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DELTA REPORT

10-Q

SON - SONOCO PRODUCTS CO

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1356
CHANGES	247
DELETIONS	405
ADDITIONS	704

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024 June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________to __________

Commission File No. 001-11261

Sonoco Products Company
(Exact name of registrant as specified in its charter)

South Carolina	**57-0248420**
(State or other jurisdiction of incorporation of organization)	**(I.R.S. Employer Identification No.)**
1 N. Second St., Hartsville, South Carolina	**29550**
(Address of principal executive offices)	**(Zip Code)**

(843) 383-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
No par value common stock	SON	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's no par value common stock as of April July 19, 2024 was 98,255,819 98,257,749.

SONOCO PRODUCTS COMPANY

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SONOCO PRODUCTS COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(Dollars and shares in thousands)

	March 31, 2024	December 31, 2023*
	June 30, 2024	**December 31, 2023***
Assets		
Current Assets		
Current Assets		
Current Assets		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Trade accounts receivable, net of allowances		
Other receivables		
Inventories, net:		
Finished and in process		
Finished and in process		
Finished and in process		
Materials and supplies		
Prepaid expenses		
Total Current Assets		
Total Current Assets		
Total Current Assets		
Property, Plant and Equipment, Net		
Goodwill		
Other Intangible Assets, Net		

Deferred Income Taxes		
Right of Use Asset-Operating Leases		
Other Assets		
Total Assets		
Liabilities and Equity		
Current Liabilities		
Current Liabilities		
Current Liabilities		
Payable to suppliers		
Payable to suppliers		
Payable to suppliers		
Accrued expenses and other		
Notes payable and current portion of long-term debt		
Accrued taxes		
Total Current Liabilities		
Total Current Liabilities		
Total Current Liabilities		
Long-term Debt, Net of Current Portion		
Noncurrent Operating Lease Liabilities		
Pension and Other Postretirement Benefits		
Deferred Income Taxes		
Other Liabilities		
Commitments and Contingencies	**Commitments and Contingencies**	**Commitments and Contingencies**
Sonoco Shareholders' Equity		
Sonoco Shareholders' Equity		
Sonoco Shareholders' Equity		
Common stock, no par value		
Common stock, no par value		
Common stock, no par value		
Authorized 300,000 shares 98,255 and 97,957 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively		
Authorized 300,000 shares 98,255 and 97,957 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively		
Authorized 300,000 shares 98,255 and 97,957 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively		
Authorized 300,000 shares 98,258 and 97,957 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively		
Authorized 300,000 shares 98,258 and 97,957 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively		
Authorized 300,000 shares 98,258 and 97,957 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively		
Capital in excess of stated value		
Accumulated other comprehensive loss		
Retained earnings		
Total Sonoco Shareholders' Equity		
Noncontrolling Interests		
Total Equity		
Total Liabilities and Equity		

* The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (the “United States” or “U.S.”).

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

SONOCO PRODUCTS COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)

(Dollars and shares in thousands except per share data)

	Three Months Ended		**Three Months Ended**		**Six Months Ended**
	Three Months Ended				
	Three Months Ended				
			March 31, 2024	**April 2, 2023**	
	June 30, 2024	**July 2, 2023**	**June 30, 2024**	**July 2, 2023**	
Net sales					
Cost of sales					
Gross profit					
Selling, general and administrative expenses					
Restructuring/Asset impairment charges					
Gain on divestiture of business and other assets					
Operating profit					
Non-operating pension costs					
Non-operating pension costs					
Other income, net					
Non-operating pension costs					
Interest expense					
Interest income					
Income before income taxes					
Income before income taxes					
Income before income taxes					
Provision for income taxes					
Income before equity in earnings of affiliates					
Equity in earnings of affiliates, net of tax					
Net income					
Net (income)/loss attributable to noncontrolling interests					
Net income attributable to noncontrolling interests					
Net income attributable to Sonoco					
Weighted average common shares outstanding:					
Weighted average common shares outstanding:					
Weighted average common shares outstanding:					
Basic					
Basic					
Basic					
Diluted					
Per common share:					
Net income attributable to Sonoco:					
Net income attributable to Sonoco:					
Net income attributable to Sonoco:					
Basic					
Basic					
Basic					
Diluted					

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)
(Dollars in thousands)

