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 June 30, 2022

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 July 29, 2022, the registrant had 209,862,658 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," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies 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, 2021 and as updated in our Quarterly Reports on Form 10-Q. You should specifically consider the numerous risks outlined in those "Risk Factors" sections. These risks and uncertainties include factors related to:

- changes in consumer preferences, lifestyle 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 or otherwise;
- the unknown duration and economic, operational and financial impacts of the global COVID-19 pandemic;
- 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;
- our ability to develop and maintain brands that are critical to our success;
- economic downturns in our target markets;
- difficulty meeting our sales growth objectives and innovation goals; and
- changes in market interest rates, or a phase-out or replacement of the LIBO rate as an interest rate benchmark.

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, 2021 which was filed on February 9, 2022, 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 June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Net revenues	$ 896	$ 847	$ 1,714	$ 1,579
Related party net revenues	21	26	48	50
Total net revenues	**917**	**873**	**1,762**	**1,629**
Cost of sales	(733)	(665)	(1,410)	(1,229)
Gross profit	**184**	**208**	**352**	**400**
Selling, general and administrative expenses	(91)	(89)	(174)	(167)
Other expense, net	(7)	(2)	(12)	(5)
Income from operations	**86**	**117**	**166**	**228**
Interest expense, net	(16)	(12)	(28)	(24)
Income before income taxes	**70**	**105**	**138**	**204**
Income tax expense	(18)	(25)	(34)	(50)
Net income	**$ 52**	**$ 80**	**$ 104**	**$ 154**
Earnings per share:				
Basic	$ 0.25	$ 0.38	$ 0.50	$ 0.73
Diluted	$ 0.25	$ 0.38	$ 0.50	$ 0.73
Weighted average shares outstanding:				
Basic	209.9	209.8	209.8	209.7
Effect of dilutive securities	—	0.1	0.1	0.1
Diluted	209.9	209.9	209.9	209.8

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 June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	$ 52	$ 80	$ 104	$ 154
Other comprehensive income (loss), net of income taxes:				
Employee benefit plans	$ (1)	—	$ (1)	—
Interest rate derivatives	4	(1)	11	2
Other comprehensive income (loss), net of income taxes	3	(1)	10	2
Comprehensive income	**$ 55**	**$ 79**	**$ 114**	**$ 156**

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 June 30, 2022	As of December 31, 2021
Assets		
Cash and cash equivalents	$ 101	$ 164
Accounts receivable (net of allowance for doubtful accounts of $1 and $1)	259	316
Other receivables	8	12
Related party receivables	8	10
Inventories	734	583
Other current assets	38	19
Total current assets	**1,148**	**1,104**
Property, plant and equipment (net of accumulated depreciation of $791 and $752)	684	677
Operating lease right-of-use assets, net	63	55
Goodwill	1,879	1,879
Intangible assets, net	1,046	1,061
Other assets	39	36
Total assets	**$ 4,859**	**$ 4,812**
Liabilities		
Accounts payable	$ 277	$ 261
Related party payables	46	38
Current portion of long-term debt	25	25
Accrued and other current liabilities	171	160
Total current liabilities	**519**	**484**
Long-term debt	2,076	2,087
Long-term operating lease liabilities	52	46
Deferred income taxes	352	351
Long-term postretirement benefit obligation	50	50
Other liabilities	34	38
Total liabilities	**$ 3,083**	**$ 3,056**
Commitments and contingencies (Note 7)		
Stockholders’ equity		
Common stock, $0.001 par value; 2,000 shares authorized; 210 shares issued and outstanding	—	—
Additional paid-in capital	1,383	1,381
Accumulated other comprehensive income	20	10
Retained earnings	373	365
Total stockholders' equity	**1,776**	**1,756**
Total liabilities and stockholders' equity	**$ 4,859**	**$ 4,812**

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, 2020	**$ —**	**$ 1,381**	**$ 233**	**$ 1**	**$ 1,615**
Net income	—	—	74	—	74
Other comprehensive income, net of income taxes	—	—	—	3	3
Dividends ($0.23 per share declared and paid)	—	—	(48)	—	(48)
Other	—	(1)	—	—	(1)
Balance as of March 31, 2021	**$ —**	**$ 1,380**	**$ 259**	**$ 4**	**$ 1,643**
Net income	—	—	80	—	80
Other comprehensive loss, net of income taxes	—	—	—	(1)	(1)
Dividends ($0.23 per share declared and paid)	—	—	(48)	—	(48)
Other	—	2	—	—	2
Balance as of June 30, 2021	**$ —**	**$ 1,382**	**$ 291**	**$ 3**	**$ 1,676**
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**

