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# 2Q22 Earnings Presentation

July 28, 2022



# Disclaimers

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This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Our forward-looking statements include, but are not limited to, the guidance included in this presentation and the statements regarding our or our management team’s expectations, hopes, beliefs, intentions or strategies regarding the future. Statements that are not historical facts, including statements about the parties, perspectives and expectations, are forward-looking statements. In addition, any statements that refer to estimates, projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “target,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this presentation may include, for example, statements about our expectations around the future performance of the business, including our forward-looking guidance.

The forward-looking statements contained in this presentation are based on our current expectations and beliefs concerning future developments and their potential effects on us taking into account information currently available to us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks include, but are not limited to: (1) our inability to secure a sufficient supply of paper to meet our production requirements; (2) the impact of the price of kraft paper on our results of operations; (3) our reliance on third party suppliers; (4) the COVID-19 pandemic, the Russia and Ukraine conflict, and associated responses; (5) the high degree of competition in the markets in which we operate; (6) consumer sensitivity to increases in the prices of our products; (7) changes in consumer preferences with respect to paper products generally; (8) continued consolidation in the markets in which we operate; (9) the loss of significant end-users of our products or a large group of such end-users; (10) our failure to develop new products that meet our revenue or margin expectations; (11) our future operating results fluctuating, failing to match performance or to meet expectations; (12) our ability to fulfill our public company obligations; and (13) other risks and uncertainties indicated from time to time in filings made with the Securities and Exchange Commission (“SEC”).

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USE OF NON-GAAP FINANCIAL MEASURES

This investor presentation includes non-GAAP financial measures including EBITDA, Adjusted EBITDA, pro forma Adjusted EBITDA, pro forma Adjusted EBITDA margin, Adjusted net revenue, net revenue, and gross profit, each on a constant currency basis. Management believes presentation of these non-GAAP measures is useful because they allow management to more effectively evaluate its operating performance and compare the results of its operations from period to period and against its peers without regard to financing methods or capital structure. Management does not consider these non-GAAP measures in isolation or as an alternative to similar financial measures determined in accordance with GAAP. The computations of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. These non-GAAP financial measures should not be considered as alternatives to, or more meaningful than, measures of financial performance as determined in accordance with GAAP or as indicators of operating performance.

# Ranpak Second Quarter Performance Commentary

***Macro headwinds weighing on results. Actions have been taken to reduce costs to better insulate Ranpak in current challenging environment. Focus on new business activity to offset lower utilization of existing fleet***

- Constant currency top-line growth in the quarter and turned positive year to date on a constant currency basis driven by pricing actions
- Volumes lower due to decreased e-Commerce activity compared to frenetic pace a year ago, macro pressures weighing on demand, and distributors tightly managing inventory
    - Volumes +32% in Q2 2021 create challenging comparison
- Profitability under pressure due to elevated input costs and lower volume environment
- Emphasis on margin improvement and working capital management for remainder of the year

**Performance indicators:**

- Net revenue increased 4% on a constant currency basis driven by higher pricing, somewhat offset by lower volumes
- Gross profit down 14% on a constant currency basis driven by lower volumes and increased material costs
    - Gross margins down 7 pts to 32.6% driven largely by material cost headwinds
    - Pricing actions taken in Europe to improve price / cost
        - Given outsized increase in Energy pricing in June, expect input costs to be elevated / volatile and margins to remain under pressure consistent with Q2
- Adjusted EBITDA down 29% on a constant currency basis driven by lower gross profit and increased G&A due to hiring activity over past year
    - G&A cost reduction measures in place (headcount reduction, discretionary spend cut, non-essential hiring deferred)

