# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, DC 20549**

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended September 30, 2021**

**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 No.)** |

**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(s) | Name of each exchange on which registered |
|---|---|---|
| Common stock, $0.001 par value | REYN | Nasdaq Global Select Market |

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 October 29, 2021, the registrant had 209,760,472 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, 2020 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 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, 2020 which was filed on February 12, 2021, 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 September 30, 2021 | For the Three Months Ended September 30, 2020 | For the Nine Months Ended September 30, 2021 | For the Nine Months Ended September 30, 2020 |
|---|---|---|---|---|
| Net revenues | $ 876 | $ 797 | $ 2,455 | $ 2,286 |
| Related party net revenues | 29 | 26 | 79 | 89 |
| **Total net revenues** | **905** | **823** | **2,534** | **2,375** |
| Cost of sales | (723) | (558) | (1,952) | (1,669) |
| **Gross profit** | **182** | **265** | **582** | **706** |
| Selling, general and administrative expenses | (77) | (97) | (244) | (260) |
| Other expense, net | (5) | (5) | (10) | (26) |
| **Income from operations** | **100** | **163** | **328** | **420** |
| Interest expense, net | (12) | (13) | (36) | (57) |
| **Income before income taxes** | **88** | **150** | **292** | **363** |
| Income tax expense | (22) | (37) | (72) | (112) |
| **Net income** | **$ 66** | **$ 113** | **$ 220** | **$ 251** |
| | | | | |
| Earnings per share: | | | | |
| Basic | $ 0.31 | $ 0.54 | $ 1.05 | $ 1.24 |
| Diluted | $ 0.31 | $ 0.54 | $ 1.05 | $ 1.24 |
| | | | | |
| Weighted average shares outstanding: | | | | |
| Basic | 209.7 | 209.7 | 209.7 | 202.7 |
| Effect of dilutive securities | 0.1 | 0.1 | 0.1 | 0.1 |
| Diluted | 209.8 | 209.8 | 209.8 | 202.8 |

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 September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net income | $ 66 | $ 113 | $ 220 | $ 251 |
| Other comprehensive (loss) income, net of income taxes: | | | | |
| Currency translation adjustment | — | — | — | (1) |
| Employee benefit plans | — | (1) | — | (1) |
| Interest rate derivatives | — | — | 2 | — |
| Other comprehensive (loss) income, net of income taxes | — | (1) | 2 | (2) |
| **Comprehensive income** | **$ 66** | **$ 112** | **$ 222** | **$ 249** |

See accompanying notes to the condensed consolidated financial statements.

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

| | (Unaudited) As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 70 | $ 312 |
| Accounts receivable (net of allowance for doubtful accounts of $1 and $1) | 319 | 292 |
| Other receivables | 6 | 9 |
| Related party receivables | 10 | 8 |
| Inventories | 615 | 419 |
| Other current assets | 21 | 13 |
| **Total current assets** | **1,041** | **1,053** |
| Property, plant and equipment (net of accumulated depreciation of $740 and $692) | 656 | 612 |
| Operating lease right-of-use assets, net | 55 | 61 |
| Goodwill | 1,879 | 1,879 |
| Intangible assets, net | 1,069 | 1,092 |
| Other assets | 33 | 25 |
| **Total assets** | **$ 4,733** | **$ 4,722** |
| **Liabilities** | | |
| Accounts payable | $ 252 | $ 185 |
| Related party payables | 35 | 41 |
| Current portion of long-term debt | 25 | 25 |
| Accrued and other current liabilities | 156 | 181 |
| **Total current liabilities** | **468** | **432** |
| Long-term debt | 2,092 | 2,208 |
| Long-term operating lease liabilities | 46 | 51 |
| Deferred income taxes | 335 | 326 |
| Long-term postretirement benefit obligation | 55 | 53 |
| Other liabilities | 43 | 37 |
| **Total liabilities** | **$ 3,039** | **$ 3,107** |
| Commitments and contingencies (Note 6) | | |
| **Stockholders' equity** | | |
| Common stock, $0.001 par value; 2,000 shares authorized; 210 shares issued and outstanding | — | — |
| Additional paid-in capital | 1,382 | 1,381 |
| Accumulated other comprehensive income | 3 | 1 |
| Retained earnings | 309 | 233 |
| **Total stockholders' equity** | **1,694** | **1,615** |
| **Total liabilities and stockholders' equity** | **$ 4,733** | **$ 4,722** |

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 Deficit) | Net Parent (Deficit) | Accumulated Other Comprehensive Income | Total Equity (Deficit) |
|---|---|---|---|---|---|---|
| **Balance as of December 31, 2019** | **$ —** | **$ —** | **$ —** | **$ (823)** | **$ 5** | **$ (818)** |
| Net income | — | — | 20 | 6 | — | 26 |
| Other comprehensive loss, net of income taxes | — | — | — | — | (2) | (2) |
| Net transfers from Parent | — | — | — | 855 | — | 855 |
| Reclassification of net parent (deficit) in RCP | — | 38 | — | (38) | — | — |
| Issuance of common stock, net of costs | — | 1,339 | — | — | — | 1,339 |
| Dividends ($0.15 per share declared) | — | — | (31) | — | — | (31) |
| Other | — | 1 | — | — | — | 1 |
| **Balance as of March 31, 2020** | **$ —** | **$ 1,378** | **$ (11)** | **$ —** | **$ 3** | **$ 1,370** |
| Net income | — | — | 112 | — | — | 112 |
| Other comprehensive income, net of income taxes | — | — | — | — | 1 | 1 |
| Other | — | 1 | — | — | — | 1 |
| **Balance as of June 30, 2020** | **$ —** | **$ 1,379** | **$ 101** | **$ —** | **$ 4** | **$ 1,484** |
| Net income | — | — | 113 | — | — | 113 |
| Other comprehensive loss, net of income taxes | — | — | — | — | (1) | (1) |
| Dividends ($0.22 per share declared) | — | — | (46) | — | — | (46) |
| Other | — | 1 | — | — | — | 1 |
| **Balance as of September 30, 2020** | **$ —** | **$ 1,380** | **$ 168** | **$ —** | **$ 3** | **$ 1,551** |
| | | | | | | |
| **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** |
| Net income | — | — | 66 | — | — | 66 |
| Dividends ($0.23 per share declared and paid) | — | — | (48) | — | — | (48) |
| **Balance as of September 30, 2021** | **$ —** | **$ 1,382** | **$ 309** | **$ —** | **$ 3** | **$ 1,694** |

See accompanying notes to the condensed consolidated financial statements.

