revenues, other revenue adjustments and certain corporate costs, depreciation and amortization and assets not allocated to segments. Unallocated assets are comprised of cash, accounts receivable, other receivables, entity-wide property, plant and equipment, entity-wide operating lease right-of-use assets, goodwill, intangible assets, related party receivables and other assets.

The following table presents a reconciliation of segment Adjusted EBITDA to GAAP income before income taxes:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in millions)	
Segment Adjusted EBITDA	$ 158	$ 108
Corporate / unallocated expenses	(36)	(26)
	122	82
Adjustments to reconcile to GAAP income before income taxes		
Depreciation and amortization	(32)	(30)
Interest expense, net	(25)	(29)
Consolidated GAAP income before income taxes	**$ 65**	**$ 23**

Information in Relation to Products

Net revenues by product line are as follows:

	Three Months Ended March 31,	
	2024	2023
	(in millions)	
Waste and storage products [1]	$ 372	$ 377
Cooking products	264	283
Tableware	205	224
Unallocated	(8)	(10)
Net revenues	**$ 833**	**$ 874**

(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 year ended 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 months ended March 31, 2024 and March 31, 2023, revenues from products sold to PEI Group were $22 million. For the three months ended March 31, 2024, products purchased from PEI Group were $80 million, compared to $106 million in the comparable prior year period. For the three months ended March 31, 2024, PEI Group charged us freight and warehousing costs of $8 million, compared to $9 million in the comparable prior year 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 March 31, 2024 and March 31, 2023, were paid to PFL.

Note 11 – Subsequent Events

Quarterly Cash Dividend

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

Term Loan Facility

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

Except as described above, there have been no events subsequent to 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, 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 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 where we have offerings. Our retail partners also measure their success in category growth, which positions us as a trusted strategic 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 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.
- ***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 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 5% in the three months ended March 31, 2024 compared to the same period in 2023. The revenue decrease consisted of lower volume in both our retail and non-retail businesses. Our retail and lower-margin non-retail net revenue declined by $23 million and $18 million, respectively.

During the three months ended March 31, 2024, net income increased $32 million driven by declines in material and manufacturing costs, as well as a reduction in interest expense as a result of a lower outstanding principal balance due to 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 measure "Adjusted EBITDA", which 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 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. Accordingly, we believe presenting 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 March 31,	
	2024	2023
	(in millions)	
Net income – GAAP	**$ 49**	**$ 17**
Income tax expense	16	6
Interest expense, net	25	29
Depreciation and amortization	32	30
Adjusted EBITDA (Non-GAAP)	**$ 122**	**$ 82**

Results of Operations – Three Months Ended 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 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 March 31, 2024 Compared with the Three Months Ended March 31, 2023

Total Reynolds Consumer Products

	For the Three Months Ended March 31,					
(in millions, except for %)	2024	% of Revenue	2023	% of Revenue	Change	% Change
Net revenues	$ 811	97 %	$ 852	97 %	$ (41)	(5) %
Related party net revenues	22	3 %	22	3 %	—	— %
Total net revenues	**833**	**100 %**	**874**	**100 %**	**(41)**	**(5) %**
Cost of sales	(632)	(76) %	(719)	(82) %	87	12 %
Gross profit	**201**	**24 %**	**155**	**18 %**	**46**	**30 %**
Selling, general and administrative expenses	(111)	(13) %	(105)	(12) %	(6)	(6) %
Other income, net	—	— %	2	— %	(2)	NM %
Income from operations	**90**	**11 %**	**52**	**6 %**	**38**	**73 %**
Interest expense, net	(25)	(3) %	(29)	(3) %	4	14 %
Income before income taxes	**65**	**8 %**	**23**	**3 %**	**42**	**183 %**
Income tax expense	(16)	(2) %	(6)	(1) %	(10)	(167) %
Net income	**$ 49**	**6 %**	**$ 17**	**2 %**	**$ 32**	**188 %**
Adjusted EBITDA (1)	**$ 122**	**15 %**	**$ 82**	**9 %**	**$ 40**	**49 %**

NM - Percentage change is not meaningful.

