

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 3, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-35672



BERRY GLOBAL GROUP, INC.

A Delaware corporation

101 Oakley Street, Evansville, Indiana, 47710
(812) 424-2904

IRS employer identification number
20-5234618

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	BERY	New York Stock Exchange LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 134.9 million shares of common stock outstanding at May 4, 2021.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Information included in or incorporated by reference in Berry Global Group, Inc.'s filings with the U.S. Securities and Exchange Commission (the "SEC") and press releases or other public statements, contain or may contain forward-looking statements. This report includes "forward-looking" statements with respect to our financial condition, results of operations and business and our expectations or beliefs concerning future events. These statements contain words such as "believes," "expects," "may," "will," "should," "would," "could," "seeks," "approximately," "intends," "plans," "estimates," "project", "outlook," "anticipates" or "looking forward" or similar expressions that relate to our strategy, plans, intentions, or expectations. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates, and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. All forward-looking statements are made only as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Additionally, we caution readers that the list of important factors discussed in our most recent Form 10-K in the section titled "Risk Factors" may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this report may not in fact occur. Accordingly, readers should not place undue reliance on those statements.

Berry Global Group, Inc.
Form 10-Q Index
For Quarterly Period Ended April 3, 2021

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Part I. Financial Information**Item 1. Financial Statements**

Berry Global Group, Inc.
Consolidated Statements of Income
(Unaudited)
(in millions of dollars, except per share amounts)

	Quarterly Period Ended		Two Quarterly Periods Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Net sales	\$ 3,370	\$ 2,975	\$ 6,506	\$ 5,791
Costs and expenses:				
Cost of goods sold	2,706	2,391	5,224	4,687
Selling, general and administrative	220	204	461	433
Amortization of intangibles	73	77	147	152
Restructuring and transaction activities	38	19	37	36
Operating income	333	284	637	483
Other expense, net	6	—	31	13
Interest expense, net	84	111	181	229
Income before income taxes	243	173	425	241
Income tax expense	62	47	114	68
Net income	\$ 181	\$ 126	\$ 311	\$ 173
Net income per share:				
Basic	\$ 1.35	\$ 0.95	\$ 2.32	\$ 1.31
Diluted	1.32	0.94	2.28	1.29

Consolidated Statements of Comprehensive Income
(Unaudited)
(in millions of dollars)

	Quarterly Period Ended		Two Quarterly Periods Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Net income	\$ 181	\$ 126	\$ 311	\$ 173
Other comprehensive income (loss), net of tax:				
Currency translation	(73)	(157)	105	(65)
Pension	—	(1)	—	(1)
Derivative instruments	54	(109)	71	(96)
Other comprehensive income (loss)	(19)	(267)	176	(162)
Comprehensive income (loss)	\$ 162	\$ (141)	\$ 487	\$ 11

See notes to consolidated financial statements.

Berry Global Group, Inc.
Consolidated Balance Sheets
(in millions of dollars)

	<u>April 3, 2021</u>	<u>September 26,</u>
	(Unaudited)	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 843	\$ 750
Accounts receivable, net	1,682	1,469
Finished goods	878	708
Raw materials and supplies	682	560
Prepaid expenses and other current assets	180	168
Assets held for sale	50	162
Total current assets	<u>4,315</u>	<u>3,817</u>
Noncurrent assets:		
Property, plant, and equipment	4,675	4,561
Goodwill and intangible assets	7,626	7,670
Right-of-use assets	566	562
Other assets	81	91
Total assets	<u>\$ 17,263</u>	<u>\$ 16,701</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,412	\$ 1,115
Accrued employee costs	321	324
Other current liabilities	677	644
Current portion of long-term debt	60	75
Liabilities held for sale	28	25
Total current liabilities	<u>2,498</u>	<u>2,183</u>
Noncurrent liabilities:		
Long-term debt, less current portion	9,822	10,162
Deferred income taxes	575	601
Employee benefit obligations	363	368
Operating lease liabilities	467	464
Other long-term liabilities	892	831
Total liabilities	<u>14,617</u>	<u>14,609</u>
Stockholders' equity:		
Common stock (134.8 and 133.6 million shares issued, respectively)	1	1
Additional paid-in capital	1,101	1,034
Retained earnings	1,919	1,608
Accumulated other comprehensive loss	(375)	(551)
Total stockholders' equity	<u>2,646</u>	<u>2,092</u>
Total liabilities and stockholders' equity	<u>\$ 17,263</u>	<u>\$ 16,701</u>

See notes to consolidated financial statements.

Berry Global Group, Inc.
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)
(in millions of dollars)

Quarterly Period Ended	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at January 2, 2021	\$ 1	\$ 1,062	\$ (356)	\$ 1,738	\$ 2,445
Net income	—	—	—	181	181
Other comprehensive loss	—	—	(19)	—	(19)
Share-based compensation	—	7	—	—	7
Proceeds from issuance of common stock	—	32	—	—	32
Balance at April 3, 2021	\$ 1	\$ 1,101	\$ (375)	\$ 1,919	\$ 2,646
Balance at December 28, 2019	\$ 1	\$ 970	\$ (281)	\$ 1,096	\$ 1,786
Net income	—	—	—	126	126
Other comprehensive loss	—	—	(267)	—	(267)
Share-based compensation	—	5	—	—	5
Proceeds from issuance of common stock	—	1	—	—	1
Balance at March 28, 2020	\$ 1	\$ 976	\$ (548)	\$ 1,222	\$ 1,651
Two Quarterly Periods Ended					
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at September 26, 2020	\$ 1	\$ 1,034	\$ (551)	\$ 1,608	\$ 2,092
Net income	—	—	—	311	311
Other comprehensive income	—	—	176	—	176
Share-based compensation	—	28	—	—	28
Proceeds from issuance of common stock	—	39	—	—	39
Balance at April 3, 2021	\$ 1	\$ 1,101	\$ (375)	\$ 1,919	\$ 2,646
Balance at September 28, 2019	\$ 1	\$ 949	\$ (386)	\$ 1,054	\$ 1,618
Net income	—	—	—	173	173
Other comprehensive loss	—	—	(162)	—	(162)
Share-based compensation	—	24	—	—	24
Proceeds from issuance of common stock	—	3	—	—	3
Adoption of lease accounting standard	—	—	—	(5)	(5)
Balance at March 28, 2020	\$ 1	\$ 976	\$ (548)	\$ 1,222	\$ 1,651

See notes to consolidated financial statements.

Berry Global Group, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(in millions of dollars)

	Two Quarterly Periods Ended	
	April 3, 2021	March 28, 2020
Cash Flows from Operating Activities:		
Net income	\$ 311	\$ 173
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	280	277
Amortization of intangibles	147	152
Non-cash interest	16	9
Deferred income tax	(28)	12
Share-based compensation expense	28	24
Other non-cash operating activities, net	51	33
Changes in working capital	(156)	(114)
Changes in other assets and liabilities	(11)	(33)
Net cash from operating activities	<u>638</u>	<u>533</u>
Cash Flows from Investing Activities:		
Additions to property, plant and equipment, net	(364)	(263)
Divestitures	143	—
Settlement of net investment hedges	—	246
Other	—	(10)
Net cash from investing activities	<u>(221)</u>	<u>(27)</u>
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	2,316	1,202
Repayments on long-term borrowings	(2,683)	(1,484)
Proceeds from issuance of common stock	39	3
Debt financing costs	(16)	(17)
Net cash from financing activities	<u>(344)</u>	<u>(296)</u>
Effect of exchange rate changes on cash	20	(7)
Net change in cash	<u>93</u>	<u>203</u>
Cash and cash equivalents at beginning of period	750	750
Cash and cash equivalents at end of period	<u>\$ 843</u>	<u>\$ 953</u>

See notes to consolidated financial statements.

Berry Global Group, Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(tables in millions of dollars, except per share data)

1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Berry Global Group, Inc. (“the Company,” “we,” or “Berry”) have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) pursuant to the rules and regulations of the Securities and Exchange Commission for interim reporting. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In preparing financial statements in conformity with GAAP, we must make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates. The Company’s U.S. based results for fiscal 2021 and fiscal 2020 are based on a fifty-three and fifty-two week period, respectively. The extra week in fiscal 2021 occurred in the first quarter. In October 2020, the Company reorganized portions of its four operating segments in order to better align our various businesses for future growth. The Company has recast all prior period amounts to conform to this new reporting structure. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included, and all subsequent events up to the time of the filing have been evaluated. For further information, refer to the Company’s most recent Form 10-K filed with the Securities and Exchange Commission.

2. Recent Accounting Pronouncements

Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326) and issued subsequent amendments to the initial guidance. The new standard requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model, which includes historical experience, current conditions, and reasonable and supportable forecasts. The new standard also requires enhanced disclosure. The Company adopted the new standard beginning fiscal 2021 with no material impact to the Company’s consolidated financial statements. See Note 3. Revenue and Accounts Receivable.

