

Sonoco Products Company
Reconciliation of Non-GAAP Financial Measures

In accordance with the SEC's Regulation G, the following provides definitions of the non-GAAP financial measures used by the Company, together with the most directly comparable financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"), and a reconciliation of the differences between the non-GAAP financial measures disclosed and the most directly comparable financial measures calculated in accordance with GAAP.

Definition and Reconciliation of Non-GAAP Financial Measures

To assess and communicate the financial performance of the Company, Sonoco's management uses, both internally and externally, certain financial performance measures that are not in conformity with GAAP. These "non-GAAP" financial measures (referred to as "Adjusted") reflect adjustments to the net income attributable to the Company ("GAAP results") to exclude amounts, including the associated tax effects, relating to:

- restructuring/asset impairment charges¹;
- acquisition, integration, and divestiture-related costs;
- gains or losses from the divestiture of businesses and other assets;
- losses from the early extinguishment of debt;
- non-operating pension costs;
- amortization expense on acquisition intangibles;
- changes in last-in, first-out ("LIFO") inventory reserves;
- certain income tax events and adjustments;
- derivative gains/losses;
- other non-operating income and losses; and
- certain other items, if any.

¹Restructuring and restructuring-related asset impairment charges are a recurring item as the Company's restructuring programs usually require several years to fully implement, and the Company is continually seeking to take actions that could enhance its efficiency. Although recurring, these charges are subject to significant fluctuations from period to period due to the varying levels of restructuring activity and the inherent imprecision in the estimates used to recognize the impairment of assets and the wide variety of costs and taxes associated with severance and termination benefits in the countries in which the restructuring actions occur.

The Company's management believes the exclusion of the amounts relating to the above-listed items improves the period-to-period comparability and analysis of the underlying financial performance of the business.

In addition to the "Adjusted" results described above, the Company also uses Adjusted EBITDA and Adjusted EBITDA Margin. Adjusted EBITDA is defined as net income excluding the following: interest expense; interest income; provision for income taxes; depreciation, depletion and amortization expense; non-operating pension costs; net income attributable to noncontrolling interests; restructuring/asset impairment charges; changes in LIFO inventory reserves; gains/losses from the divestiture of businesses and other assets; other income; acquisition, integration and divestiture-related costs; derivative gains/losses; and other non-GAAP adjustments, if any, that may arise from time to time. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by net sales.

The Company's non-GAAP financial measures are not calculated in accordance with, nor are they an alternative for, measures conforming to GAAP, and they may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles.

The Company presents these non-GAAP financial measures to provide investors with information to evaluate Sonoco's operating results in a manner similar to how management evaluates business performance. The Company consistently applies its non-GAAP financial measures presented herein and uses them for internal planning and forecasting purposes, to evaluate its ongoing operations, and to evaluate the ultimate performance of management and each business unit against plans/forecasts. In addition, these same non-GAAP financial measures are used in determining incentive compensation for the entire management team and in providing earnings guidance to the investing community.

Material limitations associated with the use of such measures include that they do not reflect all period costs included in operating expenses and may not be comparable with similarly named financial measures of other companies. Furthermore, the calculations of these non-GAAP financial measures are based on subjective determinations of management regarding the nature and classification of events and circumstances that the investor may find material and view differently.

To compensate for any limitations in such non-GAAP financial measures, management believes that it is useful in evaluating the Company's results to review both GAAP information, which includes all of the items impacting financial results, and the related non-GAAP financial measures that exclude certain elements, as described above. Further, Sonoco management does not, nor does it suggest that investors should, consider any non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Whenever reviewing a non-GAAP financial measure, investors are encouraged to review the related reconciliation to understand how it differs from the most directly comparable GAAP measure.

Whenever reviewing a non-GAAP financial measure, investors are encouraged to review and consider the related reconciliation to understand how it differs from the most directly comparable GAAP measure.