See accompanying notes to the condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2022	2021
Cash provided by operating activities		
Net income	$ 104	$ 154
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	57	53
Deferred income taxes	(3)	(4)
Stock compensation expense	4	3
Change in assets and liabilities:		
Accounts receivable, net	57	(40)
Other receivables	4	3
Related party receivables	3	—
Inventories	(151)	(163)
Accounts payable	22	54
Related party payables	8	(6)
Income taxes payable / receivable	(2)	(14)
Accrued and other current liabilities	12	(22)
Other assets and liabilities	(14)	—
Net cash provided by operating activities	**101**	**18**
Cash used in investing activities		
Acquisition of property, plant and equipment	(56)	(73)
Net cash used in investing activities	**(56)**	**(73)**
Cash used in financing activities		
Repayment of long-term debt	(12)	(112)
Dividends paid	(96)	(96)
Net cash used in financing activities	**(108)**	**(208)**
Net decrease in cash and cash equivalents	(63)	(263)
Cash and cash equivalents at beginning of period	164	312
Cash and cash equivalents at end of period	**$ 101**	**$ 49**
Cash paid:		
Income taxes	37	67

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, 2021, 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.

In May 2022, we entered into an accounts receivable factoring agreement with JP Morgan Chase Bank, N.A. to sell certain accounts receivables up to $190 million. Factored receivables as of June 30, 2022 were $106 million. 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 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.

Note 2 – New Accounting Standards

Accounting Guidance Issued But Not Yet Adopted:

In March 2020, 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*, which provides 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, and other interbank offered rates expected to be discontinued, to alternative reference rates. This ASU was effective upon its issuance and can be applied prospectively through December 31, 2022. We are currently assessing the impact of this standard on our consolidated financial statements.

Note 3 – Inventories

Inventories consisted of the following:

	June 30, 2022	December 31, 2021
	(in millions)	
Raw materials	$ 233	$ 206
Work in progress	84	63
Finished goods	377	276
Spare parts	40	38
Inventories	**$ 734**	**$ 583**

Note 4 – Debt

Long-term debt consisted of the following:

	June 30, 2022	December 31, 2021
	(in millions)	
Term loan facility	$ 2,119	$ 2,132
Deferred financing transaction costs	(16)	(18)
Original issue discounts	(2)	(2)
	2,101	2,112
Less: current portion	(25)	(25)
Long-term debt	**$ 2,076**	**$ 2,087**

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").

Borrowings under the 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 LIBO rate plus an applicable margin of 1.75%. During September 2020, we entered into a series of interest rate swaps to hedge a portion of the interest rate exposure resulting from these borrowings. In May 2022, we entered into another series of interest rate swaps to hedge a portion of the interest rate exposure that remains from these borrowings. Refer to Note 5 – Financial Instruments for further details.

The 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 External Debt Facilities.

If an event of default occurs, the lenders under the External Debt Facilities are entitled to take various actions, including the acceleration of amounts due under the 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.

Revolving Facility

The Revolving Facility matures in February 2025 and includes a sub-facility for letters of credit. As of June 30, 2022, we had no outstanding borrowings under the Revolving Facility, and we had $8 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 June 30, 2022, 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, we entered into a series of interest rate swaps which fixed the LIBO rate to an annual rate of 0.18% to 0.47% (for an annual effective interest rate of 1.93% to 2.22%, including margin) for an aggregate notional amount of $1,650 million, of which $800 million notional value was still in effect as of June 30, 2022. In May 2022, we entered into additional interest rate swaps which fixed the LIBO rate to an annual rate of 2.70% to 2.74% (for an annual effective interest rate of 4.45% to 4.49%, including margin) for an aggregate notional amount of $600 million. As of June 30, 2022, we had interest rate swaps of an aggregate notional amount of $1,400 million.

The interest rate swaps outstanding as of June 30, 2022 hedge a portion of the interest rate exposure resulting from our Term Loan Facility for periods ranging from less than one year to four 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 will be 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 annual effective rates, and the fair value of our interest rate derivatives:

(In millions)	Notional Amount	Annual Rate	Average Annual Effective Rate	Fair Value Asset
As of June 30, 2022	$ 1,400	0.20% to 2.74%	1.96% to 4.47%	$ 20
As of December 31, 2021	$ 800	0.20% to 0.47%	1.96% to 2.22%	$ 5

The following table provides the before tax effect of our interest rate derivatives on accumulated other comprehensive income and the condensed consolidated statements of income:

(In millions)	Amount of Gain (Loss) Recognized in Other Comprehensive Income	Amount of Gain (Loss) Reclassified From Accumulated Other Comprehensive Income Into Income
For the three months ended June 30, 2022	$ 6	$ —
For the three months ended June 30, 2021	$ (1)	$ —
For the six months ended June 30, 2022	$ 15	$ —
For the six months ended June 30, 2021	$ 2	$ (1)

