

## SENTINEL CREDIT

## Newell Brands Inc.

## COUNTERPARTY CREDIT REPORT — trade-credit decision support

NASDAQ: NWL · Consumer Products (Rubbermaid · Sharpie · Coleman · Graco · Yankee Candle) · Financials as of FY2025 (10-K filed 13 Feb 2026) · Report date 19 Jun 2026

This is a sample of the report Sentinel Credit generates for any counterparty. All figures are drawn from Newell's public SEC filings; the ratings, posture, and exposure guidance are illustrative model output, not investment advice or an official credit rating.

## 1. The decision, up front

- **ORANGE — CONTROLLED EXPOSURE.** Continue trading, but under controlled exposure limits, shortened terms, and enhanced monitoring. Cap unsecured balances and insure or secure anything material.

**Recommendation driven by:** 1. Revenue down three straight years (8.1 → 7.6 → 7.2B) 2. High leverage (~6.5× net debt / normalized EBITDA) 3. Persistent GAAP net losses and thin liquidity (\$203M cash)

**Mitigants:** positive operating cash flow (\$264M) and breakeven free cash flow · positive book equity (\$2.4B) · gross margin recovering (30% → 34%) · diversified essential-brand portfolio · agency BB

**Watch items:** covenant headroom · 2026–2028 debt maturities and refinancing cost · margin and volume recovery · tariff / input-cost exposure

**What would improve it:** a return to revenue growth · net leverage toward 4× · two years of positive net income · rebuilt cash balance

| SENTINEL GRADE                   | PAYS SUPPLIERS IN | RECOMMENDED TERMS       | 12-MO PD (MODEL) | EXPOSURE                      | MONITORING                    |
|----------------------------------|-------------------|-------------------------|------------------|-------------------------------|-------------------------------|
| <b>B+ · Stable-Deteriorating</b> | ~71 days          | <b>Net-30, firm cap</b> | ~5–6%            | <b>Capped · insure larger</b> | <b>Quarterly + on trigger</b> |

Payment-behavior days are COGS-based and measure Newell's total trade payables across its whole supplier base (a supplier-leverage signal), not the terms it will pay you. At ~71 days, Newell leans on its suppliers for working capital — size your own line accordingly.

## Suggested trade terms

| EXPOSURE                    | SUGGESTED TERMS  | SAFEGUARD   |
|-----------------------------|------------------|---|
| <b>Small / routine</b>      | Net-30, open     | Keep within an absorbable loss; active monitoring.              |
| <b>Moderate</b>             | Net-30, firm cap | Tighten on any trigger; consider trade-credit insurance.        |
| <b>Large / concentrated</b> | Net-15 / secured | Do not extend unsecured — letter of credit or an insured limit. |

## Credit officer commentary

Newell Brands is a solvent, operating business that Sentinel grades B+. The binding concern is balance-sheet intensity against a shrinking top line — high leverage (~6.5× net on management-normalized EBITDA, materially higher on unadjusted GAAP earnings) while revenue has declined for three consecutive years and the company has posted GAAP net losses each year. It is not, however, a solvency story: book equity is a positive \$2.4B, operating cash flow is positive (\$264M), gross margins are recovering, and the brand portfolio is durable. We would continue trading under controlled exposure limits and shortened terms. The risk to manage is leverage and the revenue trajectory, not imminent failure.

## Why B+?

| SUPPORTS  | BINDING CONSTRAINT   |
|---|--|
| Positive operating cash flow (\$264M) · positive equity (\$2.4B) · recovering gross margin · durable everyday-brand portfolio · agency BB | High leverage on a declining top line, with three straight years of GAAP net losses and thin liquidity |

## A note on leverage

On management-normalized EBITDA (~\$0.8B, which adds back impairments and restructuring), net debt of ~\$5.4B is ~6.5× — high but not distressed. On unadjusted GAAP EBITDA the multiple is far higher because reported earnings carry sizeable non-cash charges. Sentinel anchors the grade to the normalized figure and treats the gap as a quality-of-earnings caution, not a default signal.

## 2. Two views, never blended

*Implied Agency is what the rating-agency methodologies imply for this issuer — the external benchmark. The Sentinel Rating is our own view after financing-structure, earnings-quality, and surveillance intelligence. The divergence between them is the signal.*

| VIEW            | GRADE                            | WHAT IT REFLECTS  |
|-----------------|----------------------------------|---|
| Implied Agency  | <b>BB (speculative)</b>          | Major agencies hold Newell at the upper end of speculative grade on brand strength, scale, and positive (if thin) cash generation.                                |
| Sentinel Rating | <b>B+ • Stable-Deteriorating</b> | The trade-creditor lens weights the high leverage, the three-year revenue decline, and the thin cash balance more heavily than a through-the-cycle issuer rating. |
| Divergence      | <b>-2 notches</b>                | Sentinel sits two notches below the agency view — an unsecured supplier should price to the more conservative number while the turnaround is unproven.            |

Analysis confidence: High — inputs complete (audited FY2025 10-K). Forward Probability of Insolvency: Moderate. Posture: Treasury-Structuring — leverage management and refinancing focus, with cost-out and portfolio actions underway.

## 3. Financial snapshot & trajectory

▼ **DETERIORATING** — the top line and cash generation are weakening across the window: revenue has fallen three years running, operating cash flow has more than halved, and free cash flow has compressed to near zero. Gross margin is the bright spot. Treat the point-in-time grade as the better case and watch the triggers below.

| \$ in billions       | FY2023 | FY2024 | FY2025        | DIRECTION        |
|----------------------|--------|--------|---------------|------------------|
| Revenue              | 8.13   | 7.58   | <b>7.20</b>   | ▼ deteriorating  |
| Gross margin         | 30.0%  | 33.6%  | <b>33.8%</b>  | ▲ improving      |
| Net income           | (0.39) | (0.22) | <b>(0.29)</b> | ■ still negative |
| Operating cash flow  | 0.93   | 0.50   | <b>0.26</b>   | ▼ deteriorating  |
| Free cash flow       | 0.65   | 0.24   | <b>0.02</b>   | ▼ deteriorating  |
| Total debt           | 5.47   | 5.12   | <b>5.65</b>   | ■ stable         |
| Shareholders' equity | 3.11   | 2.75   | <b>2.39</b>   | ▼ deteriorating  |
| Cash & equivalents   | 0.33   | 0.20   | <b>0.20</b>   | ▼ thin           |

Liquidity at FY2025: \$203M cash plus an undrawn revolver against ~\$243M of current debt — manageable but thin for a company of this size. Trade payables of ~\$0.9B (DPO ~71 days) show meaningful supplier financing of working capital.

## 4. Surveillance triggers — what would change the call

| DOWNGRADE / TIGHTEN IF  | UPGRADE / RELAX IF   |
|---|--|
| A covenant-headroom warning; a further revenue-decline acceleration; net leverage rising back above 7×; a credit-rating downgrade; a draw on the revolver to fund operations. | A return to organic revenue growth; net leverage toward 4×; two consecutive quarters of positive net income; a rebuilt cash balance. |

## Methodology & disclosure

Sentinel independently simulates each major rating agency's published methodology, blends the three into one implied rating, and layers its own overlays for financing structure, earnings quality, cycle, and concentration. The Sentinel Rating is deliberately separate from the agency-implied view; the divergence is the signal. Inputs here are Newell's audited FY2023–FY2025 SEC filings; the normalized-EBITDA reference follows management's reported adjustments. Figures are rounded.

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