	Three Months Ended		**Three Months Ended**			**Six Months Ended**
	Three Months Ended					
	Three Months Ended					
			March 31, 2024		**April 2, 2023**	
	June 30, 2024	**July 2, 2023**		**June 30, 2024**	**July 2, 2023**	
Net income						
Other comprehensive (loss)/income:						
Foreign currency translation adjustments						
Foreign currency translation adjustments						
Foreign currency translation adjustments						
Changes in defined benefit plans, net of tax						
Changes in derivative financial instruments, net of tax						
Other comprehensive (loss)/income						
Comprehensive income:						
Less: Net (income)/loss attributable to noncontrolling interests						
Less: Other comprehensive loss/(income) attributable to noncontrolling interests						
Less: Net income attributable to noncontrolling interests						
Less: Other comprehensive loss attributable to noncontrolling interests						
Comprehensive income attributable to Sonoco						

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY (unaudited)
(Dollars and shares in thousands)

	Total Equity	Total Equity	Common Shares	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests	Total Equity	Common Shares	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests
December 31, 2023													
December 31, 2023													
December 31, 2023													
Net income													
Other comprehensive (loss)/income:													
Translation loss													
Translation loss													
Translation loss													

Defined benefit plan adjustment, net of tax
Derivative financial instruments, net of tax
Derivative financial instruments, net of tax
Derivative financial instruments, net of tax
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
Dividends
Issuance of stock awards
Issuance of stock awards
Issuance of stock awards
Shares repurchased
Shares repurchased
Shares repurchased
Share-based compensation
Share-based compensation
Share-based compensation
Other
Other
Other
March 31, 2024
March 31, 2024
March 31, 2024
Net income
Other comprehensive income/(loss):
Translation loss
Translation loss
Translation loss
Defined benefit plan adjustment, net of tax
Derivative financial instruments, net of tax
Derivative financial instruments, net of tax
Derivative financial instruments, net of tax
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
Dividends
Issuance of stock awards
Issuance of stock awards
Issuance of stock awards
Shares repurchased
Shares repurchased
Shares repurchased
Share-based compensation
Share-based compensation

Share-based compensation

Other

Other

Other

June 30, 2024

June 30, 2024

June 30, 2024

	Total Equity	Total Equity	Common Shares	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests	Total Equity	Common Shares	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests
December 31, 2022													
December 31, 2022													
December 31, 2022													
Net income/(loss)													
Other comprehensive income:													
Translation income													
Translation income													
Translation income													
Defined benefit plan adjustment, net of tax													
Derivative financial instruments, net of tax													
Derivative financial instruments, net of tax													
Derivative financial instruments, net of tax													
Other comprehensive income													
Other comprehensive income													
Other comprehensive income													
Dividends													
Issuance of stock awards													
Issuance of stock awards													
Issuance of stock awards													
Shares repurchased													
Shares repurchased													
Shares repurchased													
Share-based compensation													
Share-based compensation													
Share-based compensation													
April 2, 2023													
April 2, 2023													
April 2, 2023													
Net income													
Other comprehensive income/(loss):													
Translation income/(loss)													
Translation income/(loss)													
Translation income/(loss)													
Defined benefit plan adjustment, net of tax													
Derivative financial instruments, net of tax													
Derivative financial instruments, net of tax													
Derivative financial instruments, net of tax													
Other comprehensive income/(loss)													

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Other comprehensive income/(loss)
Other comprehensive income/(loss)
Dividends
Issuance of stock awards
Issuance of stock awards
Issuance of stock awards
Shares repurchased
Shares repurchased
Shares repurchased
Share-based compensation
Share-based compensation
Share-based compensation
July 2, 2023
July 2, 2023
July 2, 2023

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

SONOCO PRODUCTS COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(Dollars in thousands)

