Ranpak

Q123 Earnings Presentation

May 4, 2023



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; (13) our exposure to changes in interest rates; and (13) other risks and uncertainties indicated from time to time in filings made with the Securities and Exchange Commission (“SEC”).

Should one or more of these risks or uncertainties materialize, they could cause our actual results to differ materially from the forward-looking statements. We are not undertaking any obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. You should not take any statement regarding past trends or activities as a representation that the trends or activities will continue in the future. Accordingly, you should not put undue reliance on these statements.

USE OF NON-GAAP FINANCIAL MEASURES

This investor presentation includes non-GAAP financial measures including constant currency EBITDA, constant currency Adjusted EBITDA, constant currency Adjusted EBITDA margin, constant currency net revenue and constant currency gross profit. 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 constant currency 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.

We present constant currency EBITDA and constant currency Adjusted EBITDA on a constant currency basis because it allows a better insight into the performance of our businesses that operate in currencies other than our reporting currency. Before consolidation, our Europe/Asia financial data is derived in Euros. To calculate the adjustment that we apply to present constant currency EBITDA and constant currency Adjusted EBITDA on a constant currency basis, we multiply this Euro-derived data by 1.15 to reflect an exchange rate of 1 Euro to 1.15 U.S. dollars (“USD”), which we believe is a reasonable exchange rate to use to give a stable depiction of the business without currency fluctuations between periods, to calculate Europe/Asia data in constant currency USD. We believe that using an exchange rate of 1.15 is reasonable because it approximates the average exchange rate of the Euro to USD over the past five years. In addition, we include certain other unaudited, non-GAAP constant currency data for the three months ended March 31, 2023 and 2022. This data is based on our historical financial statements, adjusted (where applicable) to reflect a constant currency presentation between periods for the convenience of readers

Ranpak First Quarter Performance Commentary

Top-line results inline with expectations. Input cost relief driving gross margin improvement

- Consolidated top-line results largely in-line with expectations of a subdued start to the year due to slower industrial environment and continued discretionary good related e-Commerce malaise
  - North America revenue up 1% vs prior year
  - EMEA/APAC revenue up 1% on a constant currency basis vs prior year (down 2.9% on an actual basis vs prior year)
- Anticipated Gross Margin improvement has begun to materialize as lower input costs flow through
  - We expect lower input costs to contribute to improved Gross Margins throughout the year and peak in the fourth quarter
- Maintained healthy cash position in the quarter to end 3/31/23 with $58.6mm cash on hand

Performance indicators:

- Net revenue increased 1% on a constant currency basis driven by increased price (4.2 pts) and Automation (0.3 pts), somewhat offset by lower volumes (3.5 pts). Net revenue decreased 1.6% on actual basis vs prior year
- Gross profit increased 15% (410 bps margin improvement) on a constant currency basis driven by lower material costs and favorable comparison compared to SAP Go-Live in prior year (~200 bps margin improvement excluding inefficiencies)
  - We continue to expect material input cost favorability
- Adjusted EBITDA down 21% on a constant currency basis driven by increased G&A due to increased personnel and system costs
  - Planned non-essential spend for 2023 has been reviewed and deferred until environment improves