Defined Benefit Plans

In August 2018, the FASB issued ASU 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans. The new standard removes requirements to disclose the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year and the effects of a one-percentage-point changes in assumed health care cost trend rates. The standard also adds requirements to disclose the reasons for significant gains and losses related to changes in the benefit obligations for the period and the accumulated benefit obligation (“ABO”) for plans with ABOs in excess of plan assets. The new standard will be effective for the Company beginning fiscal 2022. The Company is currently evaluating the impact of the adoption of this standard to our disclosures.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, Income Taxes - Simplifying the Accounting for Income Taxes (Topic 740). The new guidance eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. The new standard will be effective for the Company beginning fiscal 2022. The Company is currently evaluating the impact of the adoption of this standard to the Company’s consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform - Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848). This standard provides temporary optional expedients and exceptions to the GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates, such as SOFR. ASU 2020-04 is effective upon issuance and generally can be applied through the end of calendar year 2022. The Company is currently evaluating the impact and whether it plans to adopt the optional expedients and exceptions provided under this new standard.

3. Revenue and Accounts Receivable

Our revenues are primarily derived from the sale of plastic packaging products to customers. Revenue is recognized when performance obligations are satisfied, in an amount reflecting the consideration to which the Company expects to be entitled. We consider the promise to transfer products to be our sole performance obligation. If the consideration agreed to in a contract includes a variable amount, we estimate the amount of consideration we expect to be entitled to in exchange for transferring the promised goods to the customer using the most likely amount method. Our main source of variable consideration is customer rebates. There are no material instances where variable consideration is constrained and not recorded at the initial time of sale. Generally, our revenue is recognized at a point in time for standard promised goods at the time of shipment, when title and risk of loss pass to the customer. The accrual for customer rebates was \$90 million and \$104 million at April 3, 2021 and September 26, 2020, respectively, and is included in Other current liabilities on the Consolidated Balance Sheets. The Company disaggregates revenue based on reportable business segment, geography, and significant product line. Refer to Note 10. Segment and Geographic Data for further information.

Accounts receivable, net are presented net of allowance for credit losses of \$21 million and \$25 million at April 3, 2021 and September 26, 2020, respectively. The Company records its current expected credit losses based on a variety of factors including historical loss experience, current conditions including the COVID-19 pandemic, and customer financial condition. The changes to our current expected credit losses, write-off activity, and recoveries were not material for any of the periods presented.

The Company has entered into various qualifying factoring agreements to sell certain receivables to third-party financial institutions. The transfer of receivables is accounted for as a sale, without recourse. Net sales available under qualifying U.S. based programs were \$257 million and \$236 million for the quarterly periods ended April 3, 2021 and March 28, 2020, respectively. Net sales available under qualifying U.S. based programs were \$504 million and \$458 million for the two quarterly periods ended April 3, 2021 and March 28, 2020, respectively. There were no amounts outstanding from financial institutions related to these programs. The fees associated with the transfer of receivables for all programs were not material for any of the periods presented.

4. Dispositions

During fiscal 2021, the Company completed the sale of its U.S. Flexible Packaging Converting business which was primarily operated in the Engineered Materials segment for net proceeds of \$140 million and is divesting a non-core Czech Republic Reaction Injection Molding business which is operated in the Consumer Packaging International segment for an estimated sales price of approximately \$22 million. A net pretax loss on the divestitures of \$22 million was recorded in fiscal 2021 within Restructuring and transaction activities on the Consolidated Statements of Income. The U.S. Flexible Packaging Converting business and the Czech Republic Reaction Injection Molding business recorded net sales during fiscal 2020 of \$203 million and \$41 million, respectively. For the period ended April 3, 2021, the Company has classified assets of \$50 million and liabilities of \$28 million as held for sale.

5. Restructuring and Transaction Activities

The table below includes the significant components of restructuring and transaction activities, by reporting segment:

	Quarterly Period Ended		Two Quarterly Periods Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Consumer Packaging International	\$ 38	\$ 14	\$ 41	\$ 24
Consumer Packaging North America	—	3	1	4
Health, Hygiene & Specialties	—	1	—	4
Engineered Materials	—	1	(5)	4
Consolidated	\$ 38	\$ 19	\$ 37	\$ 36

The table below sets forth the activity with respect to the restructuring and transaction activities accrual at April 3, 2021:

	Restructuring			Transaction Activities	Total
	Employee Severance and Benefits	Facility Exit Costs	Non-cash Impairment Charges		
Balance as of September 26, 2020	\$ 10	\$ 7	\$ —	\$ —	\$ 17
Charges	4	2	2	29	37
Non-cash items	—	—	(2)	(29)	(31)
Cash	(9)	(3)	—	—	(12)
Balance as of April 3, 2021	\$ 5	\$ 6	\$ —	\$ —	\$ 11

6. Leases

The Company leases certain manufacturing facilities, warehouses, office space, manufacturing equipment, office equipment, and automobiles.

We recognize right-of-use assets and lease liabilities for leases with original lease terms greater than one year based on the present value of lease payments over the lease term using our incremental borrowing rate on a collateralized basis. Short-term leases, with original lease terms of less than one year, are not recognized on the balance sheet. We are party to certain leases, namely for manufacturing facilities, which offer renewal options to extend the original lease term. Renewal options are included in the right-of-use asset and lease liability based on our assessment of the probability that the options will be exercised.

Supplemental lease information is as follows:

Leases	Classification	April 3, 2021	September 26, 2020
Operating leases:			
Operating lease right-of-use assets	Right-of-use assets	\$ 566	\$ 562
Current operating lease liabilities	Other current liabilities	116	115
Noncurrent operating lease liabilities	Operating lease liability	467	464
Finance leases:			
Finance lease right-of-use assets	Property, plant, and equipment, net	\$ 64	\$ 78
Current finance lease liability	Current portion of long-term debt	13	17
Noncurrent finance lease liabilities	Long-term debt, less current portion	49	59

Cash paid for amounts included in lease liabilities	Two Quarterly Periods Ended April 3, 2021	Two Quarterly Periods Ended March 28, 2020
Operating cash flows from operating leases	\$ 57	\$ 57
Operating cash flows from finance leases	1	1
Financing cash flows from finance leases	16	17

Right-of-use assets obtained in exchange for new operating lease liabilities were \$23 million and \$34 million for the quarterly and two quarterly periods ended April 3, 2021, respectively.

7. Long-Term Debt

Long-term debt consists of the following:

Facility	Maturity Date	April 3, 2021	September 26, 2020
Term loan	July 2026	\$ 3,840	4,208
Revolving line of credit	May 2024	—	—
0.95% First Priority Senior Secured Notes	February 2024	800	—
1.00% First Priority Senior Secured Notes ^(a)	July 2025	823	814
1.57% First Priority Senior Secured Notes	January 2026	1,525	—
4.875% First Priority Senior Secured Notes	July 2026	1,250	1,250
1.50% First Priority Senior Secured Notes ^(a)	July 2027	441	436
5.125% Second Priority Senior Secured Notes	July 2023	200	300
4.50% Second Priority Senior Secured Notes	February 2026	500	500
5.625% Second Priority Senior Secured Notes	July 2027	500	500
Debt discounts and deferred fees		(87)	(85)
Finance leases and other	Various	90	121
Retired debt	Various	—	2,193
Total long-term debt		9,882	10,237
Current portion of long-term debt		(60)	(75)
Long-term debt, less current portion		\$ 9,822	10,162

(a) Euro denominated

In fiscal 2021, the Company issued \$800 million aggregate principal amount of 0.95% first priority senior secured notes due 2024, and \$1,525 million aggregate principal amount of 1.57% first priority senior secured notes due 2026. The proceeds were used to prepay a portion of the outstanding Term loans.

Debt extinguishment costs of \$14 million, primarily comprised of deferred debt discount and financing fees, were recorded in Other expense, net on the Consolidated Statements of Income upon the extinguishment of a portion of the Term loans.

Debt discounts and deferred financing fees are presented net of Long-term debt, less the current portion on the Consolidated Balance Sheets and are amortized to Interest expense, net on the Consolidated Statements of Income through maturity.

8. Financial Instruments and Fair Value Measurements

In the normal course of business, the Company is exposed to certain risks arising from business operations and economic factors. The Company may use derivative financial instruments to help manage market risk and reduce the exposure to fluctuations in interest rates and foreign currencies. These financial instruments are not used for trading or other speculative purposes.

Cross-Currency Swaps

The Company is party to certain cross-currency swaps to hedge a portion of our foreign currency risk. The swap agreements mature May 2022 (€250 million), June 2024 (€1,625 million) and July 2027 (£700 million). In addition to cross-currency swaps, we hedge a portion of our foreign currency risk by designating foreign currency denominated long-term debt as net investment hedges of certain foreign operations. As of April 3, 2021, we had outstanding long-term debt of €785 million that was designated as a hedge of our net investment in certain euro-denominated foreign subsidiaries. When valuing cross-currency swaps the Company utilizes Level 2 inputs (substantially observable).

Interest Rate Swaps

The primary purpose of the Company's interest rate swap activities is to manage interest expense variability associated with our outstanding variable rate term loan debt. When valuing interest rate swaps the Company utilizes Level 2 inputs (substantially observable).

As of April 3, 2021, the Company effectively had (i) a \$450 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.398%, with an expiration in June 2026, (ii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.835% with an expiration in June 2026, (iii) a \$400 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.916% with an expiration in June 2026, (iv) a \$884 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.857%, with an expiration in June 2024, and (v) a \$473 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 2.050%, with an expiration in June 2024.