Note 6 – Stock-based Compensation

We granted restricted stock units (“RSUs”) in July 2019 to certain members of management, pursuant to retention agreements entered into with these employees (the “IPO Grants”). These RSUs vest upon satisfaction of both a performance-based vesting condition (the “IPO Condition”), which was satisfied when we completed our IPO on February 4, 2020, and a service-based vesting condition, which will be satisfied with respect to one-third of an employee’s RSUs on each anniversary from the date of our IPO for three consecutive years, subject to the employee’s continued employment through the applicable vesting date.

Additionally, we established an equity incentive plan 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 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 six months ended June 30, 2022, zero and 0.2 million RSUs and zero and 0.2 million PSUs were granted, respectively.

As of June 30, 2022, there were stock-based compensation awards representing 0.6 million shares outstanding compared to 0.4 million shares outstanding as of December 31, 2021. Stock-based compensation expense was $2 million and $4 million for the three and six months ended June 30, 2022, respectively, and $2 million and $3 million in the comparable prior year periods.

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, 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, 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.

As of June 30, 2022, there were no legal proceedings pending other than those for which we have determined that the possibility of a material outflow is remote.

Note 8 – Accumulated Other Comprehensive Income

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

(In millions)	Currency Translation Adjustments	Employee Benefit Plans	Interest Rate Derivatives	Accumulated Other Comprehensive Income
Balance as of December 31, 2020	**$ (6)**	**$ 8**	**$ (1)**	**$ 1**
Other comprehensive income	—	—	3	3
Balance as of March 31, 2021	**$ (6)**	**$ 8**	**$ 2**	**$ 4**
Other comprehensive loss	—	—	(1)	(1)
Balance as of June 30, 2021	**$ (6)**	**$ 8**	**$ 1**	**$ 3**
Balance as of December 31, 2021	**$ (6)**	**$ 12**	**$ 4**	**$ 10**
Other comprehensive income	—	—	7	7
Balance as of March 31, 2022	**$ (6)**	**$ 12**	**$ 11**	**$ 17**
Other comprehensive (loss) income	—	(1)	4	3
Balance as of June 30, 2022	**$ (6)**	**$ 11**	**$ 15**	**$ 20**

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 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 E-Z 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 further adjusted to exclude IPO and separation-related costs.

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 June 30, 2022	**Reynolds Cooking & Baking**	**Hefty Waste & Storage**	**Hefty Tableware**	**Presto Products**	**Segment Total**	**Unallocated(1)**	**Total**
				(in millions)			
Net revenues	$ 294	$ 236	$ 240	$ 149	**$ 919**	$ (2)	**$ 917**
Intersegment revenues	—	2	—	1	**3**	(3)	**—**
Total segment net revenues	294	238	240	150	**922**	(5)	**917**
Adjusted EBITDA	36	46	25	25	**132**		
Depreciation and amortization	6	5	4	5	**20**	9	**29**

Three Months Ended June 30, 2021	**Reynolds Cooking & Baking**	**Hefty Waste & Storage**	**Hefty Tableware**	**Presto Products**	**Segment Total**	**Unallocated(1)**	**Total**
				(in millions)			
Net revenues	$ 303	$ 218	$ 217	$ 141	**$ 879**	$ (6)	**$ 873**
Intersegment revenues	—	2	—	1	**3**	(3)	**—**
Total segment net revenues	303	220	217	142	**882**	(9)	**873**
Adjusted EBITDA	59	45	45	21	**170**		
Depreciation and amortization	5	5	4	5	**19**	8	**27**

Six Months Ended June 30, 2022	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated(1)	Total
			(in millions)				
Net revenues	$ 562	$ 462	$ 450	$ 289	**$ 1,763**	$ (1)	**$ 1,762**
Intersegment revenues	—	4	—	3	**7**	(7)	**—**
Total segment net revenues	562	466	450	292	**1,770**	(8)	**1,762**
Adjusted EBITDA	64	91	48	44	**247**		
Depreciation and amortization	12	9	8	11	**40**	17	**57**

Six Months Ended June 30, 2021	Reynolds Cooking & Baking	Hefty Waste & Storage	Hefty Tableware	Presto Products	Segment Total	Unallocated(1)	Total
			(in millions)				
Net revenues	$ 574	$ 410	$ 386	$ 267	**$ 1,637**	$ (8)	**$ 1,629**
Intersegment revenues	—	4	—	1	**5**	(5)	**—**
Total segment net revenues	574	414	386	268	**1,642**	(13)	**1,629**
Adjusted EBITDA	111	90	79	38	**318**		
Depreciation and amortization	10	9	8	10	**37**	16	**53**

