

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 reflect adjustments to the Company's GAAP operating 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.

¹ Restructuring 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 these amounts improves the period-to-period comparability and analysis of the underlying financial performance of the business. Non-GAAP figures are identified using the term "Adjusted," for example, "Adjusted Operating Profit," "Adjusted Net Income Attributable to Sonoco" and "Adjusted Diluted Earnings Per Share."

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/loss attributable to noncontrolling interests; restructuring/asset impairment charges; changes in LIFO inventory reserves; gains/losses from the divestiture of businesses and other assets; acquisition, integration and divestiture-related costs; other income; 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.

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 Net Income Attributable to Sonoco, and Adjusted Diluted Earnings Per Share ("EPS")

<i>Dollars in thousands, except per share data</i>	For the three-month period ended September 29, 2024				
	Operating Profit	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS
As Reported (GAAP)	\$ 128,132	\$ 69,556	\$ 21,154	\$ 50,921	\$ 0.51
Acquisition, integration and divestiture-related costs ²	19,623	49,804	6,512	43,292	0.44
Changes in LIFO inventory reserves	790	790	199	591	0.01
Amortization of acquisition intangibles	22,645	22,645	5,563	17,082	0.17
Restructuring/Asset impairment charges	8,190	8,190	1,497	6,560	0.07
Loss on divestiture of business and other assets	31,770	31,770	454	31,316	0.31
Non-operating pension costs	—	2,947	738	2,209	0.02
Net gains from derivatives	(210)	(210)	(53)	(157)	—
Other adjustments	(273)	(695)	3,233	(3,928)	(0.04)
Total adjustments ¹	82,535	115,241	18,143	96,965	\$ 0.98
Adjusted	210,667	184,797	39,297	147,886	\$ 1.49

*Due to rounding individual items may not sum across

¹The difference between GAAP Gross Profit of \$358,737 and Adjusted Gross Profit of \$359,527 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) Third 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," \$230,605, adjusted for the remaining items above, for an Adjusted total of \$148,860.

²Acquisition, integration and divestiture related costs include losses on treasury lock derivative instruments and amortization of financing fees totaling \$30,181 related to debt instruments associated with the financing of the pending Eviosys acquisition. These amortization costs are included in “Interest expense” in the Company’s Condensed Consolidated Statements of Income.

<i>Dollars in thousands, except per share data</i>	For the three-month period ended October 1, 2023				
	Operating Profit	Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS
As Reported (GAAP)	\$ 162,937	\$ 166,782	\$ 39,351	\$ 130,749	\$ 1.32
Acquisition, integration and divestiture-related costs	12,472	12,472	1,979	10,493	0.10
Changes in LIFO inventory reserves	(3,186)	(3,186)	(816)	(2,370)	(0.02)
Amortization of acquisition intangibles	21,379	21,379	5,197	16,182	0.16
Restructuring/Asset impairment charges	18,110	18,110	4,385	13,974	0.14
Loss on divestiture of business and other assets	537	537	125	412	—
Non-operating pension costs	—	3,424	852	2,572	0.03
Other income, net	—	(36,943)	(8,929)	(28,014)	(0.28)
Net gains from derivatives	(3,310)	(3,310)	(830)	(2,480)	(0.03)
Other adjustments	3,607	3,607	252	3,355	0.04
Total adjustments ¹	49,609	16,090	2,215	14,124	\$ 0.14
Adjusted	212,546	182,872	41,566	144,873	\$ 1.46

*Due to rounding individual items may not sum across

¹The difference between GAAP Gross Profit of \$364,256 and Adjusted Gross Profit of \$361,070 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) Third 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,” \$201,319, adjusted for the remaining items above, for an Adjusted total of \$148,523.

For the nine-month period ended September 29, 2024

<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)	\$ 380,957	\$ 267,036	\$ 65,821	\$ 206,909	\$ 2.09
Acquisition, integration and divestiture-related costs ²	47,553	77,734	13,670	64,064	0.64
Changes in LIFO inventory reserves	(197)	(197)	(49)	(148)	—
Amortization of acquisition intangibles	68,095	68,095	16,672	51,423	0.52
Restructuring/Asset impairment charges	59,058	59,058	11,754	47,260	0.48
Loss on divestiture of business and other assets	27,292	27,292	1,676	25,616	0.26
Other income, net	—	(5,867)	—	(5,867)	(0.06)
Non-operating pension costs	—	10,412	2,593	7,819	0.08
Net gains from derivatives	(3,981)	(3,981)	(1,001)	(2,980)	(0.03)
Other adjustments	851	851	8,812	(7,961)	(0.09)
Total adjustments	\$ 198,671	\$ 233,397	\$ 54,127	\$ 179,226	\$ 1.80
Adjusted	\$ 579,628	\$ 500,433	\$ 119,948	\$ 386,135	\$ 3.89

Due to rounding, individual items may not sum appropriately.