The Company records the fair value positions of all derivative financial instruments on a net basis by counterparty for which a master netting arrangement is utilized. Balances on a gross basis are as follows:

Derivative Instruments	Hedge Designation	Balance Sheet Location	September 26,	
			April 3, 2021	2020
Cross-currency swaps	Designated	Other long-term liabilities	\$ 423	\$ 270
Interest rate swaps	Designated	Other long-term liabilities	138	226

The effect of the Company's derivative instruments on the Consolidated Statements of Income is as follows:

Derivative Instruments	Statements of Income Location	Quarterly Period Ended		Two Quarterly Periods Ended	
		April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
		Cross-currency swaps	Interest expense, net	\$ (1)	\$ (1)
Interest rate swaps	Interest expense, net	17	17	34	34

Non-recurring Fair Value Measurements

The Company has certain assets that are measured at fair value on a non-recurring basis when impairment indicators are present or when the Company completes an acquisition. The Company adjusts certain long-lived assets to fair value only when the carrying values exceed the fair values. The categorization of the framework used to value the assets is considered Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value. These assets that are subject to our annual impairment analysis primarily include our definite lived and indefinite lived intangible assets, including Goodwill and our property, plant and equipment. The Company reviews Goodwill and other indefinite lived assets for impairment as of the first day of the fourth fiscal quarter each year and more frequently if impairment indicators exist. The Company determined Goodwill and other indefinite lived assets were not impaired in our annual fiscal 2020 assessment. No impairment indicators were identified in the current quarter.

Included in the following table are the major categories of assets measured at fair value on a non-recurring basis as of April 3, 2021 and September 26, 2020, along with the impairment loss recognized on the fair value measurement during the period:

	As of April 3, 2021				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	\$ —	\$ —	\$ 248	\$ 248	\$ —
Goodwill	—	—	5,229	5,229	—
Definite lived intangible assets	—	—	2,149	2,149	—
Property, plant, and equipment	—	—	4,675	4,675	2
Total	\$ —	\$ —	\$ 12,301	\$ 12,301	\$ 2

	As of September 26, 2020				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	\$ —	\$ —	\$ 248	\$ 248	\$ —
Goodwill	—	—	5,173	5,173	—
Definite lived intangible assets	—	—	2,249	2,249	—
Property, plant, and equipment	—	—	4,561	4,561	2
Total	\$ —	\$ —	\$ 12,231	\$ 12,231	\$ 2

The Company's financial instruments consist primarily of cash and cash equivalents, long-term debt, interest rate and cross-currency swap agreements, and finance lease obligations. The fair value of our marketable long-term indebtedness exceeded book value by \$101 million as of April 3, 2021. The Company's long-term debt fair values were determined using Level 2 inputs (substantially observable).

9. Income Taxes

In comparison to the statutory rate, the higher effective tax rate for the quarter and year-to-date was negatively impacted by divestitures and global intangible low-taxed income provisions.

10. Segment and Geographic Data

The Company's operations are organized into four reporting segments: Consumer Packaging International, Consumer Packaging North America, Engineered Materials, and Health, Hygiene & Specialties. The structure is designed to align us with our customers, provide optimal service, drive future growth, and to facilitate synergies realization. In October 2020, the Company realigned portions of our operating segments. As a result of these organizational realignments, we have recast prior period segment amounts resulting in the following Net sales movements for the two quarterly periods ended March 28, 2020: (1.) Tapes business: \$138 million from Engineered Materials to Health, Hygiene & Specialties, (2.) North American Healthcare: \$142 million from Consumer Packaging North America to Consumer Packaging International and (3.) European Films: \$347 million from Consumer Packaging International to Engineered Materials.

Selected information by reportable segment is presented in the following tables:

	Quarterly Period Ended		Two Quarterly Periods Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Net sales:				
Consumer Packaging International	\$ 1,060	\$ 970	\$ 2,048	\$ 1,900
Consumer Packaging North America	731	633	1,417	1,244
Health, Hygiene & Specialties	781	644	1,521	1,254
Engineered Materials	798	728	1,520	1,393
Total net sales	<u>\$ 3,370</u>	<u>\$ 2,975</u>	<u>\$ 6,506</u>	<u>\$ 5,791</u>
Operating income:				
Consumer Packaging International	\$ 59	\$ 53	\$ 135	\$ 96
Consumer Packaging North America	77	69	136	113
Health, Hygiene & Specialties	114	66	210	113
Engineered Materials	83	96	156	161
Total operating income	<u>\$ 333</u>	<u>\$ 284</u>	<u>\$ 637</u>	<u>\$ 483</u>
Depreciation and amortization:				
Consumer Packaging International	\$ 87	\$ 79	\$ 170	\$ 161
Consumer Packaging North America	54	60	111	116
Health, Hygiene & Specialties	42	46	87	93
Engineered Materials	29	28	59	59
Total depreciation and amortization	<u>\$ 212</u>	<u>\$ 213</u>	<u>\$ 427</u>	<u>\$ 429</u>

Selected information by geographical region is presented in the following tables:

	Quarterly Period Ended		Two Quarterly Periods Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Net sales:				
United States and Canada	\$ 1,728	\$ 1,705	\$ 3,405	\$ 3,218
Europe	1,257	981	2,350	1,984
Rest of world	385	289	751	589
Total net sales	<u>\$ 3,370</u>	<u>\$ 2,975</u>	<u>\$ 6,506</u>	<u>\$ 5,791</u>

Selected information by product line is presented in the following tables:

	Quarterly Period Ended		Two Quarterly Periods Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Net sales:				
Packaging	81	83	81	83
Non-packaging	19	17	19	17
Consumer Packaging International	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Rigid Open Top	54	55	55	56
Rigid Closed Top	46	45	45	44
Consumer Packaging North America	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Health	19	15	19	14
Hygiene	45	47	45	48
Specialties	36	38	36	38
Health, Hygiene & Specialties	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Core Films	64	63	61	61
Retail & Industrial	36	37	39	39
Engineered Materials	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

11. Contingencies and Commitments

The Company is party to various legal proceedings involving routine claims which are incidental to its business. Although the Company's legal and financial liability with respect to such proceedings cannot be estimated with certainty, we believe that any ultimate liability would not be material to our financial statements.

The Company has various purchase commitments for raw materials, supplies, and property and equipment incidental to the ordinary conduct of business.

12. Share Repurchase Program

No shares were repurchased during the two quarterly periods ended April 3, 2021. Authorized share repurchases of \$393 million remain available to the Company.

13. Basic and Diluted Net Income Per Share

Basic net income per share is calculated by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents. Diluted net income per share is calculated by dividing the net income attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method and the if-converted method. For purposes of this calculation, stock options are considered to be common stock equivalents and are only included in the calculation of diluted net income per share when their effect is dilutive. For the six months ended April 3, 2021, 3.2 million shares were excluded from the diluted net income per share calculation as their effect would be anti-dilutive. No shares were excluded from the diluted net income per share calculation for the three months ended April 3, 2021. For the three and six months ended March 28, 2020, 7.1 million and 7.1 million shares, respectively, were excluded.

The following tables provide a reconciliation of the numerator and denominator of the basic and diluted net income per share calculations.

(in millions, except per share amounts)	Quarterly Period Ended		Two Quarterly Periods Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Numerator				
Consolidated net income	\$ 181	\$ 126	\$ 311	\$ 173
Denominator				
Weighted average common shares outstanding - basic	134.3	132.4	133.9	132.4
Dilutive shares	2.5	1.7	2.7	1.8
Weighted average common and common equivalent shares outstanding - diluted	136.8	134.1	136.6	134.2
Per common share income				
Basic	\$ 1.35	\$ 0.95	\$ 2.32	\$ 1.31
Diluted	\$ 1.32	\$ 0.94	\$ 2.28	\$ 1.29

14. Accumulated Other Comprehensive Loss

The components and activity of Accumulated other comprehensive loss are as follows:

Quarterly Period Ended	Currency	Defined Benefit	Derivative	Accumulated Other
	Translation	Pension and Retiree Health Benefit Plans	Instruments	Comprehensive Loss
Balance at January 2, 2021	\$ (100)	\$ (116)	\$ (140)	\$ (356)
Other comprehensive income (loss) before reclassifications	(73)	—	52	(21)
Net amount reclassified from accumulated other comprehensive loss	—	—	2	2
Balance at April 3, 2021	<u>\$ (173)</u>	<u>\$ (116)</u>	<u>\$ (86)</u>	<u>\$ (375)</u>

	Currency	Defined Benefit	Derivative	Accumulated Other
	Translation	Pension and Retiree Health Benefit Plans	Instruments	Comprehensive Loss
Balance at December 28, 2019	\$ (187)	\$ (56)	\$ (38)	\$ (281)
Other comprehensive loss before reclassifications	(157)	(1)	(144)	(302)
Net amount reclassified from accumulated other comprehensive loss	—	—	35	35
Balance at March 28, 2020	<u>\$ (344)</u>	<u>\$ (57)</u>	<u>\$ (147)</u>	<u>\$ (548)</u>