Revenue

North America

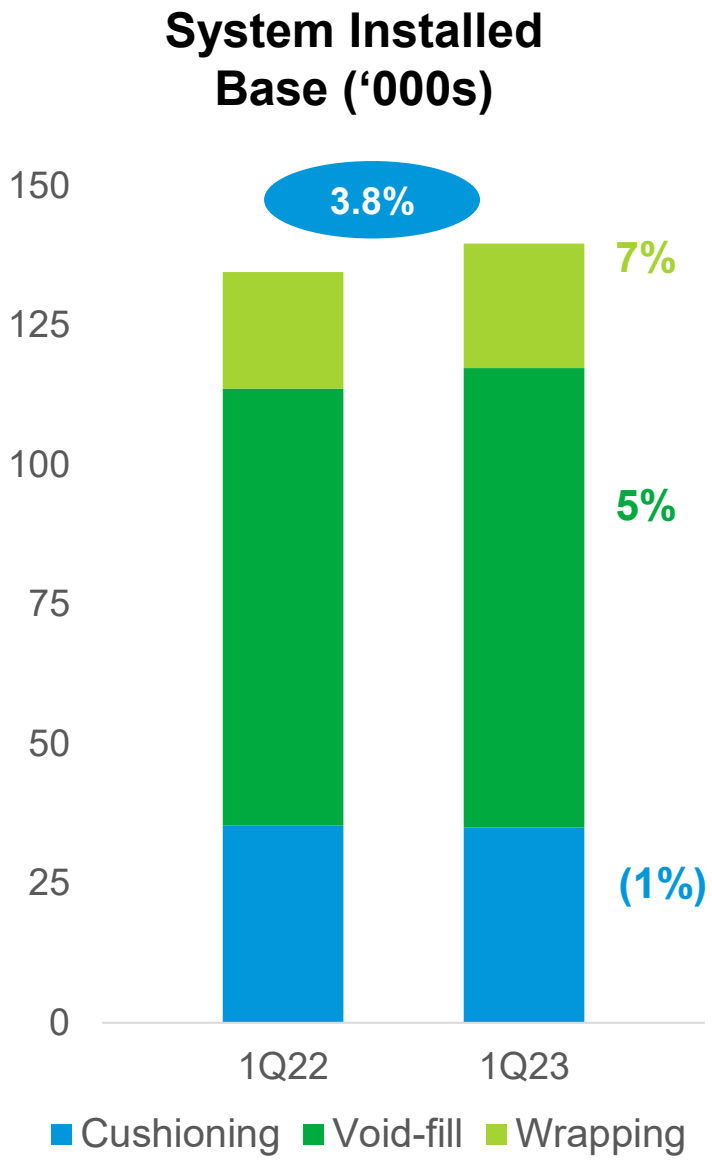
- Subdued start to the year due to macro as manufacturing sector remains sluggish and e-Commerce activity related to goods is slow as consumers allocate more to services and essentials
- Expect new products to provide a lift as year progresses
- Went live with Recycold Gel Packs in North America in Q1

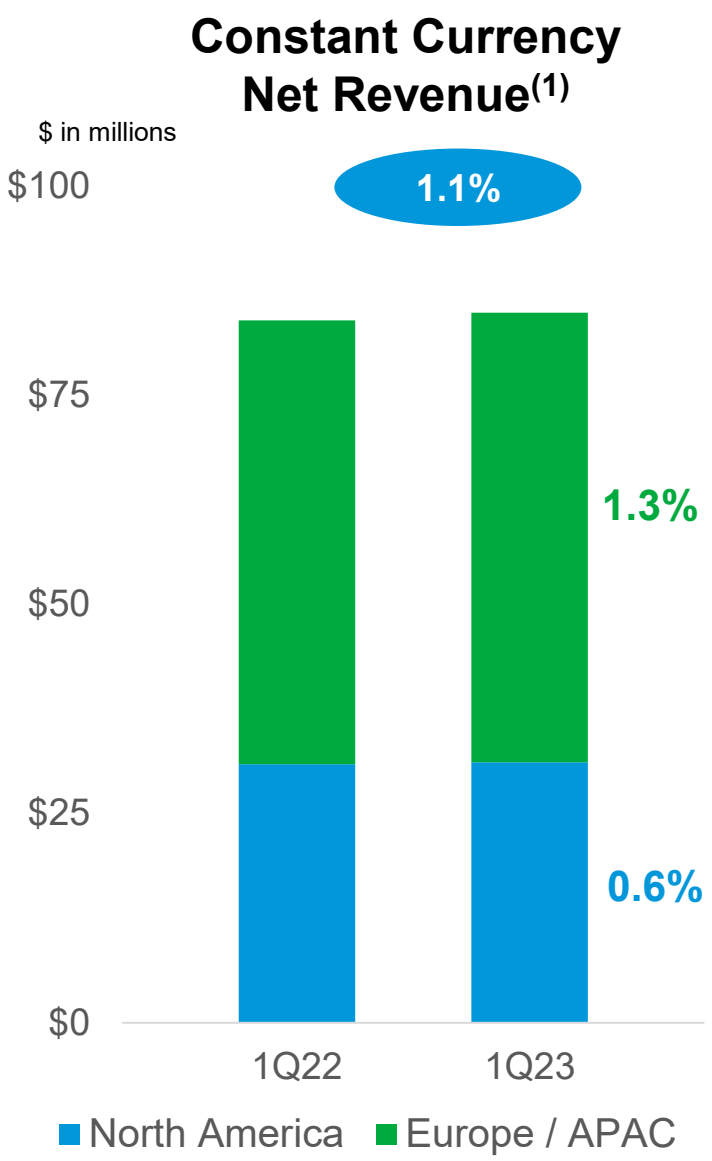
Europe / APAC

- Activity levels decent to start the year as the lack of destocking is met with overall slower economic environment due to inflationary pressures and energy related uncertainty