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 June 30, 2022	$ 672	$ 304	$ 181	$ 265	**$ 1,422**	$ 3,437	**$ 4,859**
As of December 31, 2021	562	290	165	247	**1,264**	3,548	**4,812**

(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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Segment Adjusted EBITDA	$ 132	$ 170	$ 247	$ 318
Corporate / unallocated expenses	(14)	(22)	(17)	(30)
	118	148	230	288
Adjustments to reconcile to GAAP income before income taxes				
Depreciation and amortization	(29)	(27)	(57)	(53)
Interest expense, net	(16)	(12)	(28)	(24)
IPO and separation-related costs	(3)	(4)	(7)	(7)
Consolidated GAAP income before income taxes	**$ 70**	**$ 105**	**$ 138**	**$ 204**

Information in Relation to Products

Net revenues by product line are as follows:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(in millions)		(in millions)	
Waste and storage products (1)	$ 388	$ 362	$ 758	$ 682
Cooking products	294	303	562	574
Tableware	240	217	450	386
Unallocated	(5)	(9)	(8)	(13)
Net revenues	**$ 917**	**$ 873**	**$ 1,762**	**$ 1,629**

(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"). Transactions between us and PEI Group are described below.

For the three and six months ended June 30, 2022, revenues from products sold to PEI Group were $21 million and $48 million, respectively, compared to $26 million and $50 million in the comparable prior year periods. For the three and six months ended June 30, 2022, products purchased from PEI Group were $100 million and $194 million, respectively, compared to $88 million and $162 million in the comparable prior year periods. For the three and six months ended June 30, 2022, PEI Group charged us freight and warehousing costs of $15 million and $29 million, respectively, compared to $15 million and $29 million in the comparable prior year periods, 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 June 30, 2022 and June 30, 2021, and $71 million of the dividends paid during each of the six months ended June 30, 2022 and June 30, 2021, were paid to PFL.

Note 11 – Subsequent Events

Quarterly Cash Dividend

On July 28, 2022, our Board of Directors approved a cash dividend of $0.23 per common share to be paid on August 31, 2022 to shareholders of record on August 17, 2022.

Except as described above, there have been no events subsequent to June 30, 2022 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, 2021.

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. 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. 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 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.

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 branded and store brand 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 E-Z 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 revenue and volume. 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 70 years, with greater than 50% market share in virtually all 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 the Hefty EnergyBag 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, 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.
- 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. 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 increased 5% and 8% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021. The revenue increase in both periods was primarily due to pricing actions taken in response to increased material, manufacturing and logistics costs, partially offset by lower volume.

We experienced significant increases in material costs as well as increases in manufacturing, logistics and advertising costs in the three and six months ended June 30, 2022, compared to the same prior year periods. We continue to aggressively implement price increases in an effort to recover these costs and maintain our profitability. Our earnings decline in each of the three and six months ended June 30, 2022 compared to the same prior year periods was primarily attributable to lower volume and higher material, manufacturing, logistics and advertising costs, partially offset by price increases.

Non-GAAP Measures

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

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 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.

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 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Net income – GAAP	**$ 52**	**$ 80**	**$ 104**	**$ 154**
Income tax expense	18	25	34	50
Interest expense, net	16	12	28	24
Depreciation and amortization	29	27	57	53
IPO and separation-related costs (1)	3	4	7	7
Adjusted EBITDA (Non-GAAP)	**$ 118**	**$ 148**	**$ 230**	**$ 288**

(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 Diluted EPS:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
(In millions, except for per share data)	**Net Income**	**Diluted Shares**	**Diluted EPS**	**Net Income**	**Diluted Shares**	**Diluted EPS**
As Reported - GAAP	**$ 52**	**210**	**$ 0.25**	**$ 80**	**210**	**$ 0.38**
Adjustments:						
IPO and separation-related costs (1)	2	210	0.01	3	210	0.01
Adjusted (Non-GAAP)	**$ 54**	**210**	**$ 0.26**	**$ 83**	**210**	**$ 0.39**

(1) Amounts are after tax, calculated using a tax rate of 25.2% and 24.0% for the three months ended June 30, 2022 and 2021, respectively, which is our effective tax rate for the periods presented.