Two Quarterly Periods Ended	Currency	Defined Benefit	Derivative	Accumulated Other
	Translation	Pension and Retiree Health Benefit Plans	Instruments	Comprehensive Loss
Balance at September 26, 2020	\$ (278)	\$ (116)	\$ (157)	\$ (551)
Other comprehensive income before reclassifications	105	—	67	172
Net amount reclassified from accumulated other comprehensive loss	—	—	4	4
Balance at April 3, 2021	<u>\$ (173)</u>	<u>\$ (116)</u>	<u>\$ (86)</u>	<u>\$ (375)</u>

	Currency	Defined Benefit	Derivative	Accumulated Other
	Translation	Pension and Retiree Health Benefit Plans	Instruments	Comprehensive Loss
Balance at September 28, 2019	\$ (279)	\$ (56)	\$ (51)	\$ (386)
Other comprehensive loss before reclassifications	(65)	(1)	(148)	(214)
Net amount reclassified from accumulated other comprehensive loss	—	—	52	52
Balance at March 28, 2020	<u>\$ (344)</u>	<u>\$ (57)</u>	<u>\$ (147)</u>	<u>\$ (548)</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

Business. The Company's operations are organized into four operating segments: Consumer Packaging International, Consumer Packaging North America, Health, Hygiene & Specialties, and Engineered Materials in order to better align our various businesses for future growth. The structure is designed to align us with our customers, provide improved service, drive future growth, and to facilitate synergies realization. The Consumer Packaging International segment primarily consists of containers, closures, dispensing systems, pharmaceutical devices and packaging, and technical components. The Consumer Packaging North America segment primarily consists of containers, foodservice items, closures, overcaps, bottles, and tubes. The Health, Hygiene & Specialties segment primarily consists of nonwoven specialty materials, tapes and adhesives, and films used in hygiene, infection prevention, personal care, industrial, construction, and filtration applications. The Engineered Materials segment primarily consists of polyethylene-based film products, and can liners.

Acquisitions and Dispositions. Our acquisition strategy is focused on improving our long-term financial performance, enhancing our market positions, and expanding our existing and complementary product lines. We seek to obtain businesses for attractive post-synergy multiples, creating value for our stockholders from synergy realization, leveraging the acquired products across our customer base, creating new platforms for future growth, and assuming best practices from the businesses we acquire. While the expected benefits on earnings is estimated at the commencement of each transaction, once the execution of the plan and integration occur, we are generally unable to accurately estimate or track what the ultimate effects have been due to system integrations and movements of activities to multiple facilities. As historical business combinations and restructuring plans have not allowed us to accurately separate realized synergies compared to what was initially identified, we estimate the synergy realization based on the overall segment profitability post integration.

During fiscal 2021, the Company completed the sale of its U.S. Flexible Packaging Converting business which was primarily operated in the Engineered Materials segment for net proceeds of \$140 million and is divesting a non-core Czech Republic Reaction Injection Molding business which is operated in the Consumer Packaging International segment for an estimated sales price of approximately \$22 million. A net pretax loss on the divestitures of \$22 million was recorded in fiscal 2021 within Restructuring and transaction activities on the Consolidated Statements of Income. The U.S Flexible Packaging Converting business and the Czech Republic Reaction Injection Molding business recorded net sales during fiscal 2020 of \$203 million and \$41 million, respectively.

Raw Material Trends. Our primary raw material is plastic resin. Due to differences in the timing of passing through resin cost changes to our customers on escalator/de-escalator programs, segments are negatively impacted in the short term when plastic resin costs increase and are positively impacted when plastic resin costs decrease. This timing lag and competitor behaviors related to passing through raw material cost changes could affect our results as plastic resin costs fluctuate. In addition, we use other materials such as butyl rubber, adhesives, paper and packaging materials, linerboard, rayon, polyester fiber, and foil, in various manufacturing processes. These raw materials are available from multiple sources and we purchase from a variety of global suppliers. While temporary shortages of raw materials can occur, we expect to continue to successfully manage raw materials supplies without significant supply interruptions.

Outlook. The Company is affected by general economic and industrial growth, plastic resin availability and affordability, and general industrial production. COVID-19 pandemic has resulted in both advantaged and disadvantaged products within all segments. Our results are affected by both the duration certain products remain advantaged and timing of when disadvantage products normalize. Our business has both geographic and end market diversity, which reduces the effect of any one of these factors on our overall performance. Our results are affected by our ability to pass through raw material and other cost changes to our customers, improve manufacturing productivity and adapt to volume changes of our customers. In the near term, recent resin inflation will create a headwind for the Company, which we believe will be offset by the continued favorable product mix associated with pivoting our assets to produce products related to COVID-19 protection. By providing advantaged products in targeted markets, we continue to believe our underlying long-term demand fundamental in all divisions will remain strong as we focus on delivering protective solutions that enhance consumer safety and execute on the Company's mission of "Always Advancing to Protect What's Important." For fiscal 2021, we project cash flow from operations between \$1,675 to \$1,575 million and \$700 million of capital spending.

Results of Operations

Comparison of the Quarterly Period Ended April 3, 2021 (the "Quarter") and the Quarterly Period Ended March 28, 2020 (the "Prior Quarter")

Business integration expenses consist of restructuring and impairment charges, acquisition and divestiture related costs, and other business optimization costs. Tables present dollars in millions.

Consolidated Overview

	Quarter	Prior Quarter	\$ Change	% Change
Net sales	\$ 3,370	\$ 2,975	\$ 395	13%
Cost of goods sold	2,706	2,391	315	13%
Other operating expenses	331	300	31	10%
Operating income	\$ 333	\$ 284	\$ 49	17%

Net Sales: The net sales growth is primarily attributed to increased selling prices of \$192 million due to the pass through of higher resin costs, organic volume growth of 5%, and a \$92 million favorable impact from foreign currency changes. These increases were partially offset by Prior Quarter divestiture sales of \$53 million. The organic volume growth was primarily due to organic growth investments, modest recovery of certain markets that had previously been facing COVID-19 headwinds, and higher demand in our advantaged health and hygiene products as the result of COVID-19.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth, product mix, higher resin costs and a \$74 million increase from foreign currency changes. These increases were partially offset by Prior Quarter divestiture cost of goods sold of \$42 million and a \$19 million inventory step-up.

Other operating expenses: The other operating expenses increase is primarily attributed to a \$21 million increase in business integration expense and a \$15 million increase in selling, general, and administrative expense.

Operating Income: The operating income increase is primarily attributed to a \$35 million increase from the organic volume growth, a \$19 million inventory step-up in the Prior Quarter related to the RPC acquisition, a \$16 million favorable impact from price cost spread including synergies and product mix, and a \$16 million favorable impact from foreign currency, partially offset by a \$21 million increase in business integration expense, and a \$15 million increase in selling, general, and administrative expense.

Consumer Packaging International

	Quarter	Prior Quarter	\$ Change	% Change
Net sales	\$ 1,060	\$ 970	\$ 90	9%
Cost of goods sold	842	785	57	7%
Other operating expenses	159	132	27	20%
Operating income	\$ 59	\$ 53	\$ 6	11%

Net Sales: The net sales growth in the Consumer Packaging International segment is primarily attributed to organic volume growth of 4%, and a \$71 million favorable impact from foreign currency changes. The organic volume growth was primarily due to recovery in emerging markets.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth and a \$57 million increase from foreign currency changes. These increases were partially offset by change in product mix and the Prior Quarter \$19 million inventory step-up.

Other operating expenses: The other operating expenses increase is primarily attributed to a \$24 million increase in business integration activities.

Operating Income: The operating income increase is primarily attributed to a \$12 million favorable impact from foreign currency, an \$11 million increase from the organic volume growth, and a \$19 million inventory step-up in the Prior Quarter, partially offset by a \$24 million increase in business integration activities, and an increase in depreciation and amortization.

Consumer Packaging North America

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 731	\$ 633	\$ 98	15%
Cost of goods sold	597	508	89	18%
Other operating expenses	57	56	1	2%
Operating income	\$ 77	\$ 69	\$ 8	12%

Net Sales: The net sales growth in the Consumer Packaging North America segment is primarily attributed to increased selling prices of \$60 million due to the pass through of higher resin costs and organic volume growth of 5%. The organic volume growth was primarily due to continued strength in closures, bottles and containers.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth, product mix and higher resin costs.

Operating Income: The operating income increase is primarily attributed to a \$9 million increase from the organic volume growth and a decrease in depreciation and amortization, partially offset by a negative impact from price cost spread.

Health, Hygiene & Specialties

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 781	\$ 644	\$ 137	21%
Cost of goods sold	609	519	90	17%
Other operating expenses	58	59	(1)	(2)%
Operating income	\$ 114	\$ 66	\$ 48	73%

Net Sales: The net sales growth in the Health, Hygiene & Specialties segment is primarily attributed to organic volume growth of 8%, and increased selling prices of \$83 million due to the pass through of higher resin costs. The organic volume growth was primarily due to organic growth investments and higher demand in our advantage health and hygiene products as the result of COVID-19.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth, product mix and higher resin costs.

Operating Income: The operating income increase is primarily attributed to a \$12 million impact from the organic volume growth and a \$31 million favorable impact from price cost spread and product mix.