Key Takeaway

- Start to the year largely in line with expectations
- Cautious near term outlook given lower consumer confidence and industrial activity resulting from banking stresses and higher rate environment





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

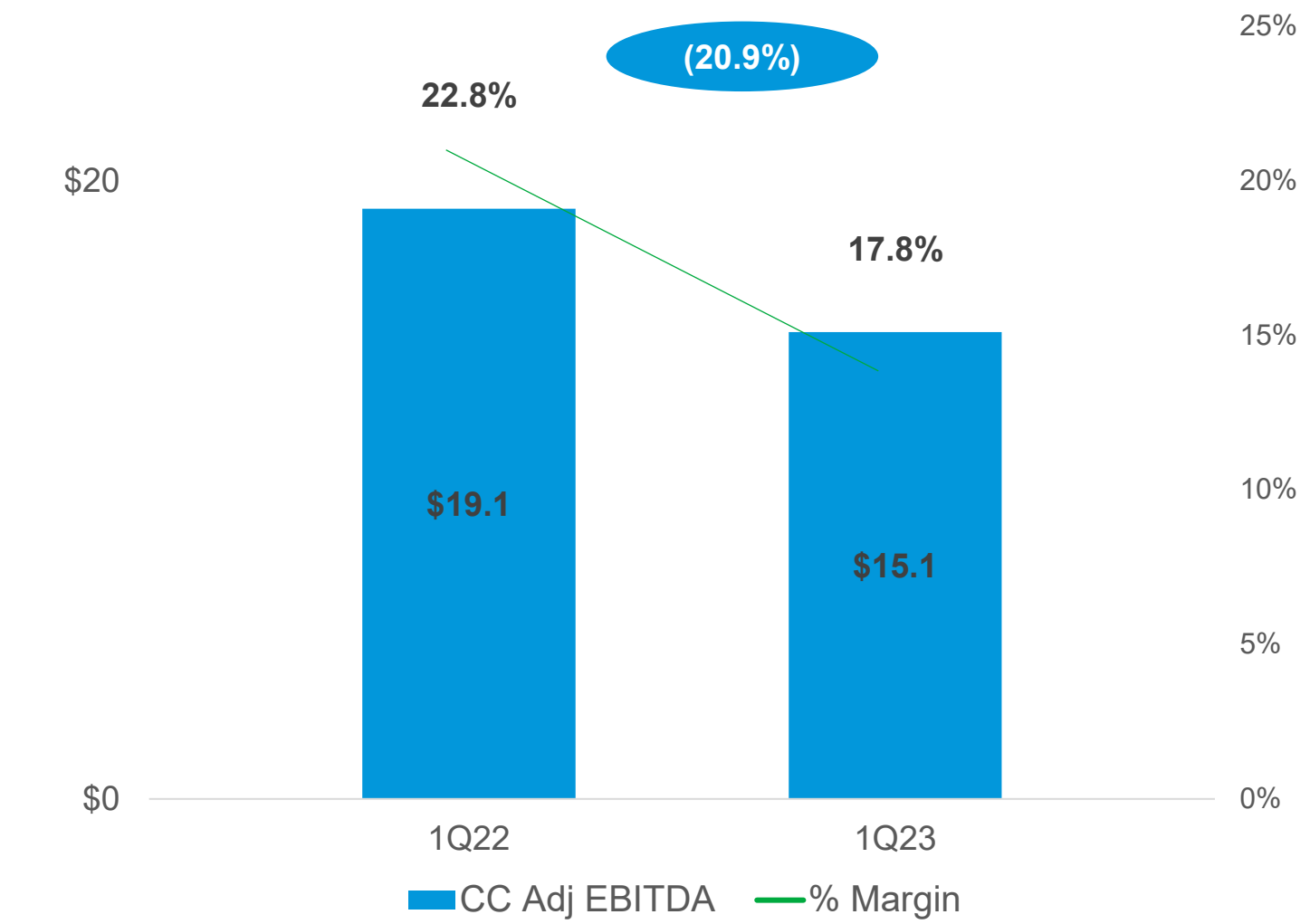
CC Adj. EBITDA down 20.9% vs 1Q22

- Gross profit up 15.0%:
  - Margin improvement to 34.0% from 29.8% in prior year and 28.1% in 4Q22
    - Improved material costs and lower depreciation
  - Also lapping SAP Go-Live inefficiencies
- Continue to see meaningful movement in input costs in all geographies
  - North America driven by supply / demand
  - Europe driven by lower energy and demand
- Adj. EBITDA decline driven by lower volumes and increased personnel costs to support new business initiatives compared to prior year