	Three Months Ended	
	March 31, 2024	**April 2, 2023**
Cash Flows from Operating Activities:		
Net income	$ 65,273	$ 148,264
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairments	8,346	18,616
Depreciation, depletion and amortization	90,559	82,137
Share-based compensation expense	8,325	7,573
Equity in earnings of affiliates, net	(1,137)	(1,856)
Cash dividends from affiliated companies	41	1,875
Net loss/(gain) on disposition of assets	18	(60,615)
Net gain on divestiture of business and other assets	—	(11,065)
Pension and postretirement plan expense	4,104	4,408
Pension and postretirement plan contributions	(3,989)	(4,931)
Net (decrease)/increase in deferred tax liabilities	(4,869)	1,588
Change in assets and liabilities, net of effects from acquisitions, divestitures and foreign currency adjustments:		
Trade accounts receivable	(43,334)	(33,485)
Inventories	18,407	13,549
Payable to suppliers	25,697	(71,553)
Prepaid expenses	(3,572)	350
Income taxes payable and other income tax items	9,436	22,030
Accrued expenses and other assets and liabilities	(7,070)	(18,883)
Net cash provided by operating activities	166,235	98,002
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(86,458)	(83,401)
Cost of acquisitions, net of cash acquired	(452)	—
Proceeds from the sale of business, net	—	13,839
Proceeds from the sale of assets, net	101	71,405
Investment in affiliated companies	—	(5,000)
Other net investing activities	5,077	190

Net cash used by investing activities	(81,732)	(2,967)
Cash Flows from Financing Activities:		
Proceeds from issuance of debt	19,674	9,621
Principal repayment of debt	(21,448)	(84,162)
Net change in commercial paper	—	12,000
Net (decrease)/increase in book cash overdrafts	(1,614)	2,670
Cash dividends	(50,144)	(47,731)
Payments for share repurchases	(9,139)	(10,576)
Net cash used by financing activities	(62,671)	(118,178)
Effects of Exchange Rate Changes on Cash	(1,556)	5,356
Net Increase in Cash and Cash Equivalents	20,276	(17,787)
Cash and cash equivalents at beginning of period	151,937	227,438
Cash and cash equivalents at end of period	$ 172,213	$ 209,651

	Six Months Ended	
	June 30, 2024	**July 2, 2023**
Cash Flows from Operating Activities:		
Net income	$ 156,224	$ 263,013
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairments	22,956	19,778
Depreciation, depletion and amortization	180,045	163,817
Share-based compensation expense	14,981	15,210
Equity in earnings of affiliated companies, net	(3,411)	(5,168)
Cash dividends from affiliated companies	5,458	6,450
Net gain on disposition of assets	(957)	(60,111)
Net gain on divestiture of business and other assets	(4,478)	(18,436)
Remeasurement gain of investment in affiliated companies	(6,012)	—
Pension and postretirement plan expense	8,843	8,495
Pension and postretirement plan contributions	(9,125)	(7,456)
Net (decrease)/increase in deferred tax liabilities	(11,602)	1,429
Change in assets and liabilities, net of effects from acquisitions, divestitures and foreign currency adjustments:		
Trade accounts receivable	(102,497)	(17,254)
Inventories	15,366	148,877
Payable to suppliers	57,929	(130,713)
Prepaid expenses	(51,103)	(3,258)
Income taxes payable and other income tax items	6,554	1,898
Accrued expenses and other assets and liabilities	(3,682)	(37,988)
Net cash provided by operating activities	275,489	348,583
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(179,694)	(161,690)
Cost of acquisitions, net of cash acquired	(3,281)	—
Proceeds from the sale of business, net	81,517	13,839
Proceeds from the sale of assets, net	333	71,853
Proceeds from settlement of net investment hedge	9,068	—
Investment in affiliated companies	(10,000)	(5,000)
Other net investing activities	5,448	569
Net cash used by investing activities	(96,609)	(80,429)
Cash Flows from Financing Activities:		
Proceeds from issuance of debt	32,615	20,071
Principal repayment of debt	(112,859)	(96,311)
Net change in commercial paper	28,000	—

Net increase/(decrease) in book cash overdrafts	3,725	(441)
Payment of loan financing costs	(19,000)	—
Cash dividends	(101,310)	(97,689)
Payments for share repurchases	(9,162)	(10,602)
Net cash used by financing activities	(177,991)	(184,972)
Effects of Exchange Rate Changes on Cash	(12,593)	8,596
Net (Decrease)/Increase in Cash and Cash Equivalents	(11,704)	91,778
Cash and cash equivalents at beginning of period	151,937	227,438
Cash and cash equivalents at end of period	$ 140,233	$ 319,216

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in thousands except per share data)
(unaudited)

Note 1: Basis of Interim Presentation

In the opinion of the management of Sonoco Products Company (the "Company" or "Sonoco"), the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise stated) necessary to state fairly the consolidated financial position, results of operations and cash flows for the interim periods reported herein. Operating results for the three-month period three- and six-month periods ended March 31, 2024 June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