Engineered Materials

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 798	\$ 728	\$ 70	10%
Cost of goods sold	658	579	79	14%
Other operating expenses	57	53	4	8%
Operating income	\$ 83	\$ 96	\$ (13)	(14)%

Net Sales: The net sales growth in the Engineered Materials segment is primarily attributed to increased selling prices of \$69 million due to the pass through of higher resin costs, organic volume growth of 3%, and a \$15 million favorable impact from foreign currency changes, partially offset by Prior Quarter divestiture sales of \$43 million.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth, product mix, higher resin costs, and a \$13 million increase from foreign currency changes. These increases were partially offset by Prior Quarter divestiture cost of goods sold of \$35 million.

Operating Income: The operating income decrease is primarily attributed to a \$10 million negative impact from price cost spread and Prior Quarter divestiture operating income.

Other expense, net

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Other expense, net	\$ 6	\$ —	\$ 6	N/A

The other expense is primarily attributed to debt extinguishment costs partially offset by foreign currency changes related to the remeasurement of non-operating intercompany balances.

Interest expense, net

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Interest expense, net	\$ 84	\$ 111	\$ (27)	(24)%

The interest expense decrease is primarily the result of repayments on long-term borrowings in fiscal 2020 and recent refinancing activities (see Note 7).

Changes in Comprehensive Income

The \$303 million improvement in comprehensive income from the Prior Quarter was primarily attributed to a \$55 million improvement in net income, a \$163 million favorable change in the fair value of derivative instruments, net of tax, and an \$84 million favorable change in currency translation. As part of the overall risk management, the Company uses derivative instruments to (i) reduce our exposure to changes in interest rates attributed to the Company's borrowings and (ii) reduce foreign currency exposure to translation of certain foreign operations. The Company records changes to the fair value of these instruments in Accumulated other comprehensive loss. The change in fair value of these instruments in fiscal 2021 versus fiscal 2020 is primarily attributed to the change in the forward interest and foreign exchange curves between measurement dates.

Comparison of the Two Quarterly Periods Ended April 3, 2021 (the "YTD") and the Two Quarterly Periods Ended March 28, 2020 (the "Prior YTD")

The Company's U.S. based results for the YTD and Prior YTD are based on a twenty-seven and twenty-six week period, respectively. Business integration expenses consist of restructuring and impairment charges, acquisition and divestiture related costs, and other business optimization costs. Tables present dollars in millions.

Consolidated Overview

	<u>YTD</u>	<u>Prior YTD</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 6,506	\$ 5,791	\$ 715	12%
Cost of goods sold	5,224	4,687	537	11%
Other operating expenses	645	621	24	4%
Operating income	\$ 637	\$ 483	\$ 154	32%

Net Sales: The net sales growth is primarily attributed to organic volume growth of 6%, increased selling prices of \$181 million due to the pass through of higher resin costs, a \$142 million favorable impact from foreign currency changes, and a \$131 million increase from extra shipping days in the YTD. These increases were partially offset by Prior Quarter divestiture sales of \$68 million. The organic volume growth was primarily due to organic growth investments, modest recovery of certain markets that had previously been facing COVID-19 headwinds, and higher demand in our advantaged health and hygiene products as the result of COVID-19.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth, product mix, higher resin costs, a \$114 million increase from foreign currency changes, and a \$101 million increase from extra shipping day in the YTD. These increases were partially offset by Prior YTD divestiture cost of goods sold of \$55 million and a \$19 million inventory step-up.

Other operating expenses: The other operating expenses increase is primarily attributed to an \$11 million increase in selling, general, and administrative expenses and an increase from extra shipping days in the YTD.

Operating Income: The operating income increase is primarily attributed to an \$81 million increase from the organic volume growth, a \$33 million favorable impact from price cost spread including synergies and product mix, a \$23 million favorable impact from foreign currency, a \$22 million benefit from extra shipping days in the YTD, and a \$19 million inventory step-up in the Prior YTD related to the RPC acquisition, partially offset by an \$11 million increase in selling, general, and administrative expenses, and Prior YTD divestiture operating income.

Consumer Packaging International

	<u>YTD</u>	<u>Prior YTD</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 2,048	\$ 1,900	\$ 148	8%
Cost of goods sold	1,634	1,535	99	6%
Other operating expenses	279	269	10	4%
Operating income	\$ 135	\$ 96	\$ 39	41%

Net Sales: The net sales growth in the Consumer Packaging International segment is primarily attributed to organic volume growth of 4% and a \$115 million favorable impact from foreign currency changes, partially offset by lower selling prices of \$48 million. The organic volume growth was primarily due to recovery in emerging markets.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth and a \$93 million increase from foreign currency changes. These increases were partially offset by change in product mix and a \$19 million inventory step-up in the Prior YTD.

Other operating expenses: The other operating expenses increase is primarily attributed to an increase in business integration expense.

Operating Income: The operating income increase is primarily attributed to an \$18 million increase from the organic volume growth, an \$18 million favorable impact from foreign currency, and a \$19 million inventory step-up in the Prior YTD related to the RPC acquisition, partially offset by an \$18 million increase in business integration activities.

Consumer Packaging North America

	<u>YTD</u>	<u>Prior YTD</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 1,417	\$ 1,244	\$ 173	14%
Cost of goods sold	1,155	1,017	138	14%
Other operating expenses	126	114	12	11%
Operating income	\$ 136	\$ 113	\$ 23	20%

Net Sales: The net sales growth in the Consumer Packaging North America segment is primarily attributed to organic volume growth of 6%, increased selling prices of \$56 million, and a \$40 million increase from extra shipping days in the YTD. The organic volume growth was primarily due to continued strength in closures, bottles and containers.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth, product mix, higher resin costs, and a \$30 million increase from extra shipping day in the YTD.

Other operating expenses: The other operating expenses increase is primarily attributed an increase in selling, general, and administrative expense.

Operating Income: The operating income increase is primarily attributed to a \$22 million increase from the organic volume growth and a \$7 million benefit from extra shipping days in the YTD, partially offset by increased selling, general, and administrative expense.

Health, Hygiene & Specialties

	<u>YTD</u>	<u>Prior YTD</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 1,521	\$ 1,254	\$ 267	21%
Cost of goods sold	1,182	1,013	169	17%
Other operating expenses	129	128	1	1%
Operating income	\$ 210	\$ 113	\$ 97	86%

Net Sales: The net sales growth in the Health, Hygiene & Specialties segment is primarily attributed to organic volume growth of 12%, increased selling prices of \$90 million due to the pass through of higher resin costs, and a \$42 million increase from extra shipping days in the YTD, partially offset by Prior YTD divestiture sales of \$14 million. The organic volume growth was primarily due to organic growth investments and higher demand in our advantage health and hygiene products as the result of COVID-19.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth, product mix, higher resin costs, and a \$31 million increase from extra shipping day in the YTD. These increases were partially offset by Prior YTD divestiture cost of goods sold.

Operating Income: The operating income increase is primarily attributed to a \$36 million increase from the organic volume growth, a \$47 million favorable impact from price cost spread including synergies and product mix, and a benefit from extra shipping days in the YTD.

Engineered Materials

	<u>YTD</u>	<u>Prior YTD</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 1,520	\$ 1,393	\$ 127	9%
Cost of goods sold	1,253	1,122	131	12%
Other operating expenses	111	110	1	1%
Operating income	\$ 156	\$ 161	\$ (5)	(3)%

Net Sales: The net sales growth in the Engineered Materials segment is primarily attributed to increased selling prices of \$83 million due to the pass through of higher resin costs, a \$44 million increase from extra shipping days in the YTD, organic volume growth of 2%, and a \$22 million favorable impact from foreign currency changes, partially offset by Prior YTD divestiture sales of \$54 million.

Cost of goods sold: The cost of goods sold increase is attributed to the organic volume growth, product mix, higher resin costs, an \$18 million increase from foreign currency changes, and a \$35 million increase from extra shipping day in the YTD. These increases were partially offset by Prior YTD divestiture cost of goods sold of \$45 million.

Operating Income: The operating income decrease is primarily attributed to a \$15 million unfavorable impact from price cost spread and Prior YTD divestiture operating income. These decreases were partially offset by an improvement from the organic volume growth, and a benefit from extra shipping days in the YTD.

Other expense, net

	<u>YTD</u>	<u>Prior YTD</u>	<u>\$ Change</u>	<u>% Change</u>
Other expense, net	\$ 31	\$ 13	\$ 18	138%

The other expense increase is primarily attributed to foreign currency changes related to the remeasurement of non-operating intercompany balances.

Interest expense, net

	<u>YTD</u>	<u>Prior YTD</u>	<u>\$ Change</u>	<u>% Change</u>
Interest expense, net	\$ 181	\$ 229	\$ (48)	(21)%

The interest expense decrease is primarily the result of repayments on long-term borrowings in fiscal 2020 and recent refinancing activities.