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

| | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|
| **Cash provided by operating activities** | | |
| Net income | $ 220 | $ 251 |
| Adjustments to reconcile net income to operating cash flows: | | |
| Depreciation and amortization | 81 | 72 |
| Deferred income taxes | 8 | 56 |
| Unrealized losses on derivatives | — | 1 |
| Stock compensation expense | 5 | 4 |
| Change in assets and liabilities: | | |
| Accounts receivable, net | (27) | (275) |
| Other receivables | 3 | — |
| Related party receivables | (2) | 3 |
| Inventories | (197) | 17 |
| Accounts payable | 64 | 34 |
| Related party payables | (6) | (23) |
| Related party accrued interest payable | — | (18) |
| Income taxes payable / receivable | (7) | 2 |
| Accrued and other current liabilities | (20) | 28 |
| Other assets and liabilities | — | (5) |
| **Net cash provided by operating activities** | **122** | **147** |
| **Cash used in investing activities** | | |
| Acquisition of property, plant and equipment | (101) | (85) |
| **Net cash used in investing activities** | **(101)** | **(85)** |
| **Cash (used in) provided by financing activities** | | |
| Repayment of long-term debt | (119) | (112) |
| Dividends paid | (144) | (77) |
| Proceeds from long-term debt, net of discounts | — | 2,472 |
| Repayments of PEI Group Credit Agreement | — | (8) |
| Advances from related parties | — | 240 |
| Repayments to related parties | — | (3,627) |
| Deferred debt transaction costs | — | (28) |
| Proceeds from IPO settlement facility | — | 1,168 |
| Repayment of IPO settlement facility | — | (1,168) |
| Issuance of common stock | — | 1,410 |
| Equity issuance costs | — | (69) |
| Net transfers to Parent | — | (14) |
| **Net cash (used in) provided by financing activities** | **(263)** | **187** |
| Effect of exchange rate on cash and cash equivalents | — | — |
| Net (decrease) increase in cash and cash equivalents | (242) | 249 |
| Cash and cash equivalents at beginning of period | 312 | 102 |
| Cash and cash equivalents at end of period | $ 70 | $ 351 |
| | | |
| Cash Paid: | | |
| Income Taxes | 72 | 54 |

*Significant non-cash investing and financing activities*

Refer to Note 1 – Summary of Significant Accounting Policies and Note 10 – Related Party Transactions for details of significant non-cash investing and financing activities.

See accompanying notes to the condensed consolidated financial statements.

## Note 1 – Summary of Significant Accounting Policies

*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 & 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, 2020, 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.

Prior to the completion of our Corporate Reorganization, as defined in our Registration Statement on Form S-1 (File No. 333-234731), and initial public offering (“IPO”) on February 4, 2020, we operated as part of Pactiv Evergreen Inc. (“PEI”) and not as a stand-alone entity. We represented the business that was previously reported as the Reynolds Consumer Products segment in the consolidated financial statements of PEI and its subsidiaries (collectively, “PEI Group” or the “Parent”). As part of our Corporate Reorganization, we reorganized the legal structure of our entities so they are all under a single parent entity, Reynolds Consumer Products Inc. In conjunction with our Corporate Reorganization and IPO, we separated from PEI Group on February 4, 2020.

Net Parent deficit represented the former Parent’s interest in our net assets. As a direct ownership relationship did not exist between the various entities of our previously combined group, a Net Parent deficit account was shown in our previously combined financial statements. The majority of transactions between us and PEI Group have a history of settlement or were settled for cash in conjunction with our separation from PEI Group and IPO. These transactions have been reflected in our condensed consolidated balance sheets as related party receivables and payables. Transactions that did not have a history of settlement were reflected in equity (deficit) in our previously combined balance sheets as Net Parent deficit and, when cash was utilized (contributed), in our condensed consolidated statements of cash flows as a financing activity in net transfers from (to) Parent.

*Initial Public Offering:*

On February 4, 2020, we completed our separation from PEI Group and the IPO of our common stock pursuant to a Registration Statement on Form S-1. In the IPO, we sold an aggregate of 54,245,500 shares of common stock, including 7,075,500 shares of common stock purchased by the underwriters on February 7, 2020 pursuant to their option to purchase additional shares, under the Registration Statement at a public offering price of $26.00 per share.

In conjunction with our separation from PEI Group and IPO, we reclassified PEI Group’s historical net investment in us to additional paid-in capital. Each share of our outstanding common stock, immediately prior to our IPO, was exchanged into 155,455 shares of common stock. In addition, certain related party borrowings owed to PEI Group were contributed as additional paid-in capital without the issuance of any additional shares.

**Note 2 – New Accounting Standards**

*Recently Adopted Accounting Guidance:*

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. This ASU modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. We adopted the standard as of January 1, 2021 with no material impact on our condensed consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. This ASU removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. We adopted the standard as of January 1, 2021 with no material impact on our condensed consolidated financial statements.

*Accounting Guidance Issued But Not Yet Adopted:*

In March 2020, the FASB issued 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:

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| | (in millions) | |
| Raw materials | $ 197 | $ 138 |
| Work in progress | 70 | 54 |
| Finished goods | 312 | 194 |
| Spare parts | 36 | 33 |
| **Inventories** | **$ 615** | **$ 419** |

**Note 4 – Debt**

Long-term debt consisted of the following:

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| | (in millions) | |
| Term loan facility | $ 2,138 | $ 2,257 |
| Deferred financing transaction costs | (19) | (21) |
| Original issue discounts | (2) | (3) |
| | 2,117 | 2,233 |
| Less: current portion | (25) | (25) |
| **Long-term debt** | **$ 2,092** | **$ 2,208** |

*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 addition, on February 4, 2020 we entered into, and extinguished, a $1,168 million facility ("IPO Settlement Facility"). The proceeds from the Term Loan Facility and IPO Settlement Facility, net of transaction costs and original issue discounts, together with available cash, were used to repay accrued related party interest and a portion of the related party loans payable.

Borrowings under the External Debt Facilities bear interest at a rate per annum equal to, at our option, either a base rate 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.