(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 Three Months Ended March 31, 2024 vs. the Three Months Ended March 31, 2023

		Volume/Mix		
	Price	Retail	Non-Retail	Total
Reynolds Cooking & Baking	1 %	(2) %	(6) %	(7) %
Hefty Waste & Storage	— %	(2) %	— %	(2) %
Hefty Tableware	(2) %	(6) %	— %	(8) %
Presto Products	— %	(1) %	— %	(1) %
Total RCP	**— %**	**(3) %**	**(2) %**	**(5) %**

Total Net Revenues. Total net revenues decreased by $41 million, or 5%, to $833 million. The 5% decrease consisted of lower volume in both our retail and non-retail businesses. Our retail and lower-margin non-retail net revenue declined by $23 million and $18 million, respectively.

Cost of Sales. Cost of sales decreased by $87 million, or 12%, to $632 million. The decrease was primarily driven by lower volume as well as lower material and manufacturing costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $6 million, or 6%, to $111 million, primarily due to higher personnel costs and advertising costs.

Other Income, Net. Other income, net was zero in the three months ended March 31, 2024 compared to $2 million in the three months ended March 31, 2023.

Interest Expense, *Net*. Interest expense, net decreased by $4 million, or 14%, to $25 million. The decrease was primarily due to a lower outstanding principal balance on our external debt facilities as a result of principal payments made throughout 2023.

Income Tax Expense. We recognized income tax expense of $16 million on income before income taxes of $65 million (an effective tax rate of 24.9%) for the three months ended March 31, 2024 compared to income tax expense of $6 million on income before income taxes of $23 million (an effective tax rate of 24.9%) for the three months ended March 31, 2023.

Adjusted EBITDA. Adjusted EBITDA increased by $40 million, or 49%, to $122 million. The increase in Adjusted EBITDA was primarily due to lower material and manufacturing costs.

Segment Information

Reynolds Cooking & Baking

	For the Three Months Ended March 31,			
(in millions, except for %)	**2024**	**2023**	**Change**	**% Change**
Retail net revenues	$ 225	$ 226	$ (1)	— %
Non-retail net revenues	39	57	(18)	(32) %
Total segment net revenues	**$ 264**	**$ 283**	**$ (19)**	(7) %
Segment Adjusted EBITDA	33	4	29	725 %
Segment Adjusted EBITDA Margin	13 %	1 %		

Total Segment Net Revenues. Reynolds Cooking & Baking total segment net revenues decreased by $19 million, or 7%, to $264 million. The decrease in net revenues was primarily due to an $18 million decline in our non-retail net revenues driven by lower volume.

Adjusted EBITDA. Reynolds Cooking & Baking Adjusted EBITDA increased by $29 million, or 725%, to $33 million. The increase in Adjusted EBITDA was primarily driven by lower material and manufacturing costs.

Hefty Waste & Storage

	For the Three Months Ended March 31,			
(in millions, except for %)	**2024**	**2023**	**Change**	**% Change**
Total segment net revenues	$ 229	$ 233	$ (4)	(2) %
Segment Adjusted EBITDA	66	55	11	20 %
Segment Adjusted EBITDA Margin	29 %	24 %		

Total Segment Net Revenues. Hefty Waste & Storage total segment net revenues decreased $4 million, or 2%, to $229 million. The decrease in net revenues was primarily due to lower volume.

Adjusted EBITDA. Hefty Waste & Storage Adjusted EBITDA increased by $11 million, or 20%, to $66 million. The increase in Adjusted EBITDA was primarily driven by lower material and manufacturing costs.

Hefty Tableware

	For the Three Months Ended March 31,			
(in millions, except for %)	**2024**	**2023**	**Change**	**% Change**
Total segment net revenues	$ 205	$ 224	$ (19)	(8) %
Segment Adjusted EBITDA	30	30	—	— %
Segment Adjusted EBITDA Margin	15 %	13 %		

Total Segment Net Revenues. Hefty Tableware total segment net revenues decreased by $19 million, or 8%, to $205 million. The decrease in net revenues was primarily due to lower volume and lower pricing.

Adjusted EBITDA. Hefty Tableware Adjusted EBITDA remained flat, with lower material and manufacturing costs offset by lower volume.