As previously disclosed, effective January 1, 2024, the Company integrated its flexible packaging and thermoformed packaging businesses within its Consumer Packaging segment in order to streamline operations, enhance customer service, and better position the business for accelerated growth. As a result, the Company changed its operating and reporting structure to reflect the way it now manages its operations, evaluates performance, and allocates resources. As a result of these changes, the Company's consumer thermoformed businesses moved from the All Other group of businesses to the Consumer Packaging segment. The Company's Industrial Paper Packaging segment was not affected by these changes. All prior year segment results presented herein have been recast to conform to the new presentation.

Note 2: New Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which modifies the rules on income tax disclosures to require disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Company is currently evaluating the potential impact of adopting this new guidance on our its consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The purpose of the amendment is to enable investors to better understand an entity's overall performance and assess potential future cash flows. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. The Company will begin providing the enhanced reportable segment financial disclosures effective with its Annual Report on Form 10-K for the year ending December 31, 2024.

In September 2022, the FASB issued ASU 2022-04, "Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." The amendments in this ASU require that a buyer in a supplier finance program disclose qualitative and quantitative information about its supplier finance programs in each annual reporting period, including a description of key payment terms, amounts outstanding, and a rollforward of the outstanding obligation. In each interim reporting period, the amount outstanding requires disclosure. The amendments are were effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The Company adopted this standard in the first quarter of 2023, with the exception of the amendment on rollforward information, which will be provided in the Company's Annual Report on Form 10-K for the year ending December 31, 2024.

During the three-month six-month period ended March 31, 2024 June 30, 2024, there were no other newly issued or newly applicable accounting pronouncements that had, or are expected to have, a material impact on the Company's financial statements. Further, at March 31, 2024 June 30, 2024, there were no other pronouncements pending adoption that are expected to have a material impact on the Company's condensed consolidated financial statements.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars and shares in thousands except per share data)

Note 3: Acquisitions and Divestitures

Acquisitions

On June 22, 2024, the Company entered into a definitive agreement to acquire Eviosys from KPS Capital Partners, LP for approximately $3,900,000. Eviosys, a global supplier of metal packaging that produces food cans and ends, aerosol cans, metal closures and promotional packaging with a large metal food can manufacturing footprint in the Europe, Middle East, and Africa region, has approximately 6,300 employees in 44 manufacturing facilities across 17 countries. This acquisition is expected to accelerate the Company's strategy to focus on and scale its core businesses. The acquisition of Eviosys is expected to close by the end of 2024, subject to the completion of required works council consultations, the receipt of required regulatory approvals, and other customary closing conditions.

As previously disclosed, on On December 1, 2023, the Company completed the acquisition of Inapel Embalagens Ltda. ("Inapel"), a manufacturer of single-layer and multilayer materials for flexible packaging in Brazil, for net consideration of $64,544, $64,390, including $59,228 of cash paid at closing, additional consideration paid of $2,340, and additional a final net working capital settlement of $489 paid during the second quarter of 2024. Additional obligations to the seller totaling $5,316 that will $2,333 are expected to be paid throughout 2024. This additional purchase consideration is before the end of 2024 and are recorded in "Payable to suppliers" in the Company's Condensed Consolidated Balance Sheet as of March 31, 2024 June 30, 2024. With the acquisition of Inapel, the Company added approximately 500 employees and two manufacturing locations in the São Paulo region of Brazil. The financial results of Inapel are included in the Company's Consumer Packaging segment.

The Company's initial allocation of the assets acquired and liabilities assumed in the acquisition of Inapel, as well as revised preliminary fair values reflecting adjustments made during the measurement period, are as follows:

	Initial Allocation	Initial Allocation	Measurement Period Adjustments	Preliminary Allocation	Initial Allocation	Measurement Period Adjustments	Preliminary Allocation
Trade accounts receivable							
Other receivables							
Inventories							
Prepaid expenses							
Property, plant and equipment							
Right of use asset - operating leases							
Other intangible assets							
Goodwill							
Other assets							
Payable to suppliers							
Accrued expenses and other							
Noncurrent operating lease liabilities							
Noncurrent operating lease liabilities							
Noncurrent operating lease liabilities							
Deferred income taxes							
Deferred income taxes							
Deferred income taxes							
Total purchase price, net of cash acquired							

The allocation of the purchase price of Inapel to the tangible and intangible assets acquired and liabilities assumed, as reflected under the heading "Preliminary Allocation" in the table above, is based on the Company's preliminary determinations of fair value using information currently available. Management is continuing to finalize its valuation of certain assets and liabilities including, but not limited to, inventory; property, plant and equipment; goodwill; other intangible assets; and deferred income taxes. The Company expects to complete its valuations within one year of the date of acquisition.

