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 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

Measures calculated and presented in accordance with generally accepted accounting principles are referred to as GAAP financial measures. The following tables reconcile the Company's non-GAAP financial measures to their most directly comparable GAAP financial measures in the Company's Consolidated Statements of Income for each of the periods presented. These non-GAAP financial measures (referred to as "Base") are the GAAP measures adjusted to exclude amounts (dependent upon the applicable period), including the associated tax effects, relating to:

- restructuring initiatives;
- asset impairment charges;
- 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.

Restructuring/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 adjusted non-GAAP results are identified using the term "base," for example, "base operating profit," "base net income," and "base EPS." 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. As previously disclosed, the Company modified its definition of base results to include adjustments for amortization-related expense on acquisition intangibles starting in 2022. Prior period results have been restated to conform to this presentation.

The Company uses the non-GAAP financial measure of "segment operating profit" which is synonymous with "base operating profit" to describe operating profit at a segment level. The Company believes this presentation improves comparability and analysis of segment and results.

The Company uses the non-GAAP financial measure of "Base EBITDA" to evaluate overall performance. The Company believes that this measure provides Sonoco's management, board of directors, investors, potential investors, securities analysts and others with useful information to evaluate its performance because it excludes restructuring and other costs and other items that management believes are not indicative of the ongoing operating results of the business. Sonoco's management and board use this information to evaluate the Company’s performance relative to other periods. The Company believes that the most directly comparable GAAP financial measure is net income attributable to Sonoco. Base EBITDA can be derived from the Company’s Consolidated Statements of Income and Cash Flows. A reconciliation of net income attributable to Sonoco to EBITDA is provided herein.

The Company also 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/costs incurred in 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.

These non-GAAP measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Sonoco management does not, nor does it suggest that investors should, consider these non-GAAP 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.

Sonoco uses these non-GAAP financial measures for internal planning and forecasting purposes, to evaluate its ongoing operations, and to evaluate the performance of each business unit and the performance of its executive officers. In addition, these same non-GAAP measures are used in determining incentive compensation for the Company's management team and in providing earnings guidance to the investing community.

Whenever Sonoco uses a non-GAAP financial measure, except with respect to base EPS 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.

	For the three months ended October 2, 2022					
Dollars in thousands, except per share data	**GAAP**	**Restructuring/ Asset Impairments(1)**	**Amortization of Acquisition Intangibles(2)**	**Acquisition/ Divestiture Related**	**Other Adjustments**	**Base**
Operating profit	$ 181,942	$ 20,652	$ 20,690	$ 2,022	$ (215)	$ 225,091
Non-operating pension costs	1,249	—	—	—	(1,249)	—
Interest expense, net	25,566	—	—	—	—	25,566
Income before income taxes	155,127	20,652	20,690	2,022	1,034	199,525
Provision for income taxes	36,824	4,862	4,938	765	(1,297)	46,092
Income before equity in earnings of affiliates	118,303	15,790	15,752	1,257	2,331	153,433
Equity in earnings of affiliates, net of tax	4,199	—	—	—	—	4,199
Net income	122,502	15,790	15,752	1,257	2,331	157,632
Net (income)/loss attributable to noncontrolling interests	(273)	186	—	—	—	(87)
Net income attributable to Sonoco	122,229	15,976	15,752	1,257	2,331	157,545
Per diluted common share*	$ 1.24	$ 0.16	$ 0.16	$ 0.01	$ 0.02	$ 1.60

*Due to rounding individual items may not sum across

(1) In the third quarter of 2022, the Company recognized net restructuring and asset impairment charges related to severance, asset write-offs and other restructuring activities of approximately $9,250, $3,300, and $8,100 respectively.

(2) Beginning in 2022 the Company redefined base results to exclude amortization of intangible assets related to acquisitions.

Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairments(1)	Amortization of Acquisition Intangibles(2)	Acquisition/ Divestiture Related	Other Adjustments(3)	Base
	For the three months ended October 3, 2021					
Operating profit	$ 126,512	$ 3,488	$ 12,257	$ 1,015	$ (8,585)	$ 134,687
Non-operating pension costs	525	—	—	—	(525)	—
Interest expense, net	14,219	—	—	—	—	14,219
Loss from the early extinguishment of debt	—	—	—	—	—	—
(Loss)/Income before income taxes	111,768	3,488	12,257	1,015	(8,060)	120,468
(Benefit from)/Provision for income taxes	2,564	312	3,036	190	16,493	22,595
(Loss)/Income before equity in earnings of affiliates	109,204	3,176	9,221	825	(24,553)	97,873
Equity in earnings of affiliates, net of tax	2,351	—	—	—	—	2,351
Net (loss)/income	111,555	3,176	9,221	825	(24,553)	100,224
Net loss attributable to noncontrolling interests	(415)	—	—	—	—	(415)
Net (loss)/income attributable to Sonoco	$ 111,140	$ 3,176	$ 9,221	$ 825	$ (24,553)	$ 99,809
Diluted weighted average common shares outstanding:	99,425				—	99,425
Per diluted common share*	$ 1.12	$ 0.03	$ 0.09	$ 0.01	$ (0.25)	$ 1.00

