Ranpak

3Q23 Earnings Presentation

October 31, 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 September 30, 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 Third Quarter Performance Commentary

Improved volumes and continued improvement in gross margin

Higher volumes and improved mix drove 1.9% increase in sales on constant currency basis

- North America net revenue increased 4.5% vs prior year
- EMEA/APAC net revenue up 0.2% on a constant currency basis vs prior year as higher volumes were offset by pricing giveback

- Gross Margin continued to improve sequentially and vs prior year driven by lower input costs. Gross margins improved 650+ bps vs prior year and 1000 bps vs Q4 2022 on a constant currency basis
  - Expect elevated Gross Margins to hold in EMEA and improve in NOAM in Q4

Performance indicators:

- Net revenue increased 1.9% on a constant currency basis driven by higher volumes (+5 pts) and Automation (+1 pt) somewhat offset by price (-4 pts)
- Gross profit increased 23.4% on a constant currency basis driven by lower material costs
- Adjusted EBITDA up 8.4% on a constant currency basis driven by improved gross profit, partially offset by higher Compensation and Benefits cost year over year

Revenue

North America

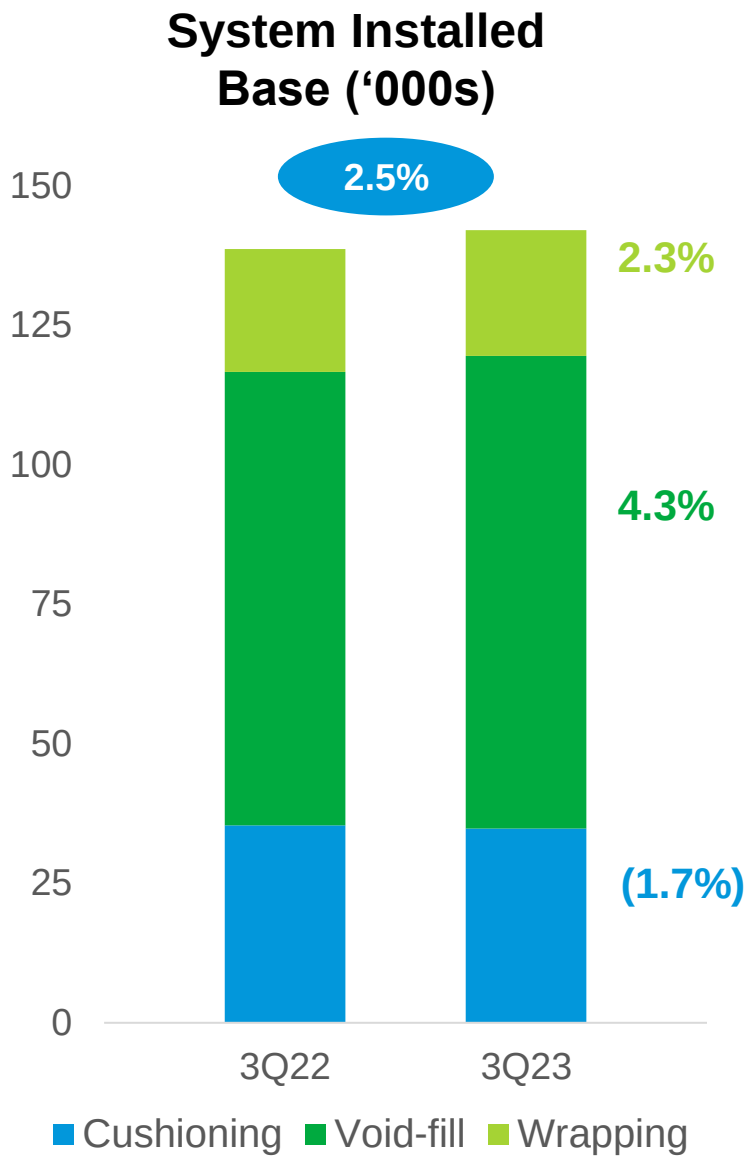
- Manufacturing sector remains in contraction territory and inflationary pressures continue to weigh on consumer discretionary spend on goods
- Continued progress on strategic account activity anticipated to drive growth in 2024
- Good traction from new product launches expected to contribute to 2024 revenue profile