# Growth

**North America**

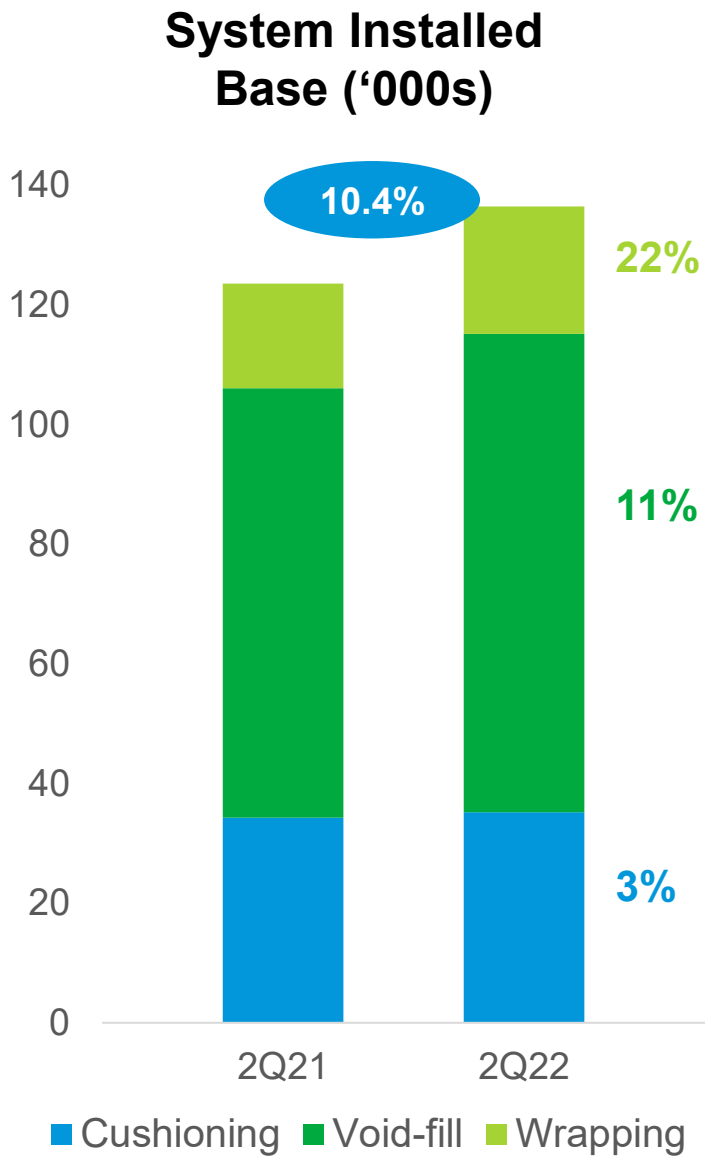
- Results driven by roughly flat PPS top-line and lower Automation activity in the region compared to a year ago
- PPS driven by growth in Cushioning as industrial players seek to reduce cost and improve sustainability profile and headwinds in Void-fill and Wrapping due to lower e-Commerce activity