(In millions, except for per share data)	Six Months Ended June 30, 2022 Net Income	Six Months Ended June 30, 2022 Diluted Shares	Six Months Ended June 30, 2022 Diluted EPS	Six Months Ended June 30, 2021 Net Income	Six Months Ended June 30, 2021 Diluted Shares	Six Months Ended June 30, 2021 Diluted EPS
As Reported - GAAP	**$ 104**	**210**	**$ 0.50**	**$ 154**	**210**	**$ 0.73**
Adjustments:						
IPO and separation-related costs (1)	5	210	0.02	5	210	0.02
Adjusted (Non-GAAP)	**$ 109**	**210**	**$ 0.52**	**$ 159**	**210**	**$ 0.75**

(1) Amounts are after tax, calculated using a tax rate of 24.8% and 24.5% for the six months ended June 30, 2022 and 2021, respectively, which is our effective tax rate for the periods presented.

Results of Operations – Three Months Ended June 30, 2022

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.

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 June 30:						
2022	$ 294	$ 238	$ 240	$ 150	$ (5)	$ 917
2021	303	220	217	142	(9)	873
Adjusted EBITDA for the three months ended June 30:						
2022	$ 36	$ 46	$ 25	$ 25	$ (14)	$ 118
2021	59	45	45	21	(22)	148

(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.

Three Months Ended June 30, 2022 Compared with the Three Months Ended June 30, 2021

Total Reynolds Consumer Products

	For the Three Months Ended June 30,					
(In millions, except for %)	**2022**	**% of Revenue**	**2021**	**% of Revenue**	**Change**	**% Change**
Net revenues	$ 896	98%	$ 847	97%	$ 49	6%
Related party net revenues	21	2%	26	3%	(5)	(19)%
Total net revenues	**917**	**100%**	**873**	**100%**	**44**	**5%**
Cost of sales	(733)	(80)%	(665)	(76)%	(68)	(10)%
Gross profit	**184**	**20%**	**208**	**24%**	**(24)**	**(12)%**
Selling, general and administrative expenses	(91)	(10)%	(89)	(10)%	(2)	(2)%
Other expense, net	(7)	(1)%	(2)	—%	(5)	NM
Income from operations	**86**	**9%**	**117**	**13%**	**(31)**	**(26)%**
Interest expense, net	(16)	(2)%	(12)	(1)%	(4)	(33)%
Income before income taxes	**70**	**8%**	**105**	**12%**	**(35)**	**(33)%**
Income tax expense	(18)	(2)%	(25)	(3)%	7	28%
Net income	**$ 52**	**6%**	**$ 80**	**9%**	**$ (28)**	**(35)%**
Adjusted EBITDA (1)	**$ 118**	**13%**	**$ 148**	**17%**	**$ (30)**	**(20)%**

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 June 30, 2022 vs. the Three Months Ended June 30, 2021

	Price	**Volume/Mix**	**Total**
Reynolds Cooking & Baking	16%	(19)%	(3)%
Hefty Waste & Storage	11%	(3)%	8%
Hefty Tableware	11%	—	11%
Presto Products	13%	(7)%	6%
Total RCP	**14%**	**(9)%**	**5%**

Total Net Revenues. Total net revenues increased by $44 million, or 5%, to $917 million. The increase was primarily driven by higher pricing as a result of pricing actions taken in response to increased material, manufacturing and logistics costs, partially offset by lower volume.

Cost of Sales. Cost of sales increased by $68 million, or 10%, to $733 million. The increase was driven by an increase of $87 million in material costs, as well as increased manufacturing and logistics costs, partially offset by lower volume.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $2 million, or 2%, to $91 million, primarily due to higher advertising expense, partially offset by lower personnel costs.

Other Expense, Net. Other expense, net increased by $5 million to $7 million primarily due to changes in our deferred compensation plan assets.

Interest Expense, *Net*. Interest expense, net increased by $4 million, or 33%, to $16 million.

Income Tax Expense. We recognized income tax expense of $18 million on income before income taxes of $70 million (an effective tax rate of 25.2%) for the three months ended June 30, 2022 compared to income tax expense of $25 million on income before income taxes of $105 million (an effective tax rate of 24.0%) for the three months ended June 30, 2021.

Adjusted EBITDA. Adjusted EBITDA decreased by $30 million, or 20%, to $118 million. The decrease in Adjusted EBITDA was primarily due to declines in foil consumption, as well as higher material, manufacturing, logistics and advertising costs, which was significantly offset by price increases.

Segment Information

Reynolds Cooking & Baking

(In millions, except for %)	For the Three Months Ended June 30, 2022	2021	Change	% Change
Total segment net revenues	$ 294	$ 303	$ (9)	(3)%
Segment Adjusted EBITDA	36	59	(23)	(39)%
Segment Adjusted EBITDA Margin	12%	19%		

Total Segment Net Revenues. Reynolds Cooking & Baking total segment net revenues decreased by $9 million, or 3%, to $294 million. The decrease in net revenues was primarily driven by lower foil consumption, lower reroll sales and the timing of retailer inventory replenishment, partially offset by higher pricing as a result of pricing actions taken in response to increased material, manufacturing and logistics costs.