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. During the nine months ended September 30, 2021, we made a voluntary principal payment of $100 million related to our Term Loan Facility.

*Revolving Facility*

The Revolving Facility matures in February 2025 and includes a sub-facility for letters of credit. As of September 30, 2021, 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 September 30, 2021, 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 – 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") and a service-based vesting condition (the "Service Condition"). The IPO Condition was satisfied when we completed our IPO on February 4, 2020. The Service Condition 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.

In addition, in conjunction with our Corporate Reorganization and IPO, we established an equity incentive plan for purposes of granting stock-based compensation awards to certain 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 granted performance stock units ("PSUs") to certain members of management that have a performance-based vesting condition. We account for forfeitures of outstanding but unvested grants in the period they occur. A maximum of 10.5 million shares of common stock were initially available for issuance under equity incentive awards granted pursuant to the plan. In the three and nine months ended September 30, 2021, zero and 0.2 million RSUs and zero and 0.2 million PSUs were granted, respectively.

As of September 30, 2021, there were stock-based compensation awards representing 0.7 million shares outstanding compared to 0.4 million shares outstanding as of December 31, 2020. Stock-based compensation expense was $2 million and $5 million for the three and nine months ended September 30, 2021, respectively, and $1 million and $4 million in the comparable prior year periods.

**Note 6 – 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, 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 September 30, 2021, there were no legal proceedings pending other than those for which we have determined that the possibility of a material outflow is remote.

**Note 7 – Accumulated Other Comprehensive Income**

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (in millions) | | (in millions) | |
| **Currency translation adjustments:** | | | | |
| Balance as of beginning of period | $ (6) | $ (7) | $ (6) | $ (6) |
| Currency translation adjustments | — | — | — | (1) |
| Other comprehensive (loss) | — | — | — | (1) |
| **Balance as of end of period** | **$ (6)** | **$ (7)** | **$ (6)** | **$ (7)** |
| **Employee benefit plans:** | | | | |
| Balance as of beginning of period | $ 8 | $ 11 | $ 8 | $ 11 |
| Amortization of actuarial gain | — | (1) | — | (1) |
| Other comprehensive (loss) | — | (1) | — | (1) |
| **Balance as of end of period** | **$ 8** | **$ 10** | **$ 8** | **$ 10** |
| **Interest rate derivatives:** | | | | |
| Balance as of beginning of period | $ 1 | $ — | $ (1) | $ — |
| Income arising during period | — | — | 2 | — |
| Other comprehensive income | — | — | 2 | — |
| **Balance as of end of period** | **$ 1** | **$ —** | **$ 1** | **$ —** |
| **Accumulated other comprehensive income** | | | | |
| Balance as of beginning of period | $ 3 | $ 4 | $ 1 | $ 5 |
| Other comprehensive (loss) income | — | (1) | 2 | (2) |
| **Balance as of end of period** | **$ 3** | **$ 3** | **$ 3** | **$ 3** |

**Note 8 – Income Taxes**

Prior to our separation from PEI Group and IPO, our U.S. operations were included in the U.S. federal consolidated and certain state and local tax returns filed by PEI Group. We also file certain separate U.S. state and local and foreign income tax returns. For the periods prior to separation, income tax (expense) benefit and deferred tax balances are presented in these condensed consolidated financial statements as if we filed tax returns on a stand-alone basis. Upon separation from PEI Group, becoming a separate taxable entity and the change from carve-out financial statements to consolidated financial statements, we have remeasured certain deferred taxes. These adjustments have been recognized directly in equity.

Our income tax expense for the three and nine months ended September 30, 2021 incorporated an expected annualized effective tax rate of 24.6% for both periods, excluding the impact of discrete items, compared to 24.5% in the comparable prior year periods. Our income tax expense for the nine months ended September 30, 2020 included an incremental discrete expense of $23 million due to the remeasurement of our deferred tax asset associated with the deductibility of interest expense as a result of the enactment, subsequent to our separation from PEI Group, of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act on March 27, 2020.

**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, 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, Hefty Strong Trash Bags, Hefty Renew and Hefty Slider Bags brands.

*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 unrealized gains and losses on commodity derivatives and 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 September 30, 2021 | Reynolds Cooking & Baking | Hefty Waste & Storage | Hefty Tableware | Presto Products | Segment Total | Unallocated(1) | Total |
|---|---|---|---|---|---|---|---|
| | | | | (in millions) | | | |
| Net revenues | $ 328 | $ 235 | $ 196 | $ 150 | **$ 909** | $ (4) | **$ 905** |
| Intersegment revenues | — | 2 | — | 1 | **3** | (3) | **—** |
| Total segment net revenues | 328 | 237 | 196 | 151 | **912** | (7) | **905** |
| Adjusted EBITDA | 56 | 37 | 25 | 14 | **132** | | |
| Depreciation and amortization | 5 | 5 | 4 | 5 | **19** | 8 | **27** |

| Three Months Ended September 30, 2020 | Reynolds Cooking & Baking | Hefty Waste & Storage | Hefty Tableware | Presto Products | Segment Total | Unallocated(1) | Total |
|---|---|---|---|---|---|---|---|
| | | | | (in millions) | | | |
| Net revenues | $ 285 | $ 207 | $ 192 | $ 136 | **$ 820** | $ 3 | **$ 823** |
| Intersegment revenues | — | 2 | — | — | **2** | (2) | **—** |
| Total segment net revenues | 285 | 209 | 192 | 136 | **822** | 1 | **823** |
| Adjusted EBITDA | 63 | 65 | 43 | 28 | **199** | | |
| Depreciation and amortization | 5 | 4 | 3 | 4 | **16** | 8 | **24** |

| Nine Months Ended September 30, 2021 | Reynolds Cooking & Baking | Hefty Waste & Storage | Hefty Tableware | Presto Products | Segment Total | Unallocated(1) | Total |
|---|---|---|---|---|---|---|---|
| | | | | (in millions) | | | |
| Net revenues | $ 902 | $ 645 | $ 582 | $ 417 | **$ 2,546** | $ (12) | **$ 2,534** |
| Intersegment revenues | — | 6 | — | 3 | **9** | (9) | **—** |
| Total segment net revenues | 902 | 651 | 582 | 420 | **2,555** | (21) | **2,534** |
| Adjusted EBITDA | 167 | 127 | 104 | 52 | **450** | | |
| Depreciation and amortization | 15 | 14 | 12 | 15 | **56** | 25 | **81** |

| Nine Months Ended September 30, 2020 | Reynolds Cooking & Baking | Hefty Waste & Storage | Hefty Tableware | Presto Products | Segment Total | Unallocated(1) | Total |
|---|---|---|---|---|---|---|---|
| | | | | (in millions) | | | |
| Net revenues | $ 824 | $ 597 | $ 556 | $ 400 | **$ 2,377** | $ (2) | **$ 2,375** |
| Intersegment revenues | — | 7 | — | 1 | **8** | (8) | **—** |
| Total segment net revenues | 824 | 604 | 556 | 401 | **2,385** | (10) | **2,375** |
| Adjusted EBITDA | 169 | 183 | 120 | 80 | **552** | | |
| Depreciation and amortization | 15 | 12 | 10 | 13 | **50** | 22 | **72** |