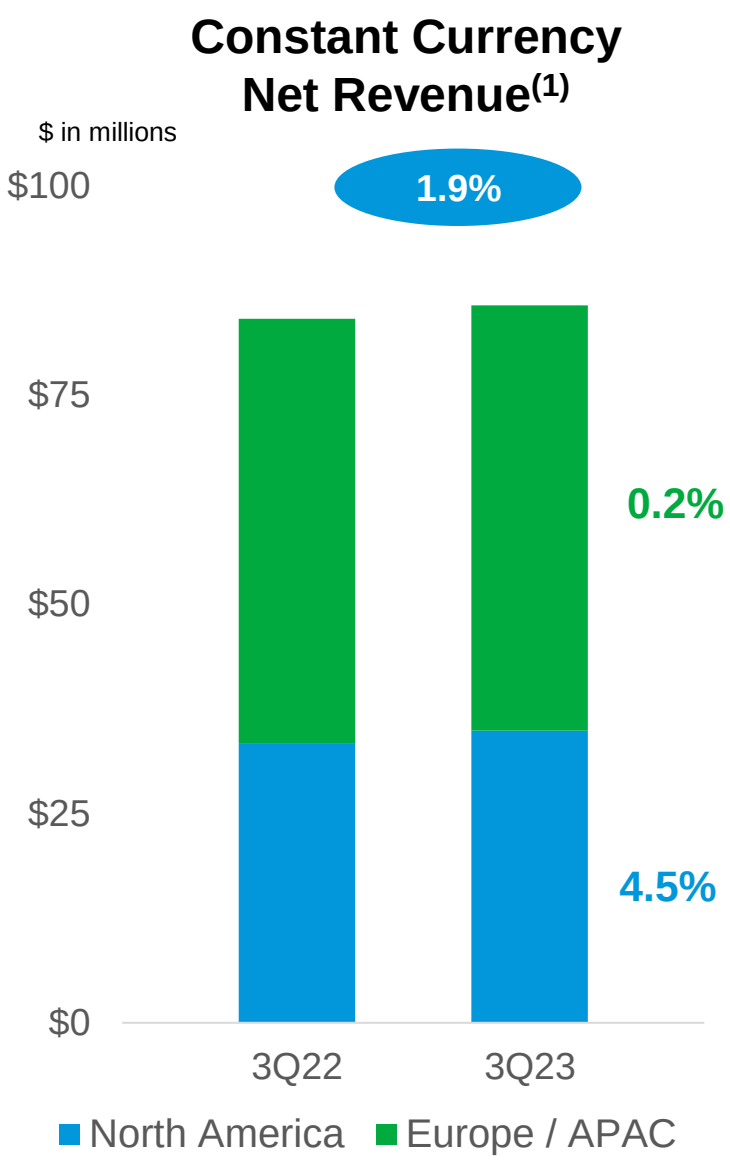
Europe / APAC

- Volumes improved 10% year over year
- Eurozone activity overall remains subdued but seeing some areas of improvement recently

Key Takeaway

- Environment remains inconsistent
- Large account activity and share shift providing optimism in PPS and Automation