¹The difference between GAAP Gross Profit of \$1,053,644 and Adjusted Gross Profit of \$1,053,447 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) Third Quarter: 2024 Vs. 2023” is the sum of the GAAP measures of “Selling, general and administrative expenses,” “Restructuring/Asset impairment charges,” and “Gain on divestiture of business and other assets,” \$672,687, adjusted for the remaining items above, for an Adjusted total of \$473,819.

²Acquisition, integration and divestiture related costs include losses on treasury lock derivative instruments and amortization of financing fees totaling \$30,181 related to debt instruments associated with the financing of the pending Eviosys acquisition. These amortization costs are included in “Interest expense” in the Company’s Condensed Consolidated Statements of Income.

For the nine-month period ended October 1, 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)	\$ 580,444	\$ 512,279	\$ 127,003	\$ 393,717	\$ 3.98
Acquisition, integration and divestiture-related costs	22,192	22,192	4,249	17,943	0.18
Changes in LIFO inventory reserves	(10,186)	(10,186)	(2,564)	(7,622)	(0.08)
Amortization of acquisition intangibles	63,082	63,082	15,312	47,770	0.48
Restructuring/Asset impairment charges	52,981	52,981	12,344	40,658	0.41
Gain on divestiture of business and other assets	(78,844)	(78,844)	(18,823)	(60,021)	(0.61)
Other income, net	—	(36,943)	(8,929)	(28,014)	(0.28)
Non-operating pension costs	—	10,424	2,589	7,835	0.08
Net gains from derivatives	(1,513)	(1,513)	(381)	(1,132)	(0.01)
Other adjustments	8,750	8,750	1,423	7,327	0.09
Total adjustments	<u>\$ 56,462</u>	<u>\$ 29,943</u>	<u>\$ 5,220</u>	<u>\$ 24,744</u>	<u>\$ 0.26</u>
Adjusted	<u>\$ 636,906</u>	<u>\$ 542,222</u>	<u>\$ 132,223</u>	<u>\$ 418,461</u>	<u>\$ 4.24</u>

Due to rounding, individual items may not sum appropriately.

¹The difference between GAAP Gross Profit of \$1,096,002 and Adjusted Gross Profit of \$1,085,816 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) Third Quarter: 2024 Vs. 2023” is the sum of the GAAP measures of “Selling, general and administrative expenses” and “Restructuring/Asset impairment charges,” \$515,558, adjusted for the remaining items above, for an Adjusted total of \$448,910.

Adjusted EBITDA and Adjusted EBITDA Margin

<i>Dollars in thousands</i>	Three Months Ended	
	September 29, 2024	October 1, 2023
Net income attributable to Sonoco	\$ 50,921	\$ 130,749
Adjustments		
Interest expense	61,643	32,847
Interest income	(6,014)	(3,173)
Provision for income taxes	21,154	39,351
Depreciation, depletion, and amortization	90,646	85,570
Non-operating pension costs	2,947	3,424
Net income attributable to noncontrolling interests	288	309
Restructuring/Asset impairment charges	8,190	18,110
Changes in LIFO inventory reserves	790	(3,186)
Loss on divestiture of business and other assets	31,770	537
Acquisition, integration and divestiture-related costs	19,623	12,472
Other income, net	—	(36,943)
Net gains from derivatives	(210)	(3,310)
Other adjustments	(273)	3,607
Adjusted EBITDA	\$ 281,475	\$ 280,364
Net Sales	\$ 1,675,866	\$ 1,710,419
Net Income Margin	3.0 %	7.6 %
Adjusted EBITDA Margin	16.8 %	16.4 %

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation
For the Three Months Ended September 29, 2024

<i>Dollars in thousands</i>	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit	\$ 123,021	\$ 70,206	\$ 17,440	\$ (82,535)	\$ 128,132
Adjustments:					
Depreciation, depletion and amortization	36,283	28,989	2,729	22,645	90,646
Equity in earnings of affiliates, net of tax	369	2,438	—	—	2,807
Restructuring/Asset impairment charges	—	—	—	8,190	8,190
Changes in LIFO inventory reserves	—	—	—	790	790
Acquisition, integration and divestiture-related costs	—	—	—	19,623	19,623
Loss on divestiture of business and other	—	—	—	31,770	31,770
Net gains from derivatives	—	—	—	(210)	(210)
Other adjustments	—	—	—	(273)	(273)
Segment Adjusted EBITDA	\$ 159,673	\$ 101,633	\$ 20,169	\$ —	\$ 281,475
Net Sales	\$ 983,511	\$ 585,082	\$ 107,273		
Segment Operating Profit Margin	12.5 %	12.0 %	16.3 %		
Segment Adjusted EBITDA Margin	16.2 %	17.4 %	18.8 %		