Adjusted EBITDA. Reynolds Cooking & Baking Adjusted EBITDA decreased by $23 million, or 39%, to $36 million. The decrease in Adjusted EBITDA was primarily driven by lower volume and higher material, manufacturing and logistics costs, which were significantly offset by price increases.

Hefty Waste & Storage

(In millions, except for %)	For the Three Months Ended June 30, 2022	2021	Change	% Change
Total segment net revenues	$ 238	$ 220	$ 18	8%
Segment Adjusted EBITDA	46	45	1	2%
Segment Adjusted EBITDA Margin	19%	20%		

Total Segment Net Revenues. Hefty Waste & Storage total segment net revenues increased by $18 million, or 8%, to $238 million. The increase in net revenues was primarily driven by higher pricing due to pricing actions taken in response to increased material, manufacturing and logistics costs, partially offset by lower volume.

Adjusted EBITDA. Hefty Waste & Storage Adjusted EBITDA increased by $1 million, or 2%, to $46 million. The increase in Adjusted EBITDA was primarily driven by price increases, offset by higher material, manufacturing and logistics costs as well as higher advertising costs.

Hefty Tableware

(In millions, except for %)	For the Three Months Ended June 30, 2022	2021	Change	% Change
Total segment net revenues	$ 240	$ 217	$ 23	11%
Segment Adjusted EBITDA	25	45	(20)	(44)%
Segment Adjusted EBITDA Margin	10%	21%		

Total Segment Net Revenues. Hefty Tableware total segment net revenues increased by $23 million, or 11%, to $240 million. The increase in net revenues was primarily due to higher pricing as a result of pricing actions taken in response to increased material, manufacturing and logistics costs.

Adjusted EBITDA. Hefty Tableware Adjusted EBITDA decreased by $20 million, or 44%, to $25 million. The decrease in Adjusted EBITDA was primarily driven by pricing actions lagging material, manufacturing and logistics costs, as well as higher advertising costs.

Presto Products

(In millions, except for %)	For the Three Months Ended June 30, 2022	2021	Change	% Change
Total segment net revenues	$ 150	$ 142	$ 8	6%
Segment Adjusted EBITDA	25	21	4	19%
Segment Adjusted EBITDA Margin	17%	15%		

Total Segment Net Revenues. Presto Products total segment net revenues increased by $8 million, or 6%, to $150 million. The increase in net revenues was primarily driven by pricing actions taken in response to increased material, manufacturing and logistics costs, partially offset by lower volume.

Adjusted EBITDA. Presto Products Adjusted EBITDA increased by $4 million, or 19%, to $25 million. The increase in Adjusted EBITDA was primarily driven by the timing of price increases to recover higher material, manufacturing and logistics costs, partially offset by lower volume.

Results of Operations – Six Months Ended June 30, 2022

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.

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 six months ended June 30:						
2022	$ 562	$ 466	$ 450	$ 292	$ (8)	$ 1,762
2021	574	414	386	268	(13)	1,629
Adjusted EBITDA for the six months ended June 30:						
2022	$ 64	$ 91	$ 48	$ 44	$ (17)	$ 230
2021	111	90	79	38	(30)	288

(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.

Six Months Ended June 30, 2022 Compared with the Six Months Ended June 30, 2021

Total Reynolds Consumer Products

	For the Six Months Ended June 30,					
(In millions, except for %)	2022	% of Revenue	2021	% of Revenue	Change	% Change
Net revenues	$ 1,714	97%	$ 1,579	97%	$ 135	9%
Related party net revenues	48	3%	50	3%	(2)	(4)%
Total net revenues	**1,762**	**100%**	**1,629**	**100%**	**133**	**8%**
Cost of sales	(1,410)	(80)%	(1,229)	(75)%	(181)	(15)%
Gross profit	**352**	**20%**	**400**	**25%**	**(48)**	**(12)%**
Selling, general and administrative expenses	(174)	(10)%	(167)	(10)%	(7)	(4)%
Other expense, net	(12)	(1)%	(5)	—%	(7)	NM
Income from operations	**166**	**9%**	**228**	**14%**	**(62)**	**(27)%**
Interest expense, net	(28)	(2)%	(24)	(1)%	(4)	(17)%
Income before income taxes	**138**	**8%**	**204**	**13%**	**(66)**	**(32)%**
Income tax expense	(34)	(2)%	(50)	(3)%	16	32%
Net income	**$ 104**	**6%**	**$ 154**	**9%**	**$ (50)**	**(32)%**
Adjusted EBITDA (1)	**$ 230**	**13%**	**$ 288**	**18%**	**$ (58)**	**(20)%**