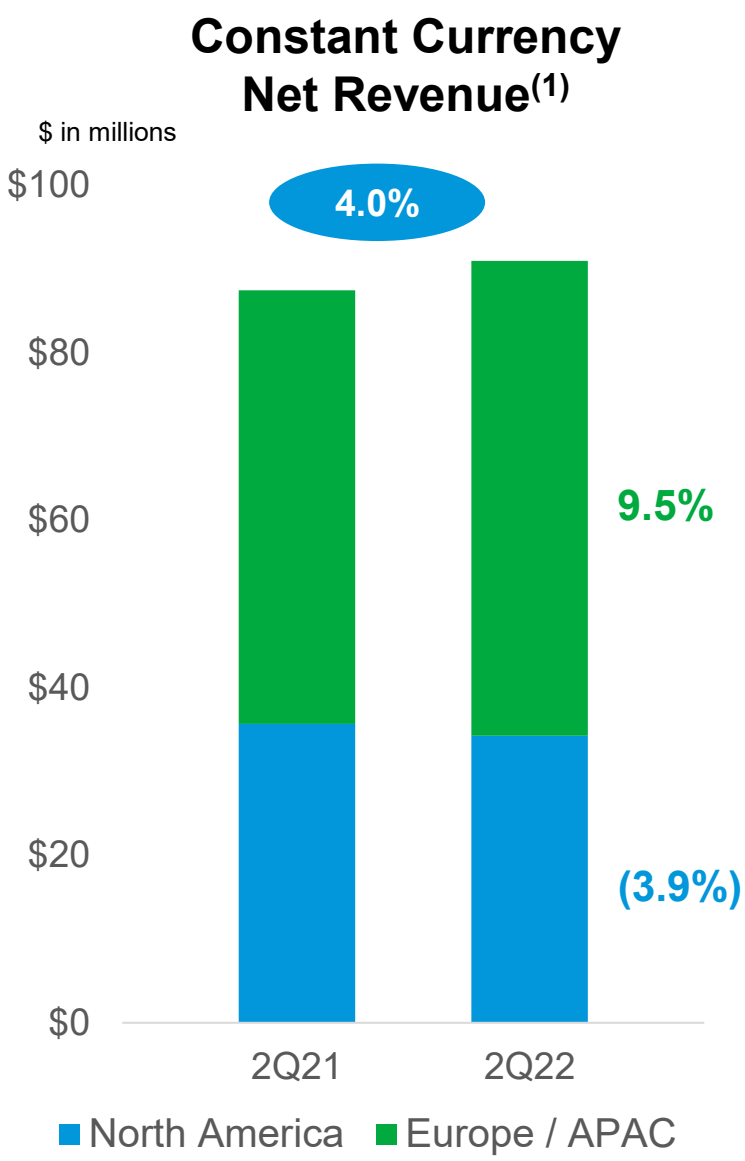
**Europe / APAC**

- Returned to top-line growth on a constant currency basis against a challenging 2Q21 comparison driven by growth in Cushioning and Automation, offset by headwinds in Void-fill and Wrapping
- Macro pressures and war contributing to all-time low in European Consumer Confidence

**Key Takeaway**

- Expect volumes to remain under pressure for remainder of the year as macro and inflationary pressures weigh on consumer demand and business activity




Note: Figures based on unaudited internal company financial statements. Based on constant currency at € / $ 1.15.

(1) Constant currency net revenue is a non-GAAP measure, consisting of net revenue presented on a constant currency basis for the periods presented. Refer to the Appendix to this presentation for a description of the basis of presentation and a reconciliation of constant currency net revenue to net revenue, the most directly comparable U.S. GAAP measure.

