

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 Company's GAAP results to exclude amounts, including the associated tax effects, relating to:

- restructuring/asset impairment charges¹;
- acquisition/divestiture-related costs;
- gains or losses from the divestiture of businesses;
- 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; and
- other items, if any.

¹Restructuring and restructuring-related asset impairment charges are a recurring item as Sonoco'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 items improves the period-to-period comparability and analysis of the underlying financial performance of the business. Non-GAAP figures previously identified by the term "Base" are now identified using the term "Adjusted," for example "Adjusted Operating Profit," "Adjusted Net Income," and "Adjusted EPS."

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 or other assets; acquisition/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 in accordance with, nor an alternative for, measures conforming to generally accepted accounting principles and 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. Sonoco continues to provide all information required by GAAP, but it believes that evaluating its ongoing operating results may not be as useful if an investor or other user is limited to reviewing only GAAP financial measures. The Company consistently applies its non-GAAP "Adjusted" performance 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 plan/forecast all the way up through the evaluation of the Chief Executive Officer's performance by the Board of

Directors. 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.

Sonoco management does not, nor does it suggest that investors should, consider these non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Material limitations associated with the use of such measures include that they do not reflect all costs included in operating expenses and may not be comparable with similarly named financial measures of other companies. Furthermore, these non-GAAP financial measures are based on subjective determinations of management regarding the nature and classification of events and circumstances.

Sonoco presents these non-GAAP financial measures to provide users with information to evaluate Sonoco's operating results in a manner similar to how management evaluates business performance. To compensate for any limitations in such non-GAAP financial measures, management believes that it is useful in understanding and analyzing the results of the business to review both GAAP information and the related non-GAAP financial measures.

Whenever Sonoco uses a non-GAAP financial measure, except with respect to adjusted earnings per share guidance, it provides a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP financial measure. Investors are encouraged to review and consider these reconciliations.

Adjusted Operating Profit, Adjusted Income Before Income Taxes, Adjusted Provision for Income Taxes, Adjusted Net Income and Adjusted Diluted EPS

	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	\$ 229,648	\$ 193,320	\$ 46,912	\$ 148,319	\$ 1.50
Acquisition/Divestiture-related costs	5,188	5,188	1,280	3,908	0.04
LIFO reserve change	(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 sale of other assets	(72,010)	(72,010)	(17,122)	(54,888)	(0.55)
Non-operating pension costs	—	3,658	909	2,749	0.03
Derivative losses	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 \$369,093 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) 1st Quarter: 2023 Vs. 2022" 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," \$144,780, adjusted for the remaining items above, for an Adjusted total of \$155,582.

For the three-month period ended December 31, 2022

<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	\$ 126,918	\$ 94,845	\$ 1,797	\$ 97,204	\$ 0.99
Acquisition/Divestiture-related costs	7,555	7,555	2,110	5,445	0.06
LIFO reserve change	3,357	3,357	687	2,670	0.03
Amortization of acquisition intangibles	20,065	20,065	4,888	15,177	0.15
Restructuring/Asset impairment charges	13,553	13,553	3,930	9,238	0.09
Non-operating pension costs	—	2,822	823	1,999	0.02
Derivative gains	11,083	11,083	2,761	8,322	0.08
Other adjustments	1,299	1,299	15,911	(14,613)	(0.15)
Total adjustments	56,912	59,734	31,110	28,238	\$ 0.28
Adjusted	183,830	154,579	32,907	125,442	\$ 1.27

*Due to rounding individual items may not sum across

For the three-month period ended April 3, 2022

<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	\$ 169,061	\$ 148,672	\$ 35,289	\$ 115,333	\$ 1.17
Acquisition/Divestiture-related costs	48,352	48,352	11,756	36,596	0.37
LIFO reserve change	19,050	19,050	4,833	14,217	0.14
Amortization of acquisition intangibles	18,800	18,800	4,630	14,170	0.14
Restructuring/Asset impairment charges	12,142	12,142	1,635	10,568	0.11
Non-operating pension costs	—	1,324	383	942	0.01
Derivative gains	(6,596)	(6,596)	(1,673)	(4,923)	(0.05)
Other adjustments	(16)	(16)	4,194	(4,212)	(0.04)
Total adjustments ¹	91,732	93,056	25,758	67,358	\$ 0.68
Adjusted	260,793	241,728	61,047	182,691	\$ 1.85