Changes in Comprehensive Income

The \$476 million improvement in comprehensive income from the Prior YTD was primarily attributed to a \$138 million improvement in net income, a \$170 million favorable change in currency translation, and a \$167 million favorable change in the fair value of derivative instruments, net of tax. Currency translation gains and losses are primarily related to non-U.S. subsidiaries with a functional currency other than U.S. dollars whereby assets and liabilities are translated from the respective functional currency into U.S. dollars using period-end exchange rates. The change in currency translation in the YTD was primarily attributed to locations utilizing the euro, British pound sterling, Brazilian real, Canadian dollar, Chinese renminbi and Mexican peso as the functional currency. As part of the overall risk management, the Company uses derivative instruments to (i) reduce our exposure to changes in interest rates attributed to the Company's borrowings and (ii) reduce foreign currency exposure to translation of certain foreign operations. The Company records changes to the fair value of these instruments in Accumulated other comprehensive loss. The change in fair value of these instruments in fiscal 2021 versus fiscal 2020 is primarily attributed to the change in the forward interest and foreign exchange curves between measurement dates.

Liquidity and Capital Resources

Senior Secured Credit Facility

We manage our global cash requirements considering (i) available funds among the many subsidiaries through which we conduct business, (ii) the geographic location of our liquidity needs, and (iii) the cost to access international cash balances. At the end of the Quarter, the Company had no outstanding balance on its \$850 million asset-based revolving line of credit that matures in May 2024. The Company was in compliance with all covenants at the end of the Quarter. (see Note 7)

Cash Flows

Net cash from operating activities increased \$105 million from the Prior YTD primarily attributed to improved net income prior to non-cash activities.

Net cash used in investing activities increased \$194 million from the Prior YTD primarily attributed to increased capital expenditures and proceeds from the settlement of cross-currency derivatives in the Prior YTD, partially offset by proceeds from the divestiture of business in the YTD.

Net cash used in financing activities increased \$48 million from the Prior YTD primarily attributed to higher net debt repayments, partially offset by higher proceeds from issuance of common stock.

Share Repurchases

No shares were repurchased during the quarter. Authorized share repurchases of \$393 million remain available to the Company.

Liquidity Outlook

At April 3, 2021, our cash balance was \$843 million, of which approximately 80% was located outside the U.S. We believe our existing U.S. based cash and cash flow from U.S. operations, together with available borrowings under our senior secured credit facilities, will be adequate to meet our liquidity needs over the next twelve months. We do not expect our free cash flow to be sufficient to cover all long-term debt obligations and intend to refinance these obligations prior to maturity.

Summarized Guarantor Financial Information

Berry Global, Inc. ("Issuer") has notes outstanding which are fully, jointly, severally, and unconditionally guaranteed by its parent, Berry Global Group, Inc. (for purposes of this section, "Parent") and substantially all of Issuer's domestic subsidiaries. Separate narrative information or financial statements of the guarantor subsidiaries have not been included because they are 100% owned by Parent and the guarantor subsidiaries unconditionally guarantee such debt on a joint and several basis. A guarantee of a guarantor subsidiary of the securities will terminate upon the following customary circumstances: the sale of the capital stock of such guarantor if such sale complies with the indentures, the designation of such guarantor as an unrestricted subsidiary, the defeasance or discharge of the indenture or in the case of a restricted subsidiary that is required to guarantee after the relevant issuance date, if such guarantor no longer guarantees certain other indebtedness of Issuer. The guarantees of the guarantor subsidiaries are also limited as necessary to prevent them from constituting a fraudulent conveyance under applicable law and any guarantees guaranteeing subordinated debt are subordinated to certain other of the Company's debts. Parent also guarantees Issuer's term loans and revolving credit facilities. The guarantor subsidiaries guarantee our term loans and are co-borrowers under our revolving credit facility.

Presented below is summarized financial information for the Parent, Issuer and guarantor subsidiaries on a combined basis, after intercompany transactions have been eliminated.

	Two Quarterly Periods Ended April 3, 2021
Net sales	\$ 3,278
Gross profit	641
Earnings from continuing operations	167
Net income	\$ 167

Includes \$12 million of income associated with intercompany activity with non-guarantor subsidiaries.

	April 3, 2021	September 26, 2020
Assets		
Current assets	\$ 1,712	\$ 1,417
Noncurrent assets	5,926	6,153
Liabilities		
Current liabilities	\$ 1,048	\$ 841
Noncurrent liabilities	11,619	11,936

Includes \$715 million and \$572 million of intercompany payables due to non-guarantor subsidiaries as of April 3, 2021 and September 26, 2020, respectively.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to market risk from changes in interest rates primarily through our senior secured credit facilities. Our senior secured credit facilities are comprised of (i) \$3.8 billion term loans and (ii) a \$850 million revolving credit facility with no borrowings outstanding. Borrowings under our senior secured credit facilities bear interest at a rate equal to an applicable margin plus LIBOR. The applicable margin for LIBOR rate borrowings under the revolving credit facility ranges from 1.25% to 1.50%, and the margin for term loans is 1.75% per annum. As of period end, the LIBOR rate of approximately 0.12% was applicable to the term loans. A 0.25% change in LIBOR would increase our annual interest expense by \$2 million on variable rate term loans.

We seek to minimize interest rate volatility risk through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. These financial instruments are not used for trading or other speculative purposes. At period end, the Company effectively had (i) a \$450 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.398%, with an expiration in June 2026, (ii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.835% with an expiration in June 2026, (iii) a \$400 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.916% with an expiration in June 2026, (iv) a \$884 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.857%, with an expiration in June 2024, and (v) a \$473 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 2.050%, with an expiration in June 2024.

Foreign Currency Risk

As a global company, we face foreign currency risk exposure from fluctuating currency exchange rates, primarily the U.S. dollar against the euro, British pound sterling, Brazilian real, Chinese renminbi, Canadian dollar and Mexican peso. Significant fluctuations in currency rates can have a substantial impact, either positive or negative, on our revenue, cost of sales, and operating expenses. Currency translation gains and losses are primarily related to non-U.S. subsidiaries with a functional currency other than U.S. dollars whereby assets and liabilities are translated from the respective functional currency into U.S. dollars using period-end exchange rates and impact our Comprehensive income. A 10% decline in foreign currency exchange rates would have had an \$18 million unfavorable impact on our Net income for the two quarterly periods ended April 3, 2021.

The Company is party to certain cross-currency swaps to hedge a portion of our foreign currency risk. The swap agreements mature May 2022 (€250 million), June 2024 (€1,625 million) and July 2027 (£700 million). In addition to cross-currency swaps, we hedge a portion of our foreign currency risk by designating foreign currency denominated long-term debt as net investment hedges of certain foreign operations. As of April 3, 2021, we had outstanding long-term debt of €785 million that was designated as a hedge of our net investment in certain euro-denominated foreign subsidiaries.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under applicable Securities and Exchange Commission regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the company's "disclosure controls and procedures," which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the commission (such as this Form 10-Q) is recorded, processed, summarized, and reported on a timely basis.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

(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 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

There have been no material changes in legal proceedings from the items disclosed in our Form 10-K filed with the Securities and Exchange Commission.

Item 1A. Risk Factors

Before investing in our securities, we recommend that investors carefully consider the risks described in our most recent Form 10-K filed with the Securities and Exchange Commission, including those under the heading “Risk Factors”. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Additionally, we caution readers that the list of risk factors discussed in our most recent Form 10-K may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this report may not in fact occur. Accordingly, readers should not place undue reliance on those statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Repurchases of Equity Securities

During the quarter, the Company did not repurchase any shares. As of April 3, 2021, \$393 million of authorized shares remained available to purchase under the program.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
3.1	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Berry Global Group, Inc., dated February 24, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 25, 2021).
3.2	Amended and Restated Bylaws of Berry Global Group, Inc., as amended and restated effective as of February 24, 2021 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on February 25, 2021).
4.1	Indenture, among Berry Global, Inc., certain guarantors party thereto, U.S. Bank National Association, as Trustee and Collateral Agent, relating to the 0.95% First Priority Senior Secured Notes due 2024, dated January 15, 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 15, 2021).
4.2	Registration Rights Agreement, by and between Berry Global, Inc., Berry Global Group, Inc., each subsidiary of Berry Global, Inc. identified therein, and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, on behalf of themselves and as representatives of the initial purchasers, relating to the 0.95% First Priority Senior Secured Notes due 2024 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 15, 2021).
4.3	First Supplemental Indenture, among Berry Global, Inc., certain guarantors party thereto, U.S. Bank National Association, as Trustee and Collateral Agent, relating to the 1.57% First Priority Senior Secured Notes due 2026, dated March 4, 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 5, 2021).
4.4	Registration Rights Agreement, dated March 4, 2021, by and between Berry Global, Inc., Berry Global Group, Inc., each subsidiary of Berry Global, Inc. identified therein, and Citigroup Global Markets Inc. Goldman Sachs & Co. LLC and Wells Fargo Securities, LLC, on behalf of themselves and as representatives of the initial purchasers, relating to the 1.57% First Priority Senior Secured Notes due 2026 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 5, 2021).
10.1	Amended and Restated Berry Global Group, Inc. 2015 Long-Term Incentive Plan, effective February 24, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2021).
22*	Subsidiary Guarantors
31.1*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
32.1**	Section 1350 Certification of the Chief Executive Officer.
32.2**	Section 1350 Certification of the Chief Financial Officer.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its 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 Date File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

SIGNATURE

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.

Berry Global Group, Inc.