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 September 30, 2021 | $ 571 | $ 288 | $ 169 | $ 246 | **$ 1,274** | $ 3,459 | **$ 4,733** |
| As of December 31, 2020 | 433 | 248 | 157 | 204 | **1,042** | 3,680 | **4,722** |

(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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (in millions) | | (in millions) | |
| Segment Adjusted EBITDA | $ 132 | $ 199 | $ 450 | $ 552 |
| Corporate / unallocated expenses | — | (7) | (30) | (33) |
| | 132 | 192 | 420 | 519 |
| *Adjustments to reconcile to GAAP income before income taxes* | | | | |
| Depreciation and amortization | (27) | (24) | (81) | (72) |
| Interest expense, net | (12) | (13) | (36) | (57) |
| IPO and separation-related costs | (5) | (5) | (11) | (26) |
| Unrealized gains (losses) on derivatives | — | — | — | (1) |
| **Consolidated GAAP income before income taxes** | **$ 88** | **$ 150** | **$ 292** | **$ 363** |

*Information in Relation to Products*

Net revenues by product line are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (in millions) | | (in millions) | |
| Waste and storage products (1) | $ 388 | $ 345 | $ 1,071 | $ 1,005 |
| Cooking products | 328 | 285 | 902 | 824 |
| Tableware | 196 | 192 | 582 | 556 |
| Unallocated | (7) | 1 | (21) | (10) |
| **Net revenues** | **$ 905** | **$ 823** | **$ 2,534** | **$ 2,375** |

(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**

We historically operated as part of PEI Group. In preparation for our IPO, PEI Group transferred its interest in us to Packaging Finance Limited ("PFL"). PFL owns the majority of our outstanding common stock and owns the majority of the outstanding common stock of PEI Group. Transactions between us and PEI Group are described below.

*Ongoing Related Party Transactions*

For the three and nine months ended September 30, 2021, revenues from products sold to PEI Group were $29 million and $79 million, respectively, compared to $26 million and $89 million in the comparable prior year periods. For the three and nine months ended September 30, 2021, products purchased from PEI Group were $85 million and $247 million, respectively, compared to $83 million and $244 million in the comparable prior year periods. For the three and nine months ended September 30, 2021, PEI Group charged us freight and warehousing costs of $14 million and $44 million, respectively, compared to $16 million and $62 million in the comparable prior year periods, which were included in cost of sales. The resulting related party receivables and payables are settled regularly with PEI Group in the normal course of business.

Furthermore, $36 million and $107 million of the dividends paid during the three and nine months ended September 30, 2021, respectively, were paid to PFL, compared to $34 million and $57 million in the comparable prior year periods.

*Transactions Related to our Separation from PEI Group*

On January 30, 2020, we repurchased all of the U.S. accounts receivable that we previously sold through PEI Group's securitization facility for $264 million, $240 million of which was settled in cash and the remaining amount used to settle certain current related party receivables. The cash to purchase these receivables was provided by an increase in related party borrowings, which was subsequently settled as discussed below.

On January 30, 2020, our outstanding borrowings, net of deferred financing transaction costs and original issue discounts plus accrued interest incurred under the PEI Group Credit Agreement were reallocated to an entity within PEI Group and on February 4, 2020, we were fully and unconditionally released from the security and guarantee arrangements relating to PEI Group's borrowings. This reallocation resulted in a payment to PEI Group of $8 million for accrued interest and an increase of $2,001 million in related party borrowings, which was subsequently settled as discussed below.

On February 4, 2020, we repaid $3,627 million of related party borrowings and $22 million of related party accrued interest owed to PEI Group and capitalized, as additional paid-in capital without the issuance of any additional shares, the remaining $831 million balance of the related party borrowings owed to PEI Group.

On February 4, 2020, we entered into a transition services agreement with a subsidiary of PEI Group, whereby PEI Group will continue to provide certain administrative services to us, including information technology services; accounting, treasury, financial reporting and transaction support; human resources; procurement; tax, legal and compliance related services; and other corporate services for up to 24 months. In addition, we entered into a transition services agreement with Rank Group Limited (an affiliate of PEI Group) whereby, upon our request, Rank Group Limited will provide certain administrative services to us, including financial reporting, consulting and compliance services, insurance procurement and human resources support, legal and corporate secretarial support, and related services for up to 24 months. For the three and nine months ended September 30, 2021, we incurred $2 million and $5 million, respectively, related to transition services which were included in selling, general and administrative expenses in our condensed consolidated statements of income compared to $3 million and $8 million in the comparable prior year periods.

**Note 11 – Subsequent Events**

*Quarterly Cash Dividend*

On October 28, 2021, our Board of Directors approved a cash dividend of $0.23 per common share to be paid on November 30, 2021 to shareholders of record on November 16, 2021.

Except as described above, there have been no events subsequent to September 30, 2021 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, 2020.

### 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 & 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, 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: Through our Hefty Waste & Storage segment, we produce both branded and store brand trash and food storage bags. Our branded products are sold under the Hefty Ultra Strong, Hefty Strong Trash Bags, Hefty Renew and Hefty Slider Bags brands.
- 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.
- 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. 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.