# Profitability

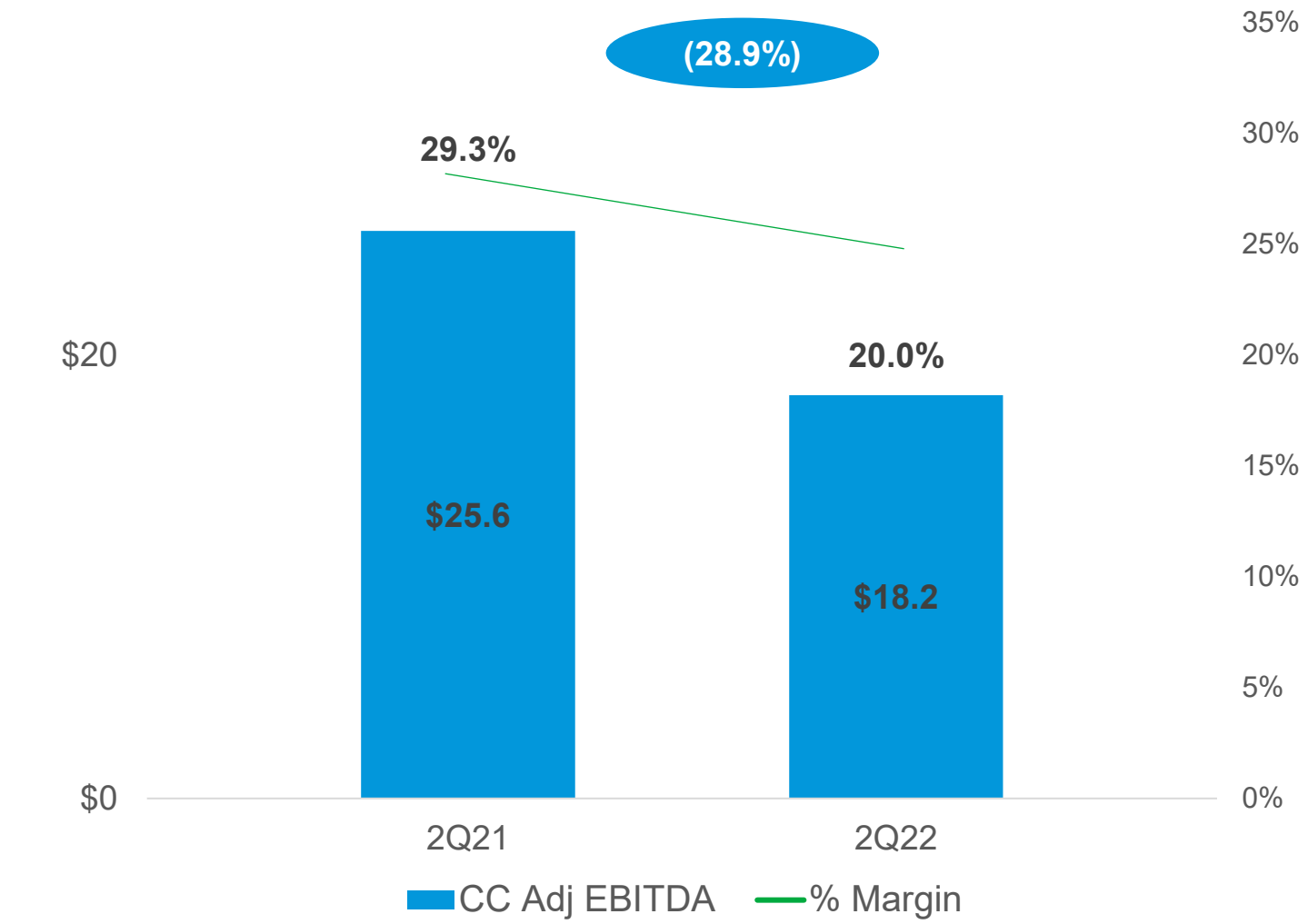
## CC Adj. EBITDA down 28.9% vs 2Q21

- Gross profit down 14.4% driven by:
  - Increased material cost impacting price / cost
  - Pricing actions taken in the quarter to improve positioning but expect margins to be under pressure for remainder of the year due to energy environment in Europe
- Adj. EBITDA decline driven by lower gross profit and increased G&A spend related to growth initiatives and digital infrastructure support

## Key Takeaways

- Macro outlook worsened in the quarter due to inflationary pressures impacting consumer confidence, change in spending patterns, and energy crisis in Europe

## Constant Currency Adjusted EBITDA(1)




Note: Figures based on unaudited internal company financial statements. Based on constant currency at € / $ 1.15.

(1) Constant Currency Adjusted EBITDA is a non-GAAP measure. Refer to the Appendix to this presentation for a reconciliation of Adjusted EBITDA to net income. Adjusted EBITDA is earnings before interest expense, income taxes, depreciation and amortization plus other non-core and non-cash adjustments including recruiting fees and non-recurring professional fees.

# Liquidity and Capitalization

- Ranpak completed 2Q22 with a solid balance sheet and liquidity position - cash balance of $59 million and no drawings on its Revolving Credit Facility
- As of June 30, 2022 the Company had First Lien Term Loan facilities outstanding consisting of two term loans:
  - $250 million U.S. dollar denominated *- $0 principal payments required until 2026 maturity*
    - *$80 million notional swapped to €74 million 1.0827*[(2)]
  - €136 million Euro denominated - *€1.4 million annual principal payments required through 2026 maturity*
- 06/30/22 Net Leverage Ratio of 3.5x Net Debt / LTM Adjusted EBITDA
- Board of Directors authorized a new three-year common equity share repurchase program of up to $50 million



(1) Adjusted EBITDA is a non-GAAP measure. Refer to the Appendix to this presentation for a reconciliation of Adjusted EBITDA to net income. Adjusted EBITDA is earnings before interest expense, income taxes, depreciation and amortization plus other non-core and non-cash adjustments including recruiting fees and non-recurring professional fees.

(2) As of June 30 2022. Swap was unwound at 1.0049 EURUSD for $5.1mm proceeds in July

# 2022 Guidance

***Lowering estimates to reflect current and expected operating environment***

***Expect macro headwinds to persist and worsen, contributing to a more significant decline in volumes than previously anticipated***

- Positive price benefits not enough to offset decreased volume expectations – full year volumes expected to be approximately 20% lower vs prior year
- Expect gross margins to only slightly improve in Q3 and Q4 vs 1H to reflect continued input cost pressure
- Lowering Adjusted EBITDA to reflect lower volume expectations and higher input cost environment

## 2022 Guidance

Constant Currency Adjusted Net Revenue: $360 to $375 million (-1% to -5%)

*Prior: $425 - $445 million (+13% to 18%)*

Constant Currency Adjusted EBITDA: $75 to $85 million (-28% to -36%)

*Prior: $115 - $125 million (-3% to 6%)*

Note: Adjusted EBITDA is a non-GAAP metric. Adjusted EBITDA is earnings before interest expense, income taxes, depreciation and amortization plus other non-core and non-cash adjustments including recruiting fees and non-recurring professional fees. Based on constant currency at € / $ 1.15.