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

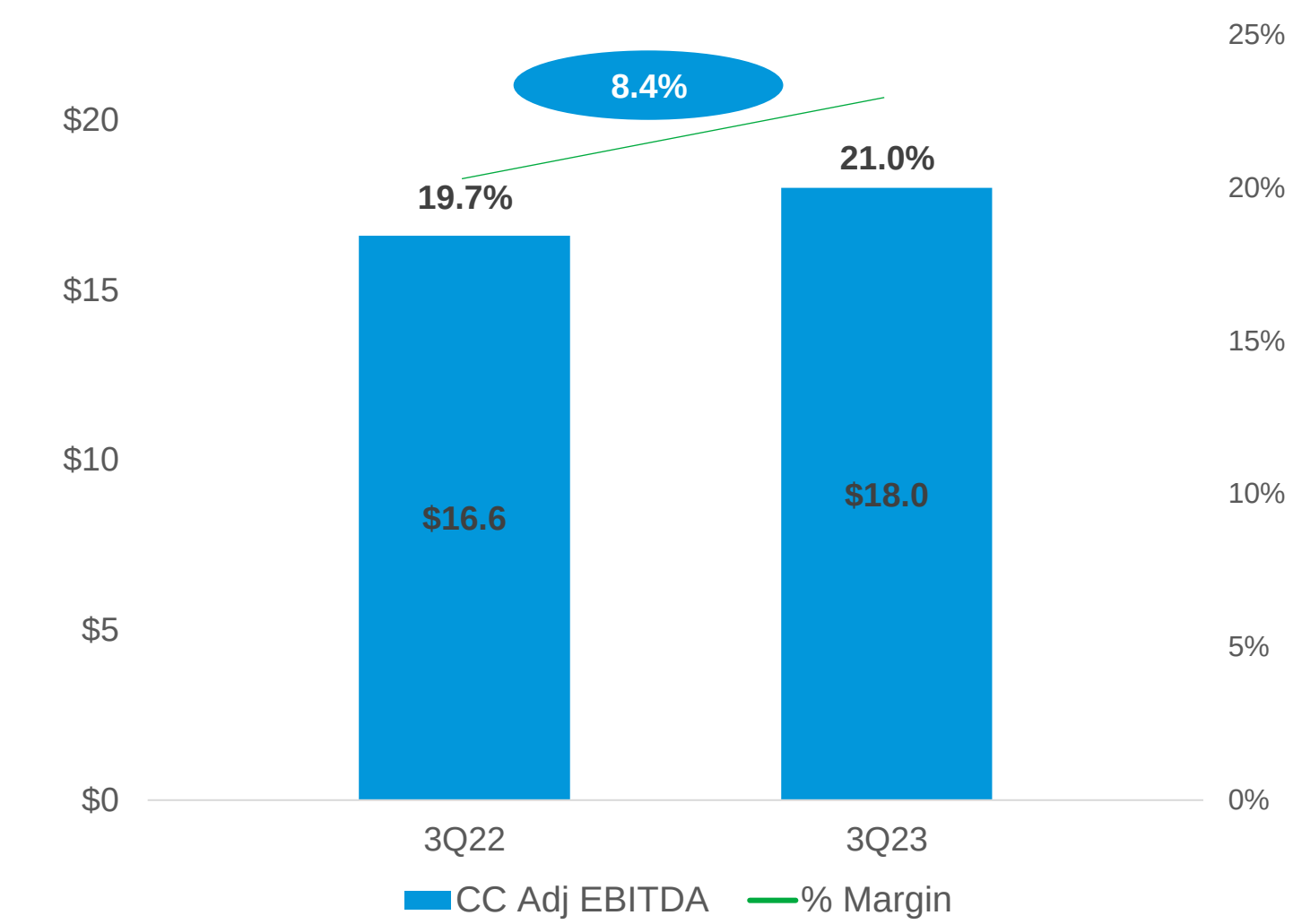
CC Adj. EBITDA up 8.4% vs 3Q22

- Gross profit up 23.4% on constant currency basis:
  - Margin improvement to 38.2% from 31.5% in prior year
- Input cost environment remains favorable vs prior year
  - Experienced additional savings in North America in Q3 due to lower demand environment
  - Q4 European paper pricing locked. 2024 discussions underway
- Adj. EBITDA increase driven by improved Gross Profit

Key Takeaways

- Expect meaningful year over year improvement in Gross Profit and Adjusted EBITDA in 4Q23 as input costs remain favorable and Q4 is historically highest seasonal volume period

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.

Global Product Launch – Flap’it!™



Flap’it™ increases **packaging speed** up to **five times** compared to manual packing while offering the option to **rightsize** packages up to **mailer** format with **superior protection**





NOAM Product Launch – AutoFill™

AutoFill™ offers automated **precise and consistent dunnage insertion** with integrated **box closing**, reducing **two touchpoints** at high throughput



Global Upcoming Product Launch – Cut'it!™ Multi-lid Extension



Extension Cut'it™ EVO2 height reduction technology with option to use **four different lids** on a single machine, enabling customers to enhance the **unboxing experience** while increasing **supply chain flexibility**