### Our Separation from PEI Group

On February 4, 2020 we separated from PEI Group and completed our IPO as a stand-alone public entity. In conjunction with our separation from PEI Group, we entered into a transition services agreement with a subsidiary of PEI Group whereby PEI Group will continue to provide certain administrative services to us, including information technology services; accounting, treasury, financial reporting and transaction support; human resources; procurement; tax, legal and compliance related services; and other corporate services for up to 24 months beginning on February 4, 2020. In addition, we entered into a transition services agreement with Rank Group Limited whereby, upon our request, Rank Group Limited will provide certain administrative services to us, including financial reporting, consulting and compliance services, insurance procurement and human resources support, legal and corporate secretarial support, and related services for up to 24 months. At the conclusion of these transitional arrangements, we will have to perform these services with internal resources or contract with third party providers. The previous arrangements we had with PEI Group may be materially different from the arrangements that we have entered into as part of our separation from PEI Group.

On February 4, 2020, in conjunction with our Corporate Reorganization and IPO, we entered into new external debt facilities (“External Debt Facilities”), consisting of a $2,475 million senior secured term loan facility (“Term Loan Facility”) and a $250 million senior secured revolving credit facility (“Revolving Facility”), and repaid portions of the related party borrowings owed to PEI Group that were reflected on our balance sheet prior to that date. PEI Group contributed the remaining balance of related party borrowings owed by us to PEI Group as additional paid-in capital without the issuance of any additional shares prior to the closing of our IPO. In addition, all indebtedness that we had borrowed under PEI Group’s Credit Agreement was reallocated and we were released as a borrower and guarantor from such facilities and released as a guarantor of PEI Group’s outstanding senior notes.

## Impact of COVID-19

As previously discussed, in connection with the COVID-19 pandemic, we implemented policies and procedures designed to protect our employees and our customers, including implementing recommendations from the Centers for Disease Control and Prevention. As the pandemic evolves, we remain committed to adapting our policies and procedures to ensure the safety of our employees and compliance with federal, state and local regulations.

We have continued to see at-home use of our products remain strong driven by the consumer response to the COVID-19 pandemic. The duration and magnitude of the increased demand remains unknown, particularly as vaccine rollouts continue, and its ongoing impact on our operations may not be consistent with our experiences to date. At this time, we are unable to predict with any certainty the nature, timing or magnitude of any changes in future sales and/or earnings attributable to the impact of COVID-19 and efforts to reduce its spread. In addition, since the COVID-19 pandemic has been ongoing for over a year, quarterly results in 2021 have comparisons against results in 2020 that benefited significantly from the shift to more at-home use of our products and related increases in demand, which may not be sustained in 2021 or future periods.

We do not currently anticipate that the COVID-19 pandemic will materially impact our liquidity over the next 12 months.

## Overview

Total net revenues increased 10% and 7% in the three and nine months ended September 30, 2021, respectively, compared to the same periods in 2020. For the three month period, the revenue increase was primarily due to pricing actions taken in response to increased material costs. For the nine month period, the revenue increase was primarily due to pricing actions taken in response to increased material costs and lower levels of trade promotion.

We have experienced significant increases in material costs as well as increased labor and logistics costs in the first nine months of 2021. The timing and magnitude of easing of material costs is uncertain at this time, however, we are aggressively implementing price increases, including a fourth round of price increases planned for early 2022, and other cost reduction initiatives in order to maintain our profitability. Our current year earnings decline is primarily attributable to the timing of material cost recovery, which we expect will improve as the cost increases begin to ease and pricing is fully realized.

## 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, as applicable, unrealized gains and losses on commodity derivatives and 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, as applicable, the sum of unrealized gains and losses on commodity derivatives, IPO and separation-related costs and the impact of a tax legislation change under the CARES Act enacted on March 27, 2020.

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 September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|---|
| | (in millions) | | (in millions) | |
| **Net income – GAAP** | **$ 66** | **$ 113** | **$ 220** | **$ 251** |
| Income tax expense | 22 | 37 | 72 | 112 |
| Interest expense, net | 12 | 13 | 36 | 57 |
| Depreciation and amortization | 27 | 24 | 81 | 72 |
| IPO and separation-related costs (1) | 5 | 5 | 11 | 26 |
| Unrealized losses on derivatives (2) | — | — | — | 1 |
| **Adjusted EBITDA (Non-GAAP)** | **$ 132** | **$ 192** | **$ 420** | **$ 519** |

(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.
(2) Reflects the mark-to-market movements in our commodity derivatives.

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 September 30, 2021 | | | Three Months Ended September 30, 2020 | | |
|---|---|---|---|---|---|---|
| **(In millions, except for per share data)** | **Net Income** | **Diluted Shares** | **Diluted EPS** | **Net Income** | **Diluted Shares** | **Diluted EPS** |
| **As Reported - GAAP** | **$ 66** | **210** | **$ 0.31** | **$ 113** | **210** | **$ 0.54** |
| **Adjustments:** | | | | | | |
| IPO and separation-related costs (1) | 4 | 210 | 0.02 | 4 | 210 | 0.02 |
| **Adjusted (Non-GAAP)** | **$ 70** | **210** | **$ 0.33** | **$ 117** | **210** | **$ 0.56** |

(1) Amounts are after tax, calculated using a tax rate of 24.6% and 24.5% for the three months ended September 30, 2021 and 2020, respectively, which is our effective tax rate for the periods presented excluding discrete tax items.

| | Nine Months Ended September 30, 2021 | | | Nine Months Ended September 30, 2020 | | |
|---|---|---|---|---|---|---|
| **(In millions, except for per share data)** | **Net Income** | **Diluted Shares** | **Diluted EPS** | **Net Income** | **Diluted Shares** | **Diluted EPS** |
| **As Reported - GAAP** | **$ 220** | **210** | **$ 1.05** | **$ 251** | **203** | **$ 1.24** |
| Assume full period impact of IPO shares (1) | — | — | — | — | 7 | — |
| Total | 220 | 210 | 1.05 | 251 | 210 | 1.20 |
| **Adjustments:** | | | | | | |
| IPO and separation-related costs (2) | 8 | 210 | 0.04 | 19 | 210 | 0.09 |
| Impact of tax legislation change from the CARES Act | — | — | — | 23 | 210 | 0.11 |
| Unrealized losses on derivatives (2) | — | — | — | 1 | 210 | 0.00 |
| **Adjusted (Non-GAAP)** | **$ 228** | **210** | **$ 1.09** | **$ 294** | **210** | **$ 1.40** |

(1) Represents incremental shares required to adjust the weighted average shares outstanding for the period to the actual shares outstanding as of September 30, 2020. We utilize the shares outstanding at period end as if they had been outstanding for the full period rather than weighted average shares outstanding over the course of the period as it is a more meaningful calculation that provides consistency in comparability.
(2) Amounts are after tax, calculated using a tax rate of 24.6% and 24.5% for the nine months ended September 30, 2021 and 2020, respectively, which is our effective tax rate for the periods presented excluding the 2020 one-time discrete expense associated with the legislation change from the CARES Act and other discrete tax items.