*Due to rounding individual items may not sum across

(1) In the third quarter of 2021 the Company recognized net restructuring and asset impairment charges, mostly related to severance and asset write-offs totaling approximately $6,300. These were partially offset by gains totaling approximately $2,800 that related to the sale of previously closed facilities in the Company's tubes and cores business.

(2) Beginning in 2022, the Company redefined base results to exclude amortization of intangible assets related to acquisitions.

(3) Other adjustments to operating profit include a gain of approximately $2,800 on the final purchase price adjustment for the Company's divestiture of its U. S. display and packaging business, mark-to-market gains of approximately $2,800 related to certain derivatives, and life insurance gains of approximately $2,100. These gains were partially offset by non-operating pension costs. In addition to these pre-tax operating profit adjustments, the Company recognized a $30,000 tax benefit related to its amended 2017 U. S. income tax return, partially offset by an increase of approximately $6,500 in the valuation allowance on deferred tax assets related to the future use of foreign tax credits and $6,500 of Canadian withholding tax expense related to cash repatriation activities.

Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairments(1)	Amortization of Acquisition Intangibles(2)	Acquisition/ Divestiture Related(3)	Other Adjustments(4)	Base
	For the nine-month period ended October 2, 2022					
Operating profit	$ 548,480	$ 43,357	$ 60,361	$ 62,655	$ 21,183	$ 736,036
Non-operating pension costs	4,251	—	—	—	(4,251)	—
Interest expense, net	67,792	—	—	—	136	67,928
Income before income taxes	476,437	43,357	60,361	62,655	25,298	668,108
Provision for income taxes	116,712	7,339	14,666	15,529	9,607	163,853
Income before equity in earnings of affiliates	359,725	36,018	45,695	47,126	15,691	504,255
Equity in earnings of affiliates, net of tax	10,151	—	—	—	—	10,151
Net income	369,876	36,018	45,695	47,126	15,691	514,406
Net (income)/loss attributable to noncontrolling interests	(642)	286	—	—	—	(356)
Net income attributable to Sonoco	369,234	36,304	45,695	47,126	15,691	514,050
Per diluted common share*	$ 3.74	$ 0.37	$ 0.46	$ 0.48	$ 0.16	$ 5.21

*Due to rounding individual items may not sum across

(1) In the first nine months ended of 2022, the Company recognized net restructuring and asset impairment charges related to severance, asset write-offs and other restructuring activities of approximately $13,500, $4,500, and $15,000 respectively. Additionally, charges of approximately $9,200 were recognized as a result of the Company's decision to exit its operations in Russia given the ongoing Russia-Ukraine conflict.

(2) Beginning in 2022 the Company redefined base results to exclude amortization of intangible assets related to acquisitions.

(3) Consists primarily of legal, professional, and other service fees related to acquisition and divestiture transactions, whether proposed or consummated of approximately $28,000, and charges related to inventory fair value adjustments associated with Metal Packaging of approximately $33,000.

(4) Other Adjustments include increases to the Company's LIFO reserve of approximately $25,000 and non-operating pension charges of approximately $4,300. These charges were partially offset by net gains of approximately $6,800 related to certain derivative transactions, life insurance proceeds, and discrete tax adjustments.

Dollars in thousands, except per share data	For the nine-month period ended October 3, 2021 GAAP	Restructuring/ Asset Impairments[1]	Amortization of Acquisition Intangibles	Acquisition Related Costs[2]	Other Adjustments[3]	Base
Operating profit	$ 382,112	$ 8,889	$ 37,117	$ 12,503	$ (12,797)	$ 427,824
Non-operating pension costs	562,818	—	—	—	(562,818)	—
Interest expense, net	46,744	—	—	—	2,165	48,909
Loss from the early extinguishment of debt	20,184	—	—	—	(20,184)	—
(Loss)/Income before income taxes	(247,634)	8,889	37,117	12,503	568,040	378,915
(Benefit from)/Provision for income	(91,542)	2,653	9,194	2,984	166,271	89,560
(Loss)/Income before equity in earnings of affiliates	(156,092)	6,236	27,923	9,519	401,769	289,355
Equity in earnings of affiliates, net of tax	5,701	—	—	—	—	5,701
Net (loss)/ income	(150,391)	6,236	27,923	9,519	401,769	295,056
Net (income)/loss attributable to noncontrolling interests	(243)	—	—	—	—	(243)
Net (loss)/income attributable to Sonoco	$ (150,634)	$ 6,236	$ 27,923	$ 9,519	$ 401,769	$ 294,813
Diluted weighted average common shares outstanding (4):	100,039				468	100,507
Per diluted common share*	$ (1.51)	$ 0.06	$ 0.28	$ 0.09	$ 4.00	$ 2.93