Key Takeaways

- Sequential improvement from 4Q22 in Gross Margins and Adjusted EBITDA margin on similar revenue profile
- Expect to continue to see Gross Margin improvement remainder of the year

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 1Q23 with a strong liquidity position - cash balance of $58.6 million and no drawings on its Revolving Credit Facility
- 3/31/23 Net Leverage Ratio of 5.7x Net Debt / LTM Adjusted EBITDA
  - Bank Adjusted EBITDA leverage ratio of 5.2x per Covenant Calculation
  - Leverage increasing above 5.0x per Covenant Calc results in 25 bps additional spread on TL (400 vs 375) until leverage declines below 5.0x
- Returning to a more conservative leverage profile is top priority - target of leverage ratio ~3.0x Net Debt / Adjusted EBITDA.
  - Expect leverage to peak in Q2 2023 and begin path of deleveraging in Q3 through expected growth in Adj. EBITDA vs prior year and cash generation
- As of 3/31/23 the Company had First Lien Term Loan facilities outstanding consisting of two tranches of term loans:
    - $250 million U.S. dollar denominated *- $0 principal payments required until 2026 maturity*
      - Interest Rate: SOFR + 400. *Swapped*
        - $200 million swapped at 2.13% thru June 2024
        - $50 million swapped at 1.60% thru June 2023
    - €135 million Euro denominated - *€1.4 million annual principal payments required through 2026 maturity*
      - Interest Rate: Euribor + 400. *Floating*

Unaudited GAAP Income Statement Data

$ in millions except per share values

	Three Months Ended March 31,	
	2023	2022
Paper revenue	$ 64.3	$ 66.2
Machine lease revenue	12.8	12.2
Other revenue	4.1	4.1
Net revenue	**81.2**	**82.5**
Cost of goods sold	53.7	57.9
Gross profit	**27.5**	**24.6**
Selling, general and administrative expenses	27.2	29.7
Depreciation and amortization expense	8.0	8.2
Other operating expense, net	1.2	0.5
Loss from operations	**(8.9)**	**(13.8)**
Interest expense	5.7	5.0
Foreign currency (gain) loss	0.2	(0.6)
Other non-operating income, net	(0.3)	-
Loss before income tax benefit	**(14.5)**	**(18.2)**
Income tax benefit	(2.1)	(4.1)
Net loss	**$ (12.4)**	**$ (14.1)**
Two-class method		
Loss per share		
Basic	$ (0.15)	$ (0.17)
Diluted	$ (0.15)	$ (0.17)
Class A – earnings (loss) per share		
Basic	$ (0.15)	$ (0.17)
Diluted	$ (0.15)	$ (0.17)
Class C – earnings (loss) per share		
Basic	$ (0.14)	$ (0.17)
Diluted	$ (0.14)	$ (0.17)
Weighted average number of shares outstanding – Class A and C		
Basic	82,136,793	81,573,467
Diluted	82,136,793	81,573,467
Other comprehensive income (loss), before tax		
Foreign currency translation adjustments	$ 3.1	$ (2.8)
Interest rate swap adjustments	(2.1)	8.1
Cross-currency swap adjustments	(1.0)	0.1
Total other comprehensive income (loss), before tax	**-**	**5.4**
Provision (benefit) for income taxes related to other comprehensive income (loss)	(0.8)	2.0
Total other comprehensive income (loss), net of tax	**0.8**	**3.4**
Comprehensive loss, net of tax	**$ (11.6)**	**$ (10.7)**

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 March 31, 2023. Such preliminary data should not be viewed as a comprehensive statement of our financial results for the quarter ended March 31, 2023