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 Six Months Ended June 30, 2022 vs. the Six Months Ended June 30, 2021

	Price	Volume/Mix	Total
Reynolds Cooking & Baking	14%	(16)%	(2)%
Hefty Waste & Storage	12%	1%	13%
Hefty Tableware	13%	4%	17%
Presto Products	14%	(5)%	9%
Total RCP	**13%**	**(5)%**	8%

Total Net Revenues. Total net revenues increased by $133 million, or 8%, to $1,762 million. The increase was primarily driven by higher pricing as a result of pricing actions taken in response to increased material, manufacturing and logistics costs, partially offset by lower volume.

Cost of Sales. Cost of sales increased by $181 million, or 15%, to $1,410 million. The increase was driven by an increase of $192 million in material costs, as well as increased manufacturing and logistics costs, partially offset by lower volume.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $7 million, or 4%, to $174 million primarily due to higher advertising expense, partially offset by lower personnel costs.

Other Expense, Net. Other expense, net increased by $7 million, or 140%, to $12 million primarily due to changes in our deferred compensation plan assets.

Interest Expense, *Net*. Interest expense, net increased by $4 million, or 17%, to $28 million.

Income Tax Expense. We recognized income tax expense of $34 million on income before income taxes of $138 million (an effective tax rate of 24.8%) for the six months ended June 30, 2022 compared to income tax expense of $50 million on income before income taxes of $204 million (an effective tax rate of 24.5%) for the six months ended June 30, 2021.

Adjusted EBITDA. Adjusted EBITDA decreased by $58 million, or 20%, to $230 million. The decrease in Adjusted EBITDA was primarily due to lower volume and pricing actions lagging higher material, manufacturing and logistics costs, as well as higher advertising costs.

Segment Information

Reynolds Cooking & Baking

	For the Six Months Ended June 30,			
(In millions, except for %)	**2022**	**2021**	**Change**	**% Change**
Total segment net revenues	$ 562	$ 574	$ (12)	(2)%
Segment Adjusted EBITDA	64	111	(47)	(42)%
Segment Adjusted EBITDA Margin	11%	19%		

Total Segment Net Revenues. Reynolds Cooking & Baking total segment net revenues decreased by $12 million, or 2%, to $562 million. The decrease in net revenues was primarily driven by lower foil consumption and reroll sales as well as timing of retailer inventory replenishment, partially offset by higher pricing as a result of pricing actions taken in response to increased material, manufacturing and logistics costs.

Adjusted EBITDA. Reynolds Cooking & Baking Adjusted EBITDA decreased by $47 million, or 42%, to $64 million. The decrease in Adjusted EBITDA was primarily driven by lower volume as well as pricing actions lagging material, manufacturing and logistics cost increases.

Hefty Waste & Storage

(In millions, except for %)	For the Six Months Ended June 30, 2022	2021	Change	% Change
Total segment net revenues	$ 466	$ 414	$ 52	13%
Segment Adjusted EBITDA	91	90	1	1%
Segment Adjusted EBITDA Margin	20%	22%		

Total Segment Net Revenues. Hefty Waste & Storage total segment net revenues increased by $52 million, or 13%, to $466 million. The increase in net revenues was primarily driven by higher pricing due to pricing actions taken in response to increased material, manufacturing and logistics costs, as well as higher volume.

Adjusted EBITDA. Hefty Waste & Storage Adjusted EBITDA increased by $1 million, or 1%, to $91 million. The increase in Adjusted EBITDA was primarily driven by higher volume and price increases, offset by higher material, manufacturing and logistics costs as well as higher advertising costs.

Hefty Tableware

(In millions, except for %)	For the Six Months Ended June 30, 2022	2021	Change	% Change
Total segment net revenues	$ 450	$ 386	$ 64	17%
Segment Adjusted EBITDA	48	79	(31)	(39)%
Segment Adjusted EBITDA Margin	11%	20%		

Total Segment Net Revenues. Hefty Tableware total segment net revenues increased by $64 million, or 17%, to $450 million. The increase in net revenues was primarily driven by higher pricing as a result of pricing actions taken in response to increased material, manufacturing and logistics costs, as well as higher volume.

Adjusted EBITDA. Hefty Tableware Adjusted EBITDA decreased by $31 million, or 39%, to $48 million. The decrease in Adjusted EBITDA was primarily driven by pricing actions lagging material, manufacturing and logistics costs, partially offset by higher volume.