Goodwill for Inapel, none of which is expected to be currently deductible for income tax purposes, is primarily attributable to the assembled workforce and synergies of the combined organization.

On September 8, 2023, the Company completed the acquisition of the remaining 65% interest in RTS Packaging, LLC ("RTS Packaging") from joint venture partner WestRock Company ("WestRock") and the acquisition of a paper mill in Chattanooga, Tennessee (the "Chattanooga Mill") from WestRock for net cash consideration of $313,388. In December 2023, the Company agreed to a final working capital settlement of $452, which was paid to WestRock in January 2024. Prior to completing the acquisitions, the Company held a 35% ownership interest in the RTS Packaging joint venture which was formed in 1997 and combined the former protective packaging operations of WestRock and Sonoco to market recycled paperboard to glass container manufacturers and producers of wine, liquor, food, and pharmaceuticals. The financial results of RTS Packaging and the Chattanooga Mill are included in the Company's Industrial Paper Packaging segment.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in thousands except per share data)
(unaudited)

The following table provides a summary of the purchase consideration (as defined under Accounting Standards Codification ("ASC") 805) transferred for the acquisitions of the remaining interest in RTS Packaging and the Chattanooga Mill:

	Purchase Consideration
Cash consideration, net of cash acquired	$ 313,388
Fair value of previously held interest in RTS Packaging	59,472
Final working capital adjustment	452
Settlement of preexisting relationships	1,235
Purchase consideration transferred	$ 374,547

The Company's initial allocation of the assets acquired and liabilities assumed in the acquisitions of the remaining interest in RTS Packaging and the Chattanooga Mill, as well as revised preliminary fair values reflecting adjustments made during the measurement period, are as follows:

	Initial Allocation	Initial Allocation	Measurement Period Adjustments	Preliminary Allocation	Initial Allocation	Measurement Period Adjustments	Preliminary Allocation
Trade accounts receivable							
Other receivables							
Inventories							
Inventories							
Inventories							
Prepaid expenses							
Property, plant and equipment							
Right of use asset - operating leases							
Other intangible assets							
Goodwill							
Other assets							
Payable to suppliers							
Accrued expenses and other							
Notes payable and current portion of long-term debt							
Noncurrent operating lease liabilities							
Pension and other postretirement benefits							
Long-term debt							
Deferred income taxes							
Other long-term liabilities							
Net assets acquired							

The initial allocation of the purchase price of for the remaining interest in RTS Packaging and the Chattanooga Mill to the tangible and intangible assets acquired and liabilities assumed, as reflected under the heading "Preliminary Allocation" in the table above, is based on the Company's preliminary determination determinations of their fair values value using information currently available. Management is continuing to finalize its valuation of certain assets and liabilities including, but not limited to, inventory; property, plant and equipment; goodwill; other intangible assets; and deferred income taxes. The Company expects to complete its valuations within one year of the date of acquisition.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in thousands except per share data)
(unaudited)

Goodwill for RTS Packaging and the Chattanooga Mill, of which $87,191 $82,798 is expected to be deductible for income tax purposes, is primarily attributable to the synergies of the combined organization and the assembled workforce.

The Company has accounted for these acquisitions as business combinations under the acquisition method and has included the results of operations of the acquired businesses in the Company's Condensed Consolidated Statements of Income for the three-month six-month period ended March 31, 2024 June 30, 2024. The Company believes that these acquisitions were not material to the periods presented and are therefore not subject to the ASC 805 requirement to provide supplemental pro-forma financial information. Accordingly, this information is not presented herein.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in thousands except per share data)
(unaudited)