We are unable to provide a reconciliation of our forecast of net revenue on a constant currency basis for 2022 to a forecast of net revenue on a U.S. GAAP basis without unreasonable effort primarily because we are unable to forecast with reasonable certainty the associated currency impact. In addition, a reconciliation of our forecast for C.C. Adj. EBITDA for 2022 to U.S. GAAP net income cannot be provided without unreasonable effort because we are unable to forecast with reasonable certainty several of the items necessary to calculate such comparable U.S. GAAP measure, including asset impairments, integration related expenses, reorganizations and discontinued operations related expenses, legal settlement costs, as well as other unusual or non-recurring gains or losses. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with U.S. GAAP. We believe the inherent uncertainties in reconciling such non-GAAP measures for projected periods to the most comparable U.S. GAAP measures would make the forecasted comparable U.S. GAAP measures difficult to predict with reasonable certainty or reliability.

# Unaudited GAAP Income Statement Data

$ in millions except per share values

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Paper revenue | $ 70.2 | $ 73.5 | $ 136.4 | $ 148.3 |
| Machine lease revenue | 12.5 | 12.4 | 24.7 | 23.2 |
| Other revenue | 4.1 | 4.1 | 8.2 | 6.2 |
| **Net revenue** | **86.8** | **90.0** | **169.3** | **177.7** |
| Cost of goods sold | 58.5 | 54.3 | 116.4 | 105.7 |
| **Gross profit** | **28.3** | **35.7** | **52.9** | **72.0** |
| Selling, general and administrative expenses | 30.3 | 24.6 | 60.0 | 43.7 |
| Depreciation and amortization expense | 8.0 | 8.7 | 16.2 | 17.4 |
| Other operating expense, net | 1.4 | 1.3 | 1.9 | 2.1 |
| **Income (loss) from operations** | **(11.4)** | **1.1** | **(25.2)** | **8.8** |
| Interest expense | 4.9 | 6.0 | 9.9 | 11.6 |
| Foreign currency (gain) loss | (2.3) | 1.2 | (2.9) | (2.4) |
| **Loss before income tax benefit** | **(14.0)** | **(6.1)** | **(32.2)** | **(0.4)** |
| Income tax benefit | (2.7) | (0.9) | (6.8) | (1.5) |
| **Net income (loss)** | **$ (11.3)** | **$ (5.2)** | **$ (25.4)** | **$ 1.1** |
| | | | | |
| **Two-class method** | | | | |
| Earnings (loss) per share | | | | |
| Basic | $ (0.14) | $ (0.07) | $ (0.31) | $ 0.01 |
| Diluted | $ (0.14) | $ (0.07) | $ (0.31) | $ 0.01 |
| Class A – earnings (loss) per share | | | | |
| Basic | $ (0.14) | $ (0.07) | $ (0.31) | $ 0.01 |
| Diluted | $ (0.14) | $ (0.07) | $ (0.31) | $ 0.01 |
| Class C – earnings (loss) per share | | | | |
| Basic | $ (0.14) | $ (0.07) | $ (0.31) | $ 0.02 |
| Diluted | $ (0.14) | $ (0.07) | $ (0.31) | $ 0.02 |
| | | | | |
| Weighted average number of shares outstanding – Class A and C | | | | |
| Basic | 81,943,235 | 77,653,610 | 81,759,372 | 75,617,785 |
| Diluted | 81,943,235 | 77,653,610 | 81,759,372 | 77,028,319 |
| | | | | |
| Other comprehensive income (loss), before tax | | | | |
| Foreign currency translation adjustments | $ (11.7) | $ 2.2 | $ (14.5) | $ (6.2) |
| Interest rate swap adjustments | 2.7 | 0.6 | 10.8 | 3.2 |
| Cross-currency swap adjustments | 4.2 | - | 4.3 | - |
| **Total other comprehensive income (loss), before tax** | **(4.8)** | **2.8** | **0.6** | **(3.0)** |
| Provision for income taxes related to other comprehensive income (loss) | 1.7 | 0.2 | 3.7 | 0.8 |
| **Total other comprehensive income (loss), net of tax** | **(6.5)** | **2.6** | **(3.1)** | **(3.8)** |
| **Comprehensive loss, net of tax** | **$ (17.8)** | **$ (2.6)** | **$ (28.5)** | **$ (2.7)** |