Presto Products

(In millions, except for %)	For the Six Months Ended June 30, 2022	2021	Change	% Change
Total segment net revenues	$ 292	$ 268	$ 24	9%
Segment Adjusted EBITDA	44	38	6	16%
Segment Adjusted EBITDA Margin	15%	14%		

Total Segment Net Revenues. Presto Products total segment net revenues increased by $24 million, or 9%, to $292 million. The increase in net revenues was primarily driven by pricing actions taken in response to increased material, manufacturing and logistics costs, partially offset by lower volume.

Adjusted EBITDA. Presto Products Adjusted EBITDA increased by $6 million, or 16%, to $44 million. The increase in Adjusted EBITDA was primarily driven by the timing of price increases to recover higher material, manufacturing and logistics costs.

Liquidity and Capital Resources

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

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

(In millions)	For the Six Months Ended June 30, 2022	2021
Net cash provided by operating activities	$ 101	$ 18
Net cash used in investing activities	(56)	(73)
Net cash used in financing activities	(108)	(208)
Decrease in cash and cash equivalents	**$ (63)**	**$ (263)**

Cash provided by operating activities

Net cash from operating activities increased by $83 million, to $101 million in the six months ended June 30, 2022. The increase was primarily driven by $106 million of accounts receivable factored in the current year period as well as lower net cash outlays in the current year period, mainly related to employee costs and inventory investment, compared to the prior year period, partially offset by lower net income.

Cash used in investing activities

Net cash used in investing activities decreased by $17 million to $56 million. The decrease was driven primarily by a purchase of a previously leased manufacturing facility in the prior year period that did not repeat in the current year period.

Cash used in financing activities

Net cash used in financing activities decreased by $100 million, to $108 million. The decrease was attributable to a voluntary payment of debt made in the prior year period that did not repeat in the current year period.

External Debt Facilities

On February 4, 2020, in conjunction with our Corporate Reorganization and IPO, 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.

As of June 30, 2022, the outstanding balance under the Term Loan Facility was $2,119 million. As of June 30, 2022, we had no outstanding borrowings under the Revolving Facility, and we had $8 million of letters of credit outstanding, which reduces the borrowing capacity under the Revolving Facility.

The initial borrower under the External Debt Facilities is Reynolds Consumer Products LLC (the "Borrower"). The Revolving Facility includes a sub-facility for letters of credit. In addition, the 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 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 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 LIBO rate plus an applicable margin of 1.75%.

During the year ended December 31, 2020, we entered into a series of interest rate swaps which fixed the LIBO rate to an annual rate of 0.18% to 0.47% (for an annual effective interest rate of 1.93% to 2.22%, including margin) for an aggregate notional amount of $1,650 million, of which $800 million notional value was still in effect as of June 30, 2022. In May 2022, we entered into additional interest rate swaps which fixed the LIBO rate to an annual rate of 2.70% to 2.74% (for an annual effective interest rate of 4.45% to 4.49%, including margin) for an aggregate notional amount of $600 million. As of June 30, 2022, we had interest rate swaps of an aggregate notional amount of $1,400 million. The interest rate swaps outstanding as of June 30, 2022 hedge a portion of the interest rate exposure resulting from our Term Loan Facility for periods ranging from less than one year to four 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 LIBO rate loans.

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. The Revolving Facility matures in February 2025.

Guarantee and security

All obligations under the External Debt Facilities and certain hedge agreements and cash management arrangements provided by any lender party to the 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 External Debt Facilities and certain hedge agreements and cash management arrangements provided by any lender party to the 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 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 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 External Debt Facilities are entitled to take various actions, including the acceleration of amounts due under the External Debt Facilities and all actions permitted to be taken by secured creditors.

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

Accounts Receivable Factoring

In May 2022, we entered into an accounts receivable factoring agreement with JP Morgan Chase Bank, N.A. to sell certain accounts receivable up to $190 million. Factored receivables as of June 30, 2022 were $106 million. 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.

Dividends

During the three and six months ended June 30, 2022, cash dividends of $0.23 and $0.46 per share, respectively, were declared and paid. On July 28, 2022, a quarterly cash dividend of $0.23 per share was declared and is to be paid on August 31, 2022. 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) 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, 2021.

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, 2021.

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, 2021. During the six months ended June 30, 2022, 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 June 30, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2022, 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 June 30, 2022 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, 2021.

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.

None.

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	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)
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)
August 9, 2022

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: August 9, 2022

By: /s/ Lance Mitchell

Lance Mitchell

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael Graham, 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: August 9, 2022

By: /s/ Michael Graham

Michael Graham
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 June 30, 2022 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: August 9, 2022

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 June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Graham, 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: August 9, 2022

By: /s/ Michael Graham
Michael Graham
Chief Financial Officer