The following tables reconcile the Company's non-GAAP financial measures to their most directly comparable GAAP financial measures for each of the periods presented:

Adjusted Operating Profit, Adjusted Income Before Income Taxes, Adjusted Provision for Income Taxes, Adjusted Earnings Attributable to Sonoco, and Adjusted EPS

Dollars in thousands, except per share data	For the three-month period ended March 31, 2024				
	Operating Profit	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS
As Reported (GAAP)	\$ 112,453	\$ 81,496	\$ 17,360	\$ 65,177	\$ 0.66
Acquisition, integration and divestiture-related costs	5,661	5,661	1,452	4,209	0.04
Changes in LIFO inventory reserves	431	431	108	323	—
Amortization of acquisition intangibles	22,939	22,939	5,573	17,366	0.18
Restructuring/Asset impairment charges	31,618	31,618	7,067	24,584	0.25
Non-operating pension costs	—	3,295	823	2,472	0.02
Net gain from derivatives	(286)	(286)	(72)	(214)	—
Other adjustments	3,180	3,180	5,605	(2,425)	(0.03)
Total adjustments ¹	63,543	66,838	20,556	46,315	\$ 0.46
Adjusted	175,996	148,334	37,916	111,492	\$ 1.12

*Due to rounding individual items may not sum across

¹The difference between GAAP Gross Profit of \$337,553 and Adjusted Gross Profit of \$337,984 is attributable to “Changes in LIFO inventory reserves” shown above. The financial measure titled “SG&A Expenses, net of Other Income” on the schedule “P&L Summary (Adjusted) First Quarter: 2024 Vs. 2023” is the sum of the GAAP measures of “Selling, general and administrative expenses,” “Restructuring/Asset impairment charges,” and “Loss on divestiture of business and other assets,” \$225,100, adjusted for the remaining items above, for an Adjusted total of \$161,988.

For the three-month period ended April 2, 2023						
<i>Dollars in thousands, except per share data</i>	Operating Profit	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS	
As Reported (GAAP)	\$ 229,648	\$ 193,320	\$ 46,912	\$ 148,319	\$ 1.50	
Acquisition, integration and divestiture-related costs	5,188	5,188	1,280	3,908	0.04	
Changes in LIFO inventory reserves	(5,425)	(5,425)	(1,354)	(4,071)	(0.04)	
Amortization of acquisition intangibles	21,164	21,164	5,127	16,037	0.16	
Restructuring/Asset impairment charges	28,814	28,814	6,634	22,014	0.22	
Gain on divestiture of business and other assets	(72,010)	(72,010)	(17,122)	(54,888)	(0.55)	
Non-operating pension costs	—	3,658	909	2,749	0.03	
Net loss from derivatives	6,085	6,085	1,518	4,567	0.05	
Other adjustments	(43)	(43)	955	(997)	(0.01)	
Total adjustments ¹	(16,227)	(12,569)	(2,053)	(10,681)	\$ (0.10)	
Adjusted	213,421	180,751	44,859	137,638	\$ 1.40	

*Due to rounding individual items may not sum across

¹The difference between GAAP Gross Profit of \$374,428 and Adjusted Gross Profit of \$369,003 is attributable to the “LIFO reserve change” shown above. The financial measure titled “SG&A Expenses, net of Other Income” on the schedule “P&L Summary (Adjusted) First Quarter: 2024 Vs. 2023” is the sum of the GAAP measures of “Selling, general and administrative expenses,” “Restructuring/Asset impairment charges,” and “Loss on divestiture of business and other assets,” \$144,780, adjusted for the remaining items above, for an Adjusted total of \$155,582.

Adjusted EBITDA and Adjusted EBITDA Margin

EBITDA Reconciliation <i>Dollars in thousands</i>	Three Months Ended	
	March 31, 2024	April 2, 2023
	\$	\$
Net income attributable to Sonoco	\$ 65,177	\$ 148,319
Adjustments		
Interest expense	31,220	34,232
Interest income	(3,558)	(1,562)
Provision for income taxes	17,360	46,912
Depreciation, depletion, and amortization	90,559	82,137
Non-operating pension costs	3,295	3,658
Net income attributable to noncontrolling interests	96	(55)
Restructuring/Asset impairment charges	31,618	28,814
Changes in LIFO inventory reserves	431	(5,425)
(Gain)/Loss from divestiture of business and other assets	—	(72,010)
Acquisition, integration and divestiture-related costs	5,661	5,188
Other income, net	—	—
Net (gain)/loss from derivatives	(286)	6,085
Other non-GAAP adjustments	3,180	(43)
Adjusted EBITDA	\$ 244,753	\$ 276,250
Net Sales	\$ 1,637,543	\$ 1,729,783
Net Income Margin	4.0 %	8.6 %
Adjusted EBITDA Margin	14.9 %	16.0 %