### Results of Operations – Three Months Ended September 30, 2021

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 September 30: | | | | | | |
| 2021 | $ 328 | $ 237 | $ 196 | $ 151 | $ (7) | $ 905 |
| 2020 | 285 | 209 | 192 | 136 | 1 | 823 |
| Adjusted EBITDA for the three months ended September 30: | | | | | | |
| 2021 | $ 56 | $ 37 | $ 25 | $ 14 | $ — | $ 132 |
| 2020 | 63 | 65 | 43 | 28 | (7) | 192 |

(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 September 30, 2021 Compared with the Three Months Ended September 30, 2020

*Total Reynolds Consumer Products*

| | For the Three Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| (In millions, except for %) | 2021 | % of Revenue | 2020 | % of Revenue | Change | % Change |
| Net revenues | $ 876 | 97% | $ 797 | 97% | $ 79 | 10% |
| Related party net revenues | 29 | 3% | 26 | 3% | 3 | 12% |
| **Total net revenues** | **905** | **100%** | **823** | **100%** | **82** | **10%** |
| Cost of sales | (723) | (80)% | (558) | (68)% | (165) | (30)% |
| **Gross profit** | **182** | **20%** | **265** | **32%** | **(83)** | **(31)%** |
| Selling, general and administrative expenses | (77) | (9)% | (97) | (12)% | 20 | 21% |
| Other expense, net | (5) | (1)% | (5) | (1)% | — | —% |
| **Income from operations** | **100** | **11%** | **163** | **20%** | **(63)** | **(39)%** |
| Interest expense, net | (12) | (1)% | (13) | (2)% | 1 | 8% |
| **Income before income taxes** | **88** | **10%** | **150** | **18%** | **(62)** | **(41)%** |
| Income tax expense | (22) | (2)% | (37) | (4)% | 15 | 41% |
| **Net income** | **$ 66** | **7%** | **$ 113** | **14%** | **$ (47)** | **(42)%** |
| **Adjusted EBITDA (1)** | **$ 132** | **15%** | **$ 192** | **23%** | **$ (60)** | **(31)%** |

(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 September 30, 2021 vs. the Three Months Ended September 30, 2020*

| | Price | Volume/Mix | Total |
|---|---|---|---|
| Reynolds Cooking & Baking | 11% | 4% | 15% |
| Hefty Waste & Storage | 11% | 2% | 13% |
| Hefty Tableware | 6% | (4)% | 2% |
| Presto Products | 12% | (1)% | 11% |
| **Total RCP** | **10%** | - | **10%** |

*Total Net Revenues*. Total net revenues increased by $82 million, or 10%, to $905 million. The increase was primarily driven by pricing actions of $79 million taken in response to increased material costs.

*Cost of Sales*. Cost of sales increased by $165 million, or 30%, to $723 million. The increase was driven by increased material costs of $148 million as well as increased labor and logistics costs.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses decreased by $20 million, or 21%, to $77 million, primarily due to lower advertising and personnel costs.

*Other Expense, Net.* Other expense, net remained flat.

*Interest Expense, Net*. Interest expense, net decreased by $1 million, or 8%, to $12 million.

*Income Tax Expense.* We recognized income tax expense of $22 million on income before income taxes of $88 million (an effective tax rate of 25.6%) for the three months ended September 30, 2021 compared to income tax expense of $37 million on income before income taxes of $150 million (an effective tax rate of 24.5%) for the three months ended September 30, 2020.

*Adjusted EBITDA.* Adjusted EBITDA decreased by $60 million, or 31%, to $132 million. The decrease in Adjusted EBITDA was primarily due to material cost increases outpacing the timing of our pricing recovery, as well as increased labor and logistics costs, partially offset by lower selling, general and administrative expenses.

## Segment Information

*Reynolds Cooking & Baking*

| | For the Three Months Ended September 30, | | | |
|---|---|---|---|---|
| **(In millions, except for %)** | **2021** | **2020** | **Change** | **% Change** |
| Total segment net revenues | $ 328 | $ 285 | $ 43 | 15% |
| Segment Adjusted EBITDA | 56 | 63 | (7) | (11)% |
| Segment Adjusted EBITDA Margin | 17% | 22% | | |

*Total Segment Net Revenues*. Reynolds Cooking & Baking total segment net revenues increased by $43 million, or 15%, to $328 million. The increase in net revenues was primarily driven by price increases taken in response to increased material costs, as well as higher volume driven by a one-time sale of excess raw materials. Excluding the sale of excess materials, volume was down approximately 2% due to the lapping of heightened consumption in the prior year period.

*Adjusted EBITDA.* Reynolds Cooking & Baking Adjusted EBITDA decreased by $7 million, or 11%, to $56 million. The decrease in Adjusted EBITDA was primarily driven by price increases lagging material cost increases.

*Hefty Waste & Storage*

| | For the Three Months Ended September 30, | | | |
|---|---|---|---|---|
| **(In millions, except for %)** | **2021** | **2020** | **Change** | **% Change** |
| Total segment net revenues | $ 237 | $ 209 | $ 28 | 13% |
| Segment Adjusted EBITDA | 37 | 65 | (28) | (43)% |
| Segment Adjusted EBITDA Margin | 16% | 31% | | |

*Total Segment Net Revenues*. Hefty Waste & Storage total segment net revenues increased by $28 million, or 13%, to $237 million. The increase in net revenues was primarily driven by price increases taken in response to increased material costs as well as higher volume as household demand remained strong and we continued to benefit from innovation.

*Adjusted EBITDA.* Hefty Waste & Storage Adjusted EBITDA decreased by $28 million, or 43%, to $37 million. The decrease in Adjusted EBITDA was primarily driven by material cost increases outpacing price increases and increased labor costs, partially offset by higher volume.