May 4, 2021

By: /s/ Mark W. Miles

Mark W. Miles
Chief Financial Officer

Guaranteed Securities

The following securities (collectively, the “Berry Global Senior Secured Notes”) issued by Berry Global, Inc., a Delaware corporation and wholly-owned subsidiary of Berry Global Group, Inc., a Delaware corporation (the “Company”), were outstanding as of April 3, 2021.

Description of Notes
0.95% First Priority Senior Secured Notes due 2024
1.00% First Priority Senior Secured Notes due 2025
4.875% First Priority Senior Secured Notes due 2026
1.57% First Priority Senior Secured Notes due 2026
1.50% First Priority Senior Secured Notes due 2027
5.125% Second Priority Senior Secured Notes due 2023
4.500% Second Priority Senior Secured Notes due 2026
5.625% Second Priority Senior Secured Notes due 2027

Obligors

As of April 3, 2021, the obligors under the Berry Global Senior Secured Notes consisted of the Company, as a guarantor, and its subsidiaries listed in the following table:

Name	Jurisdiction	Obligor Type
AeroCon, LLC	Delaware	Guarantor
AVINTIV Acquisition Corporation	Delaware	Guarantor
AVINTIV Inc.	Delaware	Guarantor
AVINTIV Specialty Materials Inc.	Delaware	Guarantor
Berry Film Products Acquisition Company, Inc.	Delaware	Guarantor
Berry Film Products Company, Inc.	Delaware	Guarantor
Berry Global Films, LLC	Delaware	Guarantor
Berry Global, Inc.	Delaware	Issuer
Berry Plastics Acquisition Corporation V	Delaware	Guarantor
Berry Plastics Acquisition Corporation XII	Delaware	Guarantor
Berry Plastics Acquisition Corporation XIII	Delaware	Guarantor
Berry Plastics Acquisition LLC X	Delaware	Guarantor
Berry Plastics Design, LLC	Delaware	Guarantor
Berry Plastics Filmco, Inc.	Delaware	Guarantor
Berry Plastics IK, LLC	Delaware	Guarantor
Berry Plastics Opco, Inc.	Delaware	Guarantor
Berry Plastics SP, Inc.	Delaware	Guarantor
Berry Plastics Technical Services, Inc.	Delaware	Guarantor
Berry Specialty Tapes, LLC	Delaware	Guarantor
Berry Sterling Corporation	Delaware	Guarantor
BPRex Brazil Holding Inc.	Delaware	Guarantor
BPRex Closure Systems, LLC	Delaware	Guarantor
BPRex Closures Kentucky Inc.	Delaware	Guarantor
BPRex Closures, LLC	Delaware	Guarantor
BPRex Delta Inc.	Delaware	Guarantor
BPRex Healthcare Brookville Inc.	Delaware	Guarantor
BPRex Healthcare Packaging Inc.	Delaware	Guarantor
BPRex Plastic Packaging Inc.	Delaware	Guarantor
BPRex Plastics Services Company Inc.	Delaware	Guarantor
BPRex Product Design and Engineering Inc.	Minnesota	Guarantor
BPRex Specialty Products Puerto Rico Inc.	New Jersey	Guarantor
Caplas LLC	Delaware	Guarantor
Caplas Neptune, LLC	Delaware	Guarantor
Captive Plastics Holdings, LLC	Delaware	Guarantor
Captive Plastics, LLC	Delaware	Guarantor
Cardinal Packaging, Inc.	Delaware	Guarantor
Chicopee, Inc.	Delaware	Guarantor
Chocksett Road Limited Partnership	Massachusetts	Guarantor
Chocksett Road Realty Trust	Massachusetts	Guarantor
Covalence Specialty Adhesives LLC	Delaware	Guarantor
Covalence Specialty Coatings LLC	Delaware	Guarantor
CPI Holding Corporation	Delaware	Guarantor
Dominion Textile (USA), L.L.C.	Delaware	Guarantor
Dumpling Rock, LLC	Massachusetts	Guarantor

Estero Porch, LLC	Delaware	Guarantor
Fabrene, L.L.C.	Delaware	Guarantor
Fiberweb GEOS, Inc.	Virginia	Guarantor
Fiberweb, LLC	Delaware	Guarantor
Global Closure Systems America 1, Inc.	Delaware	Guarantor
Grafco Industries Limited Partnership	Maryland	Guarantor
Kerr Group, LLC	Delaware	Guarantor
Knight Plastics, LLC	Delaware	Guarantor
Laddawn, Inc.	Massachusetts	Guarantor
Lamb's Grove, LLC	Delaware	Guarantor
Letica Corporation	Michigan	Guarantor
Letica Resources, Inc.	Michigan	Guarantor
M&H Plastics, Inc.	Virginia	Guarantor
Millham, LLC	Delaware	Guarantor
Old Hickory Steamworks, LLC	Delaware	Guarantor
Packerware, LLC	Delaware	Guarantor
Pescor, Inc.	Delaware	Guarantor
PGI Europe, Inc.	Delaware	Guarantor
PGI Polymer, Inc.	Delaware	Guarantor
Pliant International, LLC	Delaware	Guarantor
Pliant, LLC	Delaware	Guarantor
Poly-Seal, LLC	Delaware	Guarantor
Pristine Brands Corporation	Delaware	Guarantor
Providencia USA, Inc.	North Carolina	Guarantor
Rollpak Corporation	Delaware	Guarantor
RPC Bramlage, Inc.	Pennsylvania	Guarantor
RPC Leopard Holdings, Inc.	Delaware	Guarantor
RPC Packaging Holdings (US), Inc.	Delaware	Guarantor
RPC Promens Inc.	Delaware	Guarantor
RPC Superfos US, Inc.	Delaware	Guarantor
RPC Zeller Plastik Libertyville, Inc.	Delaware	Guarantor
Saffron Acquisition, LLC	Delaware	Guarantor
Setco, LLC	Delaware	Guarantor
Sugden, LLC	Delaware	Guarantor
Sun Coast Industries, LLC	Delaware	Guarantor
Uniplast Holdings, LLC	Delaware	Guarantor
Uniplast U.S., Inc.	Delaware	Guarantor
Venture Packaging Midwest, Inc.	Delaware	Guarantor
Venture Packaging, Inc.	Delaware	Guarantor

Pledged Security Collateral

As of April 3, 2021, the obligations under the Berry Global Senior Secured Notes were secured by pledges of the capital stock of the following affiliates of the Company:

Name	Country	State	Owned by	Percentage of Outstanding Shares/ Membership/ Partnership Interests	Percentage of Owned Interests Pledged
AEP Canada Inc.	Canada		Berry Global Films, LLC	100.00%	65%
AEP Industries Finance Inc.	USA	DE	Berry Global Films, LLC	100.00%	100%
AeroCon, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Aspen Industrial S.A. de C.V.	Mexico		Pliant, LLC and Pliant Corporation International (1 share)	100.00%	65%
AVINTIV Inc.	USA	DE	Berry Global, Inc.	100.00%	100%
AVINTIV Acquisition Corporation	USA	DE	AVINTIV Inc.	100.00%	100%
AVINTIV Specialty Materials, Inc.	USA	DE	AVINTIV Acquisition Corporation	100.00%	100%
Berry Film Products Acquisition Company, Inc. (f/k/a Clopay Plastic Products Acquisition Company, Inc.)	USA	DE	Berry Film Products Company, Inc. (f/k/a Clopay Plastic Products Company, Inc.)	100.00%	100%
Berry Film Products Company, Inc. (f/k/a Clopay Plastic Products Company, Inc.)	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Global Films, LLC (f/k/a Berry Plastics Acquisition Corporation XV, LLC)	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Global International Financing Limited	UK		AVINTIV Inc.	100.00%	65%
Berry Global, Inc. (f/k/a Berry Plastics Corporation)	USA	DE	Berry Plastics Group, Inc.	100.00%	100%
Berry Plastics Acquisition Corporation V	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Acquisition Corporation XII	USA	DE	Berry Global, Inc.	100.00%	100%