# Reconciliation of Non-GAAP metrics

$ in millions except per share values

*The results of operations data contained in this press release are based on our preliminary, unaudited results of operations for the quarter ended June 30, 2022. Such preliminary data should not be viewed as a comprehensive statement of our financial results for the quarter ended June 30, 2022.*

| | Three Months Ended June 30, 2022 | | |
|---|---|---|---|
| | As reported | Constant Currency | Non-GAAP |
| Net revenue | $ 86.8 | $ 4.2 | $ 91.0 |
| Cost of goods sold | 58.5 | 2.8 | 61.3 |
| **Gross profit** | **28.3** | **1.4** | **29.7** |
| Selling, general and administrative expenses | 30.3 | 1.0 | 31.3 |
| Depreciation and amortization expense | 8.0 | 0.1 | 8.1 |
| Other operating expense, net | 1.4 | 0.5 | 1.9 |
| **Loss from operations** | **(11.4)** | **(0.2)** | **(11.6)** |
| Interest expense | 4.9 | 0.1 | 5.0 |
| Foreign currency gain | (2.3) | 0.2 | (2.1) |
| **Loss before income tax benefit** | **(14.0)** | **(0.5)** | **(14.5)** |
| Income tax benefit | (2.7) | (0.2) | (2.9) |
| **Net loss** | **$ (11.3)** | **$ (0.3)** | **(11.6)** |
| | | | |
| **Constant currency-effected add:** | | | |
| Depreciation and amortization expense – COS | | | 10.2 |
| Depreciation and amortization expense – D&A | | | 8.1 |
| Interest expense | | | 5.0 |
| Income tax benefit | | | (2.9) |
| **Constant currency EBITDA** | | | **8.8** |
| | | | |
| **Constant currency-effected adjustments:** | | | |
| Unrealized gain translation | | | (2.2) |
| Non-cash impairment losses | | | 0.2 |
| M&A, restructuring, severance | | | 1.1 |
| Amortization of restricted stock units | | | 5.3 |
| Amortization of cloud-based software implementation costs | | | 0.7 |
| Cloud-based software implementation costs | | | 2.4 |
| Other adjustments | | | 1.9 |
| **Constant currency AEBITDA** | | | **$ 18.2** |

| | Three Months Ended June 30, 2021 | | |
|---|---|---|---|
| | As reported | Constant Currency | Non-GAAP |
| Net revenue | $ 90.0 | $ (2.5) | $ 87.5 |
| Cost of goods sold | 54.3 | (1.5) | 52.8 |
| **Gross profit** | **35.7** | **(1.0)** | **34.7** |
| Selling, general and administrative expenses | 24.6 | (0.5) | 24.1 |
| Depreciation and amortization expense | 8.7 | (0.2) | 8.5 |
| Other operating expense, net | 1.3 | - | 1.3 |
| **Income from operations** | **1.1** | **(0.3)** | **0.8** |
| Interest expense | 6.0 | (0.1) | 5.9 |
| Foreign currency loss | 1.2 | (0.3) | 0.9 |
| **Loss before income tax benefit** | **(6.1)** | **0.0** | **(6.0)** |
| Income tax benefit | (0.9) | - | (0.9) |
| **Net loss** | **$ (5.2)** | **$ 0.0** | **(5.1)** |
| | | | |
| **Constant currency-effected add:** | | | |
| Depreciation and amortization expense – COS | | | 9.2 |
| Depreciation and amortization expense – D&A | | | 8.5 |
| Interest expense | | | 5.9 |
| Income tax benefit | | | (0.9) |
| **Constant currency EBITDA** | | | **17.6** |
| | | | |
| **Constant currency-effected adjustments:** | | | |
| Unrealized gain translation | | | 1.0 |
| Non-cash impairment losses | | | 0.5 |
| M&A, restructuring, severance | | | 0.3 |
| Amortization of restricted stock units | | | 4.7 |
| Other adjustments | | | 1.5 |
| **Constant currency AEBITDA** | | | **$ 25.6** |

(1) Financial metrics of the Company presented on a constant currency basis, including net revenue, gross profits, and Adjusted EBITDA on a constant currency basis. The average foreign exchange rate used by the Company for the three months ended June 30, 2022 and 2021 was $1.15:€1.00.

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