*Hefty Tableware*

| (In millions, except for %) | For the Three Months Ended September 30, 2021 | 2020 | Change | % Change |
|---|---|---|---|---|
| Total segment net revenues | $ 196 | $ 192 | $ 4 | 2% |
| Segment Adjusted EBITDA | 25 | 43 | (18) | (42)% |
| Segment Adjusted EBITDA Margin | 13% | 22% | | |

*Total Segment Net Revenues.* Hefty Tableware total segment net revenues increased by $4 million, or 2%, to $196 million. The increase in net revenues was primarily due to pricing actions taken in response to increased material costs, partially offset by lower volume driven by delays from third party suppliers.

*Adjusted EBITDA.* Hefty Tableware Adjusted EBITDA decreased by $18 million, or 42%, to $25 million. The decrease in Adjusted EBITDA was primarily driven by price increases lagging material cost increases and increased labor and logistics costs.

*Presto Products*

| (In millions, except for %) | For the Three Months Ended September 30, 2021 | 2020 | Change | % Change |
|---|---|---|---|---|
| Total segment net revenues | $ 151 | $ 136 | $ 15 | 11% |
| Segment Adjusted EBITDA | 14 | 28 | (14) | (50)% |
| Segment Adjusted EBITDA Margin | 9% | 21% | | |

*Total Segment Net Revenues.* Presto Products total segment net revenues increased by $15 million, or 11%, to $151 million. The increase in net revenues was primarily driven by the impact of pricing actions taken in response to increased material costs, partially offset by lower volume primarily due to import delays and lower business to business product sales.

*Adjusted EBITDA.* Presto Products Adjusted EBITDA decreased by $14 million, or 50%, to $14 million. The decrease in Adjusted EBITDA was primarily driven by price increases lagging material cost increases as well as increased labor and logistics costs.

## Results of Operations – Nine Months Ended September 30, 2021

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 nine months ended September 30: | | | | | | |
| 2021 | $ 902 | $ 651 | $ 582 | $ 420 | $ (21) | $ 2,534 |
| 2020 | 824 | 604 | 556 | 401 | (10) | 2,375 |
| Adjusted EBITDA for the nine months ended September 30: | | | | | | |
| 2021 | $ 167 | $ 127 | $ 104 | $ 52 | $ (30) | $ 420 |
| 2020 | 169 | 183 | 120 | 80 | (33) | 519 |

(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.

**Nine Months Ended September 30, 2021 Compared with the Nine Months Ended September 30, 2020**

*Total Reynolds Consumer Products*

| | For the Nine Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| **(In millions, except for %)** | **2021** | **% of Revenue** | **2020** | **% of Revenue** | **Change** | **% Change** |
| Net revenues | $ 2,455 | 97% | $ 2,286 | 96% | $ 169 | 7% |
| Related party net revenues | 79 | 3% | 89 | 4% | (10) | (11)% |
| **Total net revenues** | **2,534** | **100%** | **2,375** | **100%** | **159** | **7%** |
| Cost of sales | (1,952) | (77)% | (1,669) | (70)% | (283) | (17)% |
| **Gross profit** | **582** | **23%** | **706** | **30%** | **(124)** | **(18)%** |
| Selling, general and administrative expenses | (244) | (10)% | (260) | (11)% | 16 | 6% |
| Other expense, net | (10) | — | (26) | (1)% | 16 | 62% |
| **Income from operations** | **328** | **13%** | **420** | **18%** | **(92)** | **(22)%** |
| Interest expense, net | (36) | (1)% | (57) | (2)% | 21 | 37% |
| **Income before income taxes** | **292** | **12%** | **363** | **15%** | **(71)** | **(20)%** |
| Income tax expense | (72) | (3)% | (112) | (5)% | 40 | 36% |
| **Net income** | **$ 220** | **9%** | **$ 251** | **11%** | **$ (31)** | **(12)%** |
| **Adjusted EBITDA (1)** | **$ 420** | **17%** | **$ 519** | **22%** | **$ (99)** | **(19)%** |

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

*Components of Change in Net Revenues for the Nine Months Ended September 30, 2021 vs. the Nine Months Ended September 30, 2020*

| | **Price** | **Volume/Mix** | **Total** |
|---|---|---|---|
| Reynolds Cooking & Baking | 7% | 2% | 9% |
| Hefty Waste & Storage | 7% | 1% | 8% |
| Hefty Tableware | 5% | - | 5% |
| Presto Products | 8% | (3)% | 5% |
| **Total RCP** | **7%** | - | **7%** |

*Total Net Revenues*. Total net revenues increased by $159 million, or 7%, to $2,534 million. The increase was primarily driven by pricing actions taken in response to increased material costs as well as lower levels of trade promotion. Volume in the nine month period was relatively flat as continued every-day usage of our products remained strong.

*Cost of Sales*. Cost of sales increased by $283 million, or 17%, to $1,952 million. The increase was driven by increased material costs of $240 million as well as increased labor and logistics costs.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses decreased by $16 million, or 6%, to $244 million primarily due to lower advertising and personnel costs.

*Other Expense, Net.* Other expense, net decreased by $16 million, or 62%, to $10 million. The decrease was primarily attributable to lower IPO and separation-related costs compared to the prior year period.

*Interest Expense, Net*. Interest expense, net decreased by $21 million, or 37%, to $36 million. The decrease was primarily due to lower interest rates and a lower principal balance on our debt.

*Income Tax Expense.* We recognized income tax expense of $72 million on income before income taxes of $292 million (an effective tax rate of 24.8%) for the nine months ended September 30, 2021 compared to income tax expense of $112 million on income before income taxes of $363 million (an effective tax rate of 30.8%) for the nine months ended September 30, 2020. The decrease in the effective tax rate was due to the recognition of a $23 million discrete tax expense associated with the remeasurement of our deferred taxes as a result of the legislation change from the CARES Act in the prior year period. Excluding the impact of this, our effective tax rate was 24.6% for the nine months ended September 30, 2020.

*Adjusted EBITDA.* Adjusted EBITDA decreased by $99 million, or 19%, to $420 million. The decrease in Adjusted EBITDA was primarily due to price increases lagging material cost increases and increased labor and logistics costs, partially offset by lower selling, general and administrative expenses.