*Due to rounding individual items may not sum across

(1) In the first nine month of 2021 restructuring and asset impairment charges, mostly related to asset write-offs and severance, totaled approximately $17,000. These were partially offset by gains totaling approximately $8,500 related to the sale of previously closed facilities in the Company's tubes and cores business.

(2) Consists of legal, professional, and other service fees related to acquisition and divestiture transactions, whether potential or consummated.

(3) Other adjustments to operating profit for the nine months ended include non-operating pension costs, which include $547,000 of settlement charges, and a loss from the early extinguishment of debt. Additionally, other adjustments include a loss on the divestiture of the Company's U.S. display and packaging business, which was partially offset by a hedge gain related to a Euro-denominated loan repayment, a foreign VAT refund, including applicable interest, and life insurance gains. Year to date income tax adjustments include a benefit of approximately $140,000 related to the pension settlement charges.

(4) Due to the magnitude of Non-Base losses in the second quarter 2021, the Company reported a GAAP Net Loss Attributable to Sonoco. In instances where a company has a net loss, GAAP requires that the company shall not consider any unexercised share awards or other like instruments dilutive for purposes of calculating weighted average shares outstanding. Accordingly, the Company did not consider any unexercised share awards dilutive in calculating weighted average shares outstanding for GAAP purposes in the table above, which resulted in Basic Weighted Average Shares Outstanding and Diluted Weighted Average Common Shares Outstanding being the same. However, the Company also presents Base Net Income Attributable to Sonoco, which excludes the net Non-Base items. In order to maintain consistency in the computation of Base Diluted EPS, unexercised stock instruments that meet GAAP requirements for dilution were considered dilutive to the same extent they would be if GAAP Net Income Attributable to Sonoco were equal to Base Net Income Attributable to Sonoco.

FREE CASH FLOW	Nine Months Ended October 2, 2022		Nine Months Ended October 3, 2021*	
Net cash provided by operating activities	$	322,055	$	220,078
Purchase of property, plant and equipment, net	$	(230,732)	$	(146,056)
Free Cash Flow	$	91,323	$	74,022

*Excluding the $133 million pension contributions made to fund the Sonoco Pension Plan for Inactive Participants in advance of the pension liability settlements, free cash flow would have been $207 million.

FREE CASH FLOW	Year Ended Estimated Low December 31, 2022		Year Ended Estimated High December 31, 2022	
Net cash provided by operating activities	$	565,000	$	615,000
Purchase of property, plant and equipment, net		(300,000)		(300,000)
Free Cash Flow	$	265,000	$	315,000

EBITDA Reconciliation

Dollars in thousands, except per share data	Three Months Ended		Nine Months Ended	
	October 2, 2022	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**
Net income/(loss) attributable to Sonoco	$ 122,229	$ 111,140	$ 369,234	$ (150,634)
Adjustments				
Interest expense	26,714	14,753	71,242	50,767
Less: Interest income	(1,148)	(534)	(3,450)	(4,023)
Provision for/(Benefit from) income taxes	36,824	2,564	116,712	(91,542)
Depreciation, depletion, and amortization	79,154	61,092	231,095	185,541
Less: Equity in earnings of affiliates, net of tax	(4,199)	(2,351)	(10,151)	(5,701)
Less: Net income attributable to noncontrolling interests	273	415	642	243
EBITDA	$ 259,847	$ 187,079	$ 775,324	$ (15,349)
Restructuring/Asset impairment charges	20,652	3,488	43,357	8,889
Changes in LIFO inventory reserves	(302)	—	25,088	—
Loss from the early extinguishment of debt	—	—	—	20,184
Non-operating pension costs	1,249	525	4,251	562,818
Acquisition/Divestiture related costs	2,022	1,001	62,655	12,503
Other non-GAAP adjustments	87	(8,584)	(3,905)	(12,797)
Base EBITDA	$ 283,555	$ 183,509	$ 906,770	$ 576,248