	Three Months Ended March 31,			
	2023	2022	$ Change	% Change
Net revenue	$ 81.2	$ 82.5	$ (1.3)	(1.6)
Cost of goods sold	53.7	57.9	(4.2)	(7.3)
Gross profit	**27.5**	**24.6**	**2.9**	**11.8**
Selling, general and administrative expenses	27.2	29.7	(2.5)	(8.4)
Depreciation and amortization expense	8.0	8.2	(0.2)	(2.4)
Other operating expense (income), net	1.2	0.5	0.7	140.0
Income (loss) from operations	**(8.9)**	**(13.8)**	**4.9**	**(35.5)**
Interest expense	5.7	5.0	0.7	14.0
Foreign currency gain	0.2	(0.6)	0.8	(133.3)
Other non-operating income, net	(0.3)	-	(0.3)	—
Loss before income tax benefit	**(14.5)**	**(18.2)**	**3.7**	**(20.3)**
Income tax benefit	(2.1)	(4.1)	2.0	(48.8)
Net loss	**(12.4)**	**(14.1)**	**1.7**	**(12.1)**
Depreciation and amortization expense – COS	8.3	10.6	(2.3)	(21.7)
Depreciation and amortization expense – D&A	8.0	8.2	(0.2)	(2.4)
Interest expense	5.7	5.0	0.7	14.0
Income tax benefit	(2.1)	(4.1)	2.0	(48.8)
EBITDA	**7.5**	**5.6**	**1.9**	**33.9**
Adjustments:				
Unrealized (gain) loss translation	0.2	(0.6)	0.8	(133.3)
Non-cash impairment losses	0.4	-	0.4	—
M&A, restructuring, severance	0.2	0.5	(0.3)	(60.0)
Amortization of restricted stock units	2.8	8.8	(6.0)	(68.2)
Amortization of cloud-based software implementation costs	0.7	0.7	-	-
Cloud-based software implementation costs	1.2	2.5	(1.3)	(52.0)
Other adjustments	1.3	1.2	0.1	8.3
Constant currency	0.8	0.4	0.4	100.0
Constant Currency AEBITDA	**$ 15.1**	**$ 19.1**	**$ (4.0)**	**(20.9)**

(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 March 31, 2023 and 2022 was $1.15:€1.00.

Reconciliation of Non-GAAP metrics - *Prior Format*

$ 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 March 31, 2023. Such preliminary data should not be viewed as a comprehensive statement of our financial results for the quarter ended March 31, 2023

	Three Months Ended March 31, 2023		
	As reported	Constant Currency	Non-GAAP
Net revenue	$ 81.2	$ 3.6	$ 84.8
Cost of goods sold	53.7	2.3	56.0
Gross profit	**27.5**	**1.3**	**28.8**
Selling, general and administrative expenses	27.2	0.9	28.1
Depreciation and amortization expense	8.0	0.2	8.2
Other operating expense, net	1.2	-	1.2
Loss from operations	**(8.9)**	**0.2**	**(8.7)**
Interest expense	5.7	0.1	5.8
Foreign currency gain	0.2	-	0.2
Other non-operating income, net	(0.3)	0.5	0.2
Loss before income tax benefit	**(14.5)**	**(0.4)**	**(14.9)**
Income tax benefit	(2.1)	-	(2.1)
Net loss	**$ (12.4)**	**$ (0.4)**	**$ (12.8)**
Constant currency-effected add:			
Depreciation and amortization expense – COS			8.6
Depreciation and amortization expense – D&A			8.2
Interest expense			5.8
Income tax benefit			(2.1)
Constant currency EBITDA			**7.7**
Constant currency-effected adjustments:			
Unrealized (gain) loss translation			0.2
Non-cash impairment losses			0.5
M&A, restructuring, severance			0.2
Amortization of restricted stock units			2.9
Amortization of cloud-based software implementation costs			0.8
Cloud-based software implementation costs			1.1
Other adjustments			1.7
Constant currency AEBITDA			**$ 15.1**

	Three Months Ended March 31, 2022		
	As reported	Constant Currency	Non-GAAP
Net revenue	$ 82.5	$ 1.4	$ 83.9
Cost of goods sold	57.9	1.0	58.9
Gross profit	**24.6**	**0.4**	**25.0**
Selling, general and administrative expenses	29.7	0.3	30.0
Depreciation and amortization expense	8.2	0.1	8.3
Other operating expense, net	0.5	0.2	0.7
Income from operations	**(13.8)**	**(0.2)**	**(14.0)**
Interest expense	5.0	-	5.0
Foreign currency gain	(0.6)	-	(0.6)
Loss before income tax benefit	**(18.2)**	**(0.2)**	**(18.4)**
Income tax benefit	(4.1)	(0.1)	(4.2)
Net loss	**$ (14.1)**	**$ (0.1)**	**$ (14.2)**
Constant currency-effected add:			
Depreciation and amortization expense – COS			10.8
Depreciation and amortization expense – D&A			8.3
Interest expense			5.0
Income tax benefit			(4.2)
Constant currency EBITDA			**5.7**
Constant currency-effected adjustments:			
Unrealized gain translation			(0.6)
M&A, restructuring, severance			0.5
Amortization of restricted stock units			8.8
Amortization of cloud-based software implementation costs			0.7
Cloud-based software implementation costs			2.6
Other adjustments			1.4
Constant currency AEBITDA			**$ 19.1**

(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 March 31, 2023 and 2022 was $1.15:€1.00.

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