## Segment Information

*Reynolds Cooking & Baking*

| | For the Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| **(In millions, except for %)** | **2021** | **2020** | **Change** | **% Change** |
| Total segment net revenues | $ 902 | $ 824 | $ 78 | 9% |
| Segment Adjusted EBITDA | 167 | 169 | (2) | (1)% |
| Segment Adjusted EBITDA Margin | 19% | 21% | | |

*Total Segment Net Revenues*. Reynolds Cooking & Baking total segment net revenues increased by $78 million, or 9%, to $902 million. The increase in net revenues was primarily driven by higher pricing through a combination of pricing actions taken as a result of increased material costs and lower levels of trade promotions, as well as higher volume.

*Adjusted EBITDA*. Reynolds Cooking & Baking Adjusted EBITDA decreased by $2 million, or 1%, to $167 million. The decrease in Adjusted EBITDA was primarily driven by pricing actions lagging material cost increases and increased logistics costs, partially offset by the impact of higher volume and fewer trade promotions.

*Hefty Waste & Storage*

| | For the Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| **(In millions, except for %)** | **2021** | **2020** | **Change** | **% Change** |
| Total segment net revenues | $ 651 | $ 604 | $ 47 | 8% |
| Segment Adjusted EBITDA | 127 | 183 | (56) | (31)% |
| Segment Adjusted EBITDA Margin | 20% | 30% | | |

*Total Segment Net Revenues*. Hefty Waste & Storage total segment net revenues increased by $47 million, or 8%, to $651 million. The increase in net revenues was primarily driven by higher pricing through a combination of pricing actions taken in response to increased material costs and lower levels of trade promotion.

*Adjusted EBITDA.* Hefty Waste & Storage Adjusted EBITDA decreased by $56 million, or 31%, to $127 million. The decrease in Adjusted EBITDA was primarily driven by material cost increases outpacing price increases as well as increased labor costs, partially offset by lower advertising costs.

*Hefty Tableware*

| | For the Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| **(In millions, except for %)** | **2021** | **2020** | **Change** | **% Change** |
| Total segment net revenues | $ 582 | $ 556 | $ 26 | 5% |
| Segment Adjusted EBITDA | 104 | 120 | (16) | (13)% |
| Segment Adjusted EBITDA Margin | 18% | 22% | | |

*Total Segment Net Revenues.* Hefty Tableware total segment net revenues increased by $26 million, or 5%, to $582 million. The increase in net revenues was primarily driven by higher pricing through a combination of pricing actions taken as a result of increased material costs and lower levels of trade promotion.

*Adjusted EBITDA.* Hefty Tableware Adjusted EBITDA decreased by $16 million, or 13%, to $104 million. The decrease in Adjusted EBITDA was primarily driven by pricing actions lagging material cost increases as well as increased labor costs.

*Presto Products*

| (In millions, except for %) | For the Nine Months Ended September 30, 2021 | 2020 | Change | % Change |
|---|---|---|---|---|
| Total segment net revenues | $ 420 | $ 401 | $ 19 | 5% |
| Segment Adjusted EBITDA | 52 | 80 | (28) | (35)% |
| Segment Adjusted EBITDA Margin | 12% | 20% | | |

*Total Segment Net Revenues.* Presto Products total segment net revenues increased by $19 million, or 5%, to $420 million. The increase in net revenues was primarily driven by pricing actions taken in response to increased material costs, partially offset by lower volume in the current year period primarily due to the lapping of heightened consumption in the prior year period.

*Adjusted EBITDA.* Presto Products Adjusted EBITDA decreased by $28 million, or 35%, to $52 million. The decrease in Adjusted EBITDA was primarily driven by price increases lagging material cost increases as well as increased labor and logistics costs.

## Historical Cash Flows

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

| (In millions) | For the Nine Months Ended September 30, 2021 | 2020 |
|---|---|---|
| Net cash provided by operating activities | $ 122 | $ 147 |
| Net cash used in investing activities | (101) | (85) |
| Net cash (used in) provided by financing activities | (263) | 187 |
| **(Decrease) increase in cash and cash equivalents** | **$ (242)** | **$ 249** |

*Cash provided by operating activities*

Net cash from operating activities decreased by $25 million, to $122 million in the nine months ended September 30, 2021. The change was primarily driven by higher inventory during the current year period due to the impact of higher material costs and inventory replenishment, as well as higher cash tax payments in the current year period and lower net income compared to the prior year period, which were partially offset by a $248 million favorable change in accounts receivable, $240 million of which was related to the repurchase of accounts receivables in the prior year period previously sold through PEI Group's securitization facility prior to our separation from PEI Group.

*Cash used in investing activities*

Net cash used in investing activities increased by $16 million to $101 million. The change was primarily driven by a purchase of a previously leased manufacturing facility.

*Cash (used in) provided by financing activities*

Net cash from financing activities changed by $450 million, from an inflow of $187 million in the nine months ended September 30, 2020 to an outflow of $263 million in the nine months ended September 30, 2021. The change was primarily attributable to higher dividends paid during the current year period and principal repayments on the Term Loan Facility compared to the IPO-related activities during the prior year period, which included proceeds received from the IPO and the drawdown of the Term Loan Facility, partially offset by repayments of related party balances.

## 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.

*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 September 30, 2021, the outstanding balance under the Term Loan Facility was $2,138 million. As of September 30, 2021, 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 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. These interest rate swaps hedge a portion of the interest rate exposure resulting from our Term Loan Facility for periods ranging from one to five years from the time we entered into them.

*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. During the nine months ended September 30, 2021, we made a voluntary principal payment of $100 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. 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.

During the three and nine months ended September 30, 2021, cash dividends of $0.23 and $0.69 per share, respectively, were declared and paid. On October 28, 2021, a quarterly cash dividend of $0.23 per share was declared and is to be paid on November 30, 2021. 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.

We believe that our projected cash position, cash flows from operations and available borrowings under the Revolving Facility are sufficient to meet the needs of our business for at least the next 12 months.

## 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, 2020.

## 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, 2020. During the nine months ended September 30, 2021, there have been no material changes in our exposure to market risk.

## Item 4. Controls and Procedures.

a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2021. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2021, our disclosure controls and procedures were effective.

b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2021 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 6 - 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, 2020.

## 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)
November 4, 2021

**Exhibit 31.1**

**CERTIFICATION**

I, Lance Mitchell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Reynolds Consumer Products Inc.;

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: November 4, 2021

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: November 4, 2021

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 September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lance Mitchell, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 4, 2021

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 September 30, 2021 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: November 4, 2021

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