Liquidity and Capitalization

- Ranpak completed 3Q23 with a solid liquidity position - cash balance of $52.1 million and no drawings on its Revolving Credit Facility
- Net Leverage Ratio improved slightly from 2Q23 to 5.6x as of 9/30/23 (Bank Adj. EBITDA leverage ratio of 5.8x per Covenant Calculation)
  - Returning to a more conservative profile through Adj. EBITDA growth and cash generation is top priority
  - Expect to finish Q4 below 5.0x on constant currency Net debt to LTM Adjusted EBITDA basis
- As of 9/30/2023 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. *80% Swapped*
        - $200 million swapped at 2.12% thru June 2024
    - €134 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Paper revenue	$ 64.8	$ 62.6	$ 192.4	$ 199.0
Machine lease revenue	13.2	11.7	38.7	36.4
Other revenue	4.8	3.5	14.8	11.7
Net revenue	**82.8**	**77.8**	**245.9**	**247.1**
Cost of goods sold	51.3	53.4	156.7	169.8
Gross profit	**31.5**	**24.4**	**89.2**	**77.3**
Selling, general and administrative expenses	20.9	26.8	64.4	86.8
Depreciation and amortization expense	8.1	7.8	24.2	24.0
Other operating expense, net	0.9	1.5	3.5	3.4
Income (loss) from operations	**1.6**	**(11.7)**	**(2.9)**	**(36.9)**
Interest expense	6.8	5.3	18.4	15.2
Foreign currency (gain) loss	(0.7)	(1.2)	0.2	(4.1)
Other non-operating income, net	(0.1)	(4.0)	(0.8)	(4.0)
Loss before income tax expense (benefit)	**(4.4)**	**(11.8)**	**(20.7)**	**(44.0)**
Income tax expense (benefit)	(1.1)	(3.1)	(2.9)	(9.9)
Net loss	**$ (3.3)**	**$ (8.7)**	**$ (17.8)**	**$ (34.1)**
Two-class method				
Loss per share				
Basic	$ (0.04)	$ (0.11)	$ (0.22)	$ (0.42)
Diluted	$ (0.04)	$ (0.11)	$ (0.22)	$ (0.42)
Class A – earnings (loss) per share				
Basic	$ (0.04)	$ (0.11)	$ (0.22)	$ (0.42)
Diluted	$ (0.04)	$ (0.11)	$ (0.22)	$ (0.42)
Class C – earnings (loss) per share				
Basic	$ (0.03)	$ (0.10)	$ (0.21)	$ (0.41)
Diluted	$ (0.03)	$ (0.10)	$ (0.21)	$ (0.41)
Weighted average number of shares outstanding – Class A and C				
Basic	82,322,957	81,979,986	82,297,985	81,833,718
Diluted	82,322,957	81,979,986	82,297,985	81,833,718
Other comprehensive income (loss), before tax				
Foreign currency translation adjustments	$ (4.6)	$ (9.8)	$ (2.0)	$ (24.3)
Interest rate swap adjustments	(2.2)	3.3	(5.3)	14.1
Cross-currency swap adjustments	2.7	2.7	1.0	7.0
Total other comprehensive income (loss), before tax	**(4.1)**	**(3.8)**	**(6.3)**	**(3.2)**
Provision (benefit) for income taxes related to other comprehensive income (loss)	0.1	1.5	(1.1)	5.2
Total other comprehensive income (loss), net of tax	**(4.2)**	**(5.3)**	**(5.2)**	**(8.4)**
Comprehensive loss, net of tax	**$ (7.5)**	**$ (14.0)**	**$ (23.0)**	**$ (42.5)**

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 September 30, 2023. Such preliminary data should not be viewed as a comprehensive statement of our financial results for the quarter ended September 30, 2023

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
Net revenue	$ 82.8	$ 77.8	$ 5.0	6.4
Cost of goods sold	51.3	53.4	(2.1)	(3.9)
Gross profit	**31.5**	**24.4**	**7.1**	**29.1**
Selling, general and administrative expenses	20.9	26.8	(5.9)	(22.0)
Depreciation and amortization expense	8.1	7.8	0.3	3.8
Other operating expense, net	0.9	1.5	(0.6)	(40.0)
Income (loss) from operations	**1.6**	**(11.7)**	**13.3**	**(113.7)**
Interest expense	6.8	5.3	1.5	28.3
Foreign currency gain	(0.7)	(1.2)	0.5	(41.7)
Other non-operating income, net	(0.1)	(4.0)	3.9	(97.5)
Loss before income tax benefit	**(4.4)**	**(11.8)**	**7.4**	**(62.7)**
Income tax expense (benefit)	(1.1)	(3.1)	2.0	(64.5)
Net loss	**(3.3)**	**(8.7)**	**5.4**	**(62.1)**
Depreciation and amortization expense – COS	8.3	8.3	-	-
Depreciation and amortization expense – D&A	8.1	7.8	0.3	3.8
Interest expense	6.8	5.3	1.5	28.3
Income tax expense (benefit)	(1.1)	(3.1)	2.0	(64.5)
EBITDA[1]	**18.8**	**9.6**	**9.2**	**95.8**
Adjustments[2]:				
Unrealized (gain) loss translation	(0.6)	(1.3)	0.7	(53.8)
Non-cash impairment losses	-	0.3	(0.3)	(100.0)
M&A, restructuring, severance	1.5	0.1	1.4	1,400.0
Amortization of restricted stock units	(5.1)	6.7	(11.8)	(176.1)
Amortization of cloud-based software implementation costs[3]	0.7	0.7	-	-
Cloud-based software implementation costs	0.7	1.7	(1.0)	(58.8)
Unrealized gain on investment in small private business	-	(3.9)	3.9	(100.0)
SOX remediation costs	1.0	-	1.0	—
Other adjustments	0.4	0.8	(0.4)	(50.0)
Constant currency	0.6	1.9	(1.3)	(68.4)
Constant Currency AEBITDA[1]	**$ 18.0**	**$ 16.6**	**$ 1.4**	**8.4**

(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 September 30, 2023 and 2022 was $1.15:€1.00.