Presto Products

(in millions, except for %)	For the Three Months Ended March 31, 2024	2023	Change	% Change
Total segment net revenues	$ 143	$ 144	$ (1)	(1) %
Segment Adjusted EBITDA	29	19	10	53 %
Segment Adjusted EBITDA Margin	20 %	13 %		

Total Segment Net Revenues. Presto Products total segment net revenues were relatively flat during the three months ended March 31, 2024, compared to the prior year period.

Adjusted EBITDA. Presto Products Adjusted EBITDA increased by $10 million, or 53%, to $29 million. The increase was primarily driven by lower material and manufacturing costs.

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:

(in millions)	For the Three Months Ended March 31, 2024	2023
Net cash provided by operating activities	$ 99	$ 88
Net cash used in investing activities	(29)	(22)
Net cash used in financing activities	(50)	(54)
Increase in cash and cash equivalents	**$ 20**	**$ 12**

Cash provided by operating activities

Net cash from operating activities increased by $11 million to $99 million in the three months ended March 31, 2024. The increase was primarily driven by the benefit from working capital initiatives and higher net income, partially offset by higher net investment in inventory during the current period.

Cash used in investing activities

Net cash used in investing activities increased by $7 million to $29 million. The increase was driven by increased cash outlays for capital expenditures.

Cash used in financing activities

Net cash used in financing activities decreased by $4 million to $50 million. The decrease was primarily driven by voluntary principal payments related to our Term Loan Facility, 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 three months ended March 31, 2024, compared to $6 million of 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 ("Amendment No. 1") which replaced the interest rate benchmark from LIBOR to the 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 agreement remained unchanged.

As of March 31, 2024, the outstanding balance under the Term Loan Facility was $1,845 million. As of 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

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. In February 2023, we amended our interest rate swaps to replace the interest rate benchmark from 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 the interest rate swaps still in effect as of 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.

Subsequent to March 31, 2024, we made an additional voluntary principal payment of $50 million related to the Term Loan 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 year ended December 31, 2023, we made voluntary principal payments of $250 million related to our Term Loan Facility, which 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.

As amended, the Revolving Facility matures in February 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

We are party to a factoring agreement with JP Morgan Chase Bank, N.A. to sell certain accounts receivable up to $95 million. We had no outstanding balance owed under the factoring arrangement as of 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 our condensed consolidated balance sheet and associated payments are included as an operating cash flow in the condensed consolidated statement of cash flows. As of March 31, 2024, the amount of obligations outstanding that we have confirmed as valid under the SCF was $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 months ended March 31, 2024, a cash dividend of $0.23 per share was declared and paid. On April 25, 2024, a quarterly cash dividend of $0.23 per share was declared and is to be paid on 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 Amended External Debt Facilities) and other factors.

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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, 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, 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, 2023. During the three months ended 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 March 31, 2024. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of 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 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, 2023.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended 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*	Form of Assignment and Assumption Agreement for Employment Agreements, and Form of Assignment and Assumption Agreement for Restrictive Covenant Agreement, each by and among Reynolds Consumer Products LLC, Reynolds Consumer Products Holdings LLC, and Lance Mitchell, Scott Huckins, 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

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. <u>Definitions</u>. All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Restrictive Covenant Agreement.

2. <u>Assignment and Assumption</u>. 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. <u>Acknowledgement</u>. Employee is hereby notified of the above assignment, receipt of which is hereby acknowledged and accepted.

4. <u>Counterparts</u>. 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. <u>Future Cooperation</u>. 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. <u>Governing Law</u>. 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

____
[ ]

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: May 8, 2024

By: /s/ Lance Mitchell

Lance Mitchell
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Scott Huckins, 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: May 8, 2024

By: /s/ Scott Huckins

Scott Huckins
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Reynolds Consumer Products Inc. (the "Company") on Form 10-Q for the period ended 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: May 8, 2024

By: /s/ Lance Mitchell

Lance Mitchell
President and Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of Reynolds Consumer Products Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, 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: May 8, 2024

By: /s/ Scott Huckins
Scott Huckins
Chief Financial Officer