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation
For the Three Months Ended October 1, 2023

<i>Dollars in thousands</i>	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit	\$ 116,800	\$ 75,006	\$ 20,740	\$ (49,609)	\$ 162,937
Adjustments:					
Depreciation, depletion and amortization	33,833	26,558	3,800	21,379	85,570
Equity in earnings of affiliates, net of tax	284	3,343	—	—	3,627
Restructuring/Asset impairment charges	—	—	—	18,110	18,110
Changes in LIFO inventory reserves	—	—	—	(3,186)	(3,186)
Acquisition, integration and divestiture-related costs	—	—	—	12,472	12,472
Loss on divestiture of business and other	—	—	—	537	537
Net gains from derivatives	—	—	—	(3,310)	(3,310)
Other adjustments	—	—	—	3,607	3,607
Segment Adjusted EBITDA	\$ 150,917	\$ 104,907	\$ 24,540	\$ —	\$ 280,364
Net Sales	\$ 984,840	\$ 580,035	\$ 145,544		
Segment Operating Profit Margin	11.9 %	12.9 %	14.2 %		
Segment Adjusted EBITDA Margin	15.3 %	18.1 %	16.9 %		

Adjusted EBITDA and Adjusted EBITDA Margin

<i>Dollars in thousands</i>	Nine Months Ended	
	September 29, 2024	October 1, 2023
Net income attributable to Sonoco	\$ 206,909	\$ 393,717
Adjustments		
Interest expense	122,503	101,363
Interest income	(13,127)	(6,679)
Provision for income taxes	65,821	127,003
Depreciation, depletion and amortization	270,691	249,387
Non-operating pension costs	10,412	10,424
Net income attributable to noncontrolling interests	524	354
Restructuring/Asset impairment charges	59,058	52,981
Changes in LIFO inventory reserves	(197)	(10,186)
(Loss)/Gain on divestiture of business and other assets	27,292	(78,844)
Other income, net	(5,867)	(36,943)
Acquisition, integration and divestiture-related costs	47,553	22,192
Net (gains)/losses from derivatives	(3,981)	(1,514)
Other adjustments	851	8,750
Adjusted EBITDA	\$ 788,442	\$ 832,005
Net Sales	\$ 4,936,888	\$ 5,145,492
Net Income Margin	4.2 %	7.7 %
Adjusted EBITDA Margin	16.0 %	16.2 %

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation For the Nine Months Ended September 29, 2024

<i>Dollars in thousands</i>	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit	\$ 328,190	\$ 203,008	\$ 48,430	\$ (198,671)	\$ 380,957
Adjustments:					
Depreciation, depletion and amortization	107,365	86,133	9,098	68,095	270,691
Equity in earnings of affiliates, net of tax	416	5,802	—	—	6,218
Restructuring/Asset impairment charges	—	—	—	59,058	59,058
Changes in LIFO inventory reserves	—	—	—	(197)	(197)
Acquisition, integration and divestiture-related costs	—	—	—	47,553	47,553
Loss on divestiture of business and other	—	—	—	27,292	27,292
Net gains from derivatives	—	—	—	(3,981)	(3,981)
Other adjustments	—	—	—	851	851
Segment Adjusted EBITDA	\$ 435,971	\$ 294,943	\$ 57,528	\$ —	\$ 788,442
Net Sales	\$2,821,817	\$1,778,912	\$ 336,159		
Segment Operating Profit Margin	11.6 %	11.4 %	14.4 %		
Segment Adjusted EBITDA Margin	15.5 %	16.6 %	17.1 %		

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation
For the Nine Months Ended October 1, 2023

<i>Dollars in thousands</i>	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit	\$ 314,408	\$ 256,413	\$ 66,084	\$ (56,461)	\$ 580,444
Adjustments:					
Depreciation, depletion, and amortization	98,847	76,444	11,014	63,082	249,387
Equity in earnings of affiliates, net of tax	493	8,302	—	—	8,795
Restructuring/Asset impairment charges	—	—	—	52,981	52,981
Changes in LIFO inventory reserves	—	—	—	(10,186)	(10,186)
Acquisition, integration and divestiture-related costs	—	—	—	22,192	22,192
Gains on divestiture of business and other assets				(78,844)	(78,844)
Net losses from derivatives	—	—	—	(1,514)	(1,514)
Other adjustments	—	—	—	8,750	8,750
Segment Adjusted EBITDA	\$ 413,748	\$ 341,159	\$ 77,098	\$ —	\$ 832,005
Net Sales	\$2,914,168	\$1,781,033	\$ 450,291		
Segment Operating Profit Margin	10.8 %	14.4 %	14.7 %		
Segment Adjusted EBITDA Margin	14.2 %	19.2 %	17.1 %		