Berry Plastics Acquisition Corporation XIII	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Acquisition Corporation XIV, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Acquisition LLC II	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Acquisition LLC X	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Canada, Inc.	Canada		Berry Global, Inc.	100.00%	65%
Berry Plastics de Mexico, S. de R.L. de C.V.	Mexico		Berry Plastics Acquisition Corporation V	100.00%	65%
Berry Plastics Design, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Escrow Corporation	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Escrow, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Filmco, Inc.	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics IK, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics International C.V.	Netherlands		Pliant, LLC (1%) and Berry Global, Inc. (99%)	100.00%	65%
Berry Plastics Opco, Inc.	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics SP, Inc.	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Plastics Technical Services, Inc.	USA	DE	Venture Packaging, Inc.	100.00%	100%
Berry Specialty Tapes, LLC (f/k/a Berry Plastics Acquisition Corporation XI)	USA	DE	Berry Global, Inc.	100.00%	100%
Berry Sterling Corporation	USA	DE	Berry Global, Inc.	100.00%	100%
Berry UK Holdings Limited	UK		AVINTIV Inc.	100.00%	65%
Bonlam, S.A. DE C.V.	Mexico		Pristine Brands Corporation	99.90%	65% ¹
Bonlam, S.A. DE C.V.	Mexico		Chicopee, Inc.	0.01%	
BP Parallel, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
BPRex Brazil Holding Inc.	USA	DE	BPRex Healthcare Brookville, Inc.	100.00%	100%
BPRex Closure Systems, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
BPRex Closures Kentucky Inc.	USA	DE	Berry Global, Inc.	100.00%	100%
BPRex Closures, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
BPRex de Mexico S.A. de R.L. de CV	Mexico		Berry Global, Inc. and Berry Plastics Acquisition LLC X (1 share)	100.00%	65%
BPRex Delta Inc.	USA	DE	Berry Global, Inc.	100.00%	100%
BPRex Healthcare Brookville Inc.	USA	DE	BPRex Plastic Packaging, Inc.	100.00%	100%
BPRex Healthcare Packaging, Inc.	USA	DE	BPRex Plastic Packaging, Inc.	100.00%	100%
BPRex Plastic Packaging de Mexico S.A. de C.V.	Mexico		Berry Global, Inc.	50.00%	65% ²
BPRex Plastic Packaging de Mexico S.A. de C.V.	Mexico		BPRex Plastics Services Company Inc.	0.002%	
BPRex Plastic Packaging de Mexico S.A. de C.V.	Mexico		BPRex Healthcare Packaging, Inc.	49.998%	
BPRex Plastic Packaging, Inc.	USA	DE	Berry Global, Inc.	100.00%	100%
BPRex Plastic Services Company Inc.	USA	DE	BPRex Plastic Packaging, Inc.	100.00%	100%
BPRex Product Design & Engineering Inc.	USA	MN	BPRex Healthcare Brookville, Inc.	100.00%	100%
BPRex Specialty Products Puerto Rico Inc.	USA	NJ	BPRex Plastic Packaging, Inc.	100.00%	100%
Caplas LLC	USA	DE	Captive Plastics LLC	100.00%	100%
Caplas Neptune, LLC	USA	DE	Captive Plastics LLC	100.00%	100%
Captive Plastics Holdings, LLC	USA	DE	Berry Plastics SP, Inc.	100.00%	100%
Captive Plastics, LLC	USA	DE	Berry Plastics SP, Inc.	100.00%	100%
Cardinal Packaging, Inc.	USA	DE	CPI Holding Corporation	100.00%	100%
Chicopee Asia, Limited	Hong Kong		Chicopee, Inc.	100.00%	65%
Chicopee Holdings B.V.	Netherlands		PGI Europe, Inc.	100.00%	65%
Chicopee, Inc.	USA	DE	PGI Polymer, Inc.	100.00%	100%
Chocksett Road Limited Partnership	USA	MA	Berry Global, Inc.	98% Limited Partnership Interests 2% General Partnership Interests	100%
Chocksett Road Realty Trust	USA	MA	Chocksett Road Limited Partnership	Sole Beneficiary	100%
Berry Europe GmbH	Germany		Berry Film Products Company, Inc. (f/k/a Clopay Plastic Products Company, Inc.)	100.00%	65%
Berry Holding Company do Brasil Ltda.	Brazil		Berry Film Products Company, Inc. (f/k/a Clopay Plastic Products Company, Inc.)	99.99%	65% ³
Berry Holding Company do Brasil Ltda.	Brazil		Berry Global, Inc.	00.01%	
Berry Trading (Shanghai) Co., Ltd.	China		Berry Plastic Products Acquisition Company, Inc.	100.00%	65%
Covalence Specialty Adhesives LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Covalence Specialty Coatings LLC	USA	DE	Berry Global, Inc.	100.00%	100%
CPI Holding Corporation	USA	DE	Berry Global, Inc.	100.00%	100%
CSM Mexico SPV LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Dominion Textile (USA), L.L.C.	USA	DE	Chicopee, Inc.	100.00%	100%
DT Acquisition Inc.	Canada		AVINTIV Specialty Materials, Inc.	100.00%	65%
Dumpling Rock, LLC	USA	MA	Berry Global, Inc.	100.00%	100%

Estero Porch, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Fabrene, L.L.C.	USA	DE	PGI Europe, Inc.	100.00%	100%
Fiberweb Geos, Inc.	USA	VA	PGI Europe, Inc.	100.00%	100%
Fiberweb, LLC f/k/a Fiberweb, Inc.	USA	DE	PGI Europe, Inc.	100.00%	100%
Global Closure Systems America 1, Inc.	USA	DE	RPC Packaging Holdings (US), Inc.	100.00%	100%
Grafco Industries Limited Partnership	USA	MD	Caplas LLC	99.00%	100%
Grafco Industries Limited Partnership	USA	MD	Caplas Neptune, LLC	1.00%	100%
Grupo de Servicios Berpla, S. de R.L. de C.V.	Mexico		Berry Plastics Acquisition Corporation V	65.00%	65%
Kerr Group, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Knight Plastics, LLC	USA	DE	Berry Plastics SP, Inc.	100.00%	100%
Laddawn, Inc.	USA	MA	Berry Global, Inc.	100.00%	100%
Lamb's Grove, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Letica Corporation	USA	DE	RPC Leopard Holdings, Inc.	100.00%	100%
Letica Resources, Inc.	USA	DE	RPC Leopard Holdings, Inc.	100.00%	100%
M&H Plastics, Inc.	USA	VA	AVINTIV Inc.	100.00%	100%
Millham, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Old Hickory Steamworks, LLC	USA	DE	Fiberweb, LLC	100.00%	100%
Packerware, LLC	USA	DE	Berry Plastics SP, Inc.	100.00%	100%
Pescor, Inc.	USA	DE	Berry Global, Inc.	100.00%	100%
PGI Acquisition Limited	UK		PGI Europe, Inc.	100.00%	65%
PGI Europe, Inc.	USA	DE	Chicopee, Inc.	100.00%	100%
PGI Nonwovens (Mauritius)	Netherlands		PGI Polymer, Inc.	100.00%	65%
PGI Polymer, Inc.	USA	DE	Avintiv Specialty Materials, Inc.	100.00%	100%
Pliant de Mexico S.A. de C.V.	Mexico		Pliant, LLC	36.03%	65%
Pliant International, LLC	USA	DE	Pliant, LLC	100.00%	100%
Pliant, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Poly-Seal, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Pristine Brands Corporation	USA	DE	PGI Europe, Inc.	100.00%	100%
Providencia USA, Inc.	USA	NC	Chicopee, Inc.	100.00%	100%
Rollpak Corporation	USA	DE	Berry Global, Inc.	100.00%	100%
RPC Bramlage, Inc.	USA	PA	RPC Packaging Holdings (US), Inc.	100.00%	100%
RPC Leopard Holdings, Inc.	USA	DE	RPC Packaging Holdings (US), Inc.	100.00%	100%
RPC Packaging Holdings (US), Inc.	USA	DE	AVINTIV Inc.	100.00%	100%
RPC Promens Inc.	USA	DE	RPC Packaging Holdings (US), Inc.	100.00%	100%
RPC Superfos US, Inc.	USA	DE	RPC Packaging Holdings (US), Inc.	100.00%	100%
RPC Zeller Plastik Libertyville, Inc.	USA	DE	Global Closure Systems America 1, Inc.	100.00%	100%
Saffron Acquisition, LLC	USA	DE	Kerr Group, LLC	100.00%	100%
Setco, LLC	USA	DE	Kerr Group, LLC	100.00%	100%
Sugden, LLC	USA	DE	Berry Global, Inc.	100.00%	100%
Sun Coast Industries, LLC	USA	DE	Saffron Acquisition, LLC	100.00%	100%
Berry Film Products Co., Ltd.	China		Berry Film Products Acquisition Company, Inc.	100.00%	65%
Uniplast Holdings, LLC	USA	DE	Pliant, LLC	100.00%	100%
Uniplast U.S., Inc.	USA	DE	Uniplast Holdings, Inc.	100.00%	100%
Venture Packaging Midwest, Inc.	USA	DE	Venture Packaging, Inc.	100.00%	100%
Venture Packaging, Inc.	USA	DE	Berry Global, Inc.	100.00%	100%

¹ 65% of the aggregate stock of Bonlam, S.A. DE C.V. is pledged.

² 65% of the aggregate stock of BPRex Plastic Packaging de Mexico S.A. de C.V. is pledged.

³ 65% of the aggregate stock of Berry Holding Company do Brasil Ltda. is pledged.

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Thomas E. Salmon, Chief Executive Officer of Berry Global Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berry Global Group, Inc. (the "Registrant");
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 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 annual 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 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: May 4, 2021

By: /s/ Thomas E. Salmon
Thomas E. Salmon
Chief Executive Officer

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Mark W. Miles, Chief Financial Officer of Berry Global Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berry Global Group, Inc. (the "Registrant");
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 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 annual 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 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: May 4, 2021

By: /s/ Mark W. Miles

Mark W. Miles
Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER 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 Berry Global Group, Inc. (the "Registrant") on Form 10-Q for the quarter ended April 3, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas E. Salmon, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Thomas E. Salmon
Thomas E. Salmon
Chief Executive Officer

Date: May 4, 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER 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 Berry Global Group, Inc. (the "Registrant") on Form 10-Q for the quarter ended April 3, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark W. Miles, the Chief Financial Officer and Treasurer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Mark W. Miles

Mark W. Miles
Chief Financial Officer

Date: May 4, 2021