*Due to rounding individual items may not sum across

¹The difference between GAAP Gross Profit of \$371,565 and Adjusted Gross Profit of \$415,615 is attributable to the “LIFO reserve change” shown above and acquisition-related costs of \$25,000 related to the partial amortization of the fair value step-up of finished goods inventory for Metal Packaging during the three-month period ended April 3, 2022. The financial measure titled “SG&A Expenses, net of Other Income” on the schedule “P&L Summary (Adjusted) 1st Quarter: 2023 Vs. 2022” is the sum of the GAAP measures of “Selling, general and administrative expenses” and “Restructuring/Asset impairment charges,” \$202,504, adjusted for the remaining items above, for an Adjusted total of \$154,822.

Adjusted EBITDA and Adjusted EBITDA Margin

EBITDA Reconciliation	Three Months Ended		
	April 2, 2023	December 31, 2022	April 3, 2022
<i>Dollars in thousands</i>			
Net income attributable to Sonoco	\$ 148,319	\$ 97,204	\$ 115,333
Adjustments			
Interest expense	34,232	30,420	20,581
Interest income	(1,562)	(1,170)	(1,516)
Provision for income taxes	46,912	1,797	35,289
Depreciation, depletion, and amortization	82,137	77,729	73,315
Non-operating pension costs	3,658	2,822	1,324
Net (loss)/income attributable to noncontrolling interests	(55)	(99)	274
Restructuring/Asset impairment charges	28,814	13,553	12,142
Changes in LIFO inventory reserves	(5,425)	3,357	19,050
Gain from divestiture of business and sale of other assets	(72,010)	—	—
Acquisition/Divestiture related costs	5,188	7,555	48,352
Net loss/(gain) from other derivatives	6,085	11,083	(6,596)
Other non-GAAP adjustments	(43)	1,299	(16)
Adjusted EBITDA	\$ 276,250	\$ 245,550	\$ 317,532
Net Sales	\$ 1,729,783	\$ 1,676,022	\$ 1,770,982
Adjusted EBITDA Margin	16.0 %	14.7 %	17.9 %

Guidance

GAAP EPS guidance for the second quarter and full-year 2023 are not provided due to the likely occurrence of one or more of the following, the timing and magnitude of which we are unable to reliably forecast without unreasonable efforts: restructuring costs and restructuring-related impairment charges, acquisition/divestiture-related costs, gains or losses on the sale of businesses or other assets, and the income tax effects of these items and/or other income tax-related events. These items could have a significant impact on the Company's future GAAP financial results. Accordingly, reconciliations of Adjusted EBITDA and Adjusted EPS guidance are not provided.

Free Cash Flow

The Company uses the non-GAAP financial measure of “free cash flow,” which it defines as cash flow from operations minus net capital expenditures. Net capital expenditures are defined as capital expenditures minus proceeds from the disposition of capital assets. Free cash flow may not represent the amount of cash flow available for general discretionary use because it excludes non-discretionary expenditures, such as mandatory debt repayments and required settlements of recorded and/or contingent liabilities not reflected in cash flow from operations.

FREE CASH FLOW	Three Months Ended	
	<u>April 2, 2023</u>	<u>April 3, 2022</u>
Net cash provided by operating activities	\$ 98,002	\$ 1,060
Purchase of property, plant and equipment, net	(11,996)	(67,324)
Free Cash Flow	<u>\$ 86,006</u>	<u>\$ (66,264)</u>

FREE CASH FLOW	Year Ended	
	<u>Estimated Low</u>	<u>Estimated High</u>
Net cash provided by operating activities	<u>December 31, 2023</u> \$ 925,000	<u>December 31, 2023</u> \$ 975,000
Purchase of property, plant and equipment, net	<u>(305,000)</u>	<u>(255,000)</u>
Free Cash Flow	<u>\$ 620,000</u>	<u>\$ 720,000</u>