**Segment Adjusted EBITDA and All
Other Adjusted EBITDA Reconciliation
For the Three Months Ended March 31, 2024**

Dollars in thousands	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit	\$ 93,027	\$ 65,844	\$ 17,125	\$ (63,543)	\$ 112,453
Adjustments:					
Depreciation, depletion and amortization ¹	35,465	28,503	3,652	22,939	90,559
Equity in earnings of affiliates, net of tax	13	1,124	—	—	1,137
Restructuring/Asset impairment charges ²	—	—	—	31,618	31,618
Changes in LIFO inventory reserves ³	—	—	—	431	431
Acquisition, integration and divestiture-related costs ⁴	—	—	—	5,661	5,661
Net gains from derivatives ⁵	—	—	—	(286)	(286)
Other adjustments	—	—	—	3,180	3,180
Segment Adjusted EBITDA	\$ 128,505	\$ 95,471	\$ 20,777	\$ —	\$ 244,753
Net Sales	\$ 910,577	\$ 593,060	\$ 133,906		
Segment Operating Profit Margin	10.2 %	11.1 %	12.8 %		
Segment Adjusted EBITDA Margin	14.1 %	16.1 %	15.5 %		

**Segment Adjusted EBITDA and All
Other Adjusted EBITDA Reconciliation
For the Three Months Ended April 2, 2023**

Dollars in thousands	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit	\$ 96,494	\$ 94,367	\$ 22,560	\$ 16,227	\$ 229,648
Adjustments:					
Depreciation, depletion, and amortization ¹	32,549	24,878	3,546	21,164	82,137
Equity in earnings of affiliates, net of tax	75	1,781	—	—	1,856
Restructuring/Asset impairment charges ²	—	—	—	28,814	28,814
Changes in LIFO inventory reserves ³	—	—	—	(5,425)	(5,425)
Acquisition, integration and divestiture-related costs ⁴	—	—	—	5,188	5,188
Gain from divestiture of business and other assets ⁵	—	—	—	(72,010)	(72,010)
Derivatives losses ⁶	—	—	—	6,085	6,085
Other adjustments	—	—	—	(43)	(43)
Segment Adjusted EBITDA	\$ 129,118	\$ 121,026	\$ 26,106	\$ —	\$ 276,250
Net Sales	\$ 958,008	\$ 615,855	\$ 155,920		
Segment Operating Profit Margin	10.1 %	15.3 %	14.5 %		
Segment Adjusted EBITDA Margin	13.5 %	19.7 %	16.7 %		

Net debt is a non-GAAP financial measure consisting of the total of the Company's short and long-term debt less cash and cash equivalents. The ratio of net debt to adjusted EBITDA is a measurement of leverage showing the number of years it would take for a company to repay its debt if net debt and adjusted EBITDA are held constant. The reconciliation below shows the calculation of net debt to adjusted EBITDA for the periods presented.

Net Debt to Adjusted EBITDA

<i>Dollars in millions</i>	For the period ended					
	December 31, 2021	April 3, 2022¹	December 31, 2022	October 1, 2023¹	December 31, 2023	March 31, 2024¹
Notes payable and current portion of long-term debt	\$ 412	\$ 441	\$ 502	\$ 42	\$ 47	\$ 454
Long-term debt	1,199	2,730	2,720	3,212	3,036	2,630
Total Debt	1,611	3,171	3,222	3,255	3,083	3,084
Less: Cash and cash equivalents	171	152	227	258	152	172
Net Debt	\$ 1,440	\$ 3,019	\$ 2,995	\$ 2,997	\$ 2,931	\$ 2,912
Adjusted EBITDA	\$ 771	\$ 880	\$ 1,162	\$ 1,077	\$ 1,067	\$ 1,036
Net Debt to Adjusted EBITDA	1.87	3.43	2.58	2.78	2.75	2.81

¹Adjusted EBITDA for this interim period is for the trailing twelve months.