(2) Adjustments are related to non-cash unusual or infrequent costs such as: effects of non-cash foreign currency remeasurement or adjustment; impairment of returned machines; costs associated with the evaluation of acquisitions; costs associated with executive severance; costs associated with restructuring actions such as plant rationalization or realignment, reorganization, and reductions in force; costs associated with the implementation of the global ERP system; and other items deemed by management to be unusual, infrequent, or non-recurring.

(3) Represents amortization of capitalized costs related to the implementation of the global ERP system, which are included in SG&A.

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 September 30, 2023. Such preliminary data should not be viewed as a comprehensive statement of our financial results for the quarter ended September 30, 2023

	Three Months Ended September 30, 2023		
	As reported	Constant Currency[4]	Non-GAAP
Net revenue	$ 82.8	$ 2.9	$ 85.7
Cost of goods sold	51.3	1.7	53.0
Gross profit	**31.5**	**1.2**	**32.7**
Selling, general and administrative expenses	20.9	0.7	21.6
Depreciation and amortization expense	8.1	0.1	8.2
Other operating expense, net	0.9	-	0.9
Loss from operations	**1.6**	**0.4**	**2.0**
Interest expense	6.8	-	6.8
Foreign currency gain	(0.7)	0.1	(0.6)
Other non-operating income, net	(0.1)	0.3	0.2
Loss before income tax benefit	**(4.4)**	**-**	**(4.4)**
Income tax benefit	(1.1)	(0.1)	(1.2)
Net loss	**$ (3.3)**	**$ 0.1**	**$ (3.2)**
Constant currency-effected add[1]:			
Depreciation and amortization expense – COS			8.5
Depreciation and amortization expense – D&A			8.2
Interest expense			6.8
Income tax benefit			(1.2)
Constant currency EBITDA			**19.1**
Constant currency-effected adjustments[2]:			
Unrealized (gain) loss translation			(0.6)
Non-cash impairment losses			-
M&A, restructuring, severance			1.4
Amortization of restricted stock units			(5.3)
Amortization of cloud-based software implementation costs[3]			0.7
Cloud-based software implementation costs			0.7
SOX remediation costs			1.0
Other adjustments			1.0
Constant currency AEBITDA			**$ 18.0**

	Three Months Ended September 30, 2022		
	As reported	Constant Currency[4]	Non-GAAP
Net revenue	$ 77.8	$ 6.3	$ 84.1
Cost of goods sold	53.4	4.2	57.6
Gross profit	**24.4**	**2.1**	**26.5**
Selling, general and administrative expenses	26.8	1.1	27.9
Depreciation and amortization expense	7.8	0.3	8.1
Other operating expense, net	1.5	0.9	2.4
Income from operations	**(11.7)**	**(0.2)**	**(11.9)**
Interest expense	5.3	0.1	5.4
Foreign currency gain	(1.2)	0.3	(0.9)
Other non-operating income, net	(4.0)	-	(4.0)
Loss before income tax benefit	**(11.8)**	**(0.6)**	**(12.4)**
Income tax benefit	(3.1)	(0.1)	(3.2)
Net loss	**(8.7)**	**(0.5)**	**(9.2)**
Constant currency-effected add[1]:			
Depreciation and amortization expense – COS			8.9
Depreciation and amortization expense – D&A			8.1
Interest expense			5.4
Income tax benefit			(3.2)
Constant currency EBITDA			**10.0**
Constant currency-effected adjustments[2]:			
Unrealized gain translation			(0.9)
Non-cash impairment losses			0.3
M&A, restructuring, severance			0.2
Amortization of restricted stock units			6.7
Amortization of cloud-based software implementation costs[3]			0.8
Cloud-based software implementation costs			1.6
Unrealized gain on investment in a small private business			(3.9)
Other adjustments			1.8
Constant currency AEBITDA			**$ 16.6**

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(3) Represents amortization of capitalized costs related to the implementation of the global ERP system, which are included in SG&A.

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