Divestiture of Businesses

On April 1, 2024, subsequent to the end of the first quarter, the Company completed the sale of its Protective Solutions business ("Protexic"), which was part of the All Other group of businesses, to Black Diamond Capital Management, LLC for cash proceeds of $81,795. $80,267. This business provided foam components and integrated material solutions for various industrial end markets. This sale was the result of the Company's continuing evaluation of its business portfolio and is consistent with the Company's strategic and investment priorities. The In connection with the Protexic divestiture, the Company is finalizing its calculation but estimates that the wrote off net assets totaling $74,126, including $16,559 of allocated goodwill, and reclassified $2,913 of cumulative translation adjustment losses from Accumulated Other Comprehensive Loss, recognizing a preliminary pretax gain on the disposition will divestiture of $3,228 during the second quarter of 2024. The preliminary gain, which is included in "Gain on divestiture of business and other assets" in the Company's Condensed Consolidated Statements of Income, is expected to be approximately $3,000 after recognizing foreign currency translation losses and remaining selling costs. finalized in the third quarter of 2024 upon finalization of the working capital settlement. The Company used the majority of the cash proceeds from the sale to pay down debt.

On July 1, 2023, the Company completed the sale of its U.S. BulkSak business, which consisted of the manufacturing and distribution of flexible intermediate bulk containers, plastic and fiber pallets, and custom fit liners and was a part of the Company's Industrial Paper Packaging segment, to U.S. BulkSak Holdings, LLC. The cash selling price, as adjusted for the final working capital settlement, was $20,271 with cash proceeds totaling $18,271 received in 2023, and the remaining $2,000 held in escrow to be released to the Company within eighteen months from the date of the sale, pursuant to the settlement of any indemnity claims. As a result of the U.S. BulkSak divestiture, the Company wrote off net assets totaling $13,437, including $3,333 of allocated goodwill, and recognized a total pretax gain of $6,834 upon completion of the sale. The gain, of which $7,371 was recognized in the second quarter of 2023 as reflected in "Gain on divestiture of business and other assets" in the Company's Condensed Consolidated Statements of Income, was reduced by $537 in the third quarter of 2023 upon the final working capital settlement. The escrow balance of $2,000 is reflected in "Other receivables" on the Company's Condensed Consolidated Balance Sheet as of June 30, 2024.

Also on July 1, 2023, the Company agreed to the sale of its Mexico BulkSak business. The sale closed in December 2023 for a cash selling price, as adjusted for working capital, of $1,096. As a result of the Protexic business did not represent a strategic shift for Mexico BulkSak sale, the Company recognized a pretax gain of $85 in the fourth quarter of 2023 which was included in "Gain on divestiture of business and will not have a major effect on its operations or financial results. Consequently, this sale will not meet other assets" in the criteria for reporting as a discontinued operation. Company's Condensed Consolidated Statements of Income.

On January 26, 2023, the Company completed the sale of its Sonoco Sustainability Solutions ("S3") business, a provider of customized waste and recycling management programs and part of the Company's Industrial Paper Packaging segment, to Northstar Recycling Co. ("Northstar"), for total cash proceeds of $13,839. An additional $1,500 of proceeds are being held in escrow and are expected to be released to the Company, pursuant to any indemnification claims, twenty months following the date of the divestiture. The escrow balance is reflected in "Other receivables" in the Company's Condensed Consolidated Balance Sheet as of June 30, 2024. The Company wrote off net assets totaling $4,274 as part of the divestiture of the business, including $3,042 of allocated goodwill, and recognized a pretax gain of $11,065 during the first quarter of 2023, which is 2023. In the second quarter of 2024, upon resolution of certain contingencies, the Company received cash proceeds and recognized an additional pretax gain of $1,250 on the sale. These gains are included in "Gain on divestiture of business and other assets" in the Company's Condensed Consolidated Statements of Income. The escrow balance is reflected as a long-term receivable in "Other assets" in the Company's Condensed Consolidated Balance Sheets as of March 31, 2024. The Company is also entitled to receive additional proceeds of $3,200 in the second quarter of 2024 if certain conditions are met. This contingent consideration will be recognized as an additional gain on the sale at the point the contingencies are resolved.

On January 26, 2023, in connection with the sale of the S3 business, the Company acquired a 2.7% equity interest in Northstar valued at $5,000. This investment is being accounted for under the measurement alternative (i.e., cost less impairment, adjusted for any qualifying observable price changes).

The sale sales of the Protexic, U.S. Bulksak, Mexico Bulksak and S3 business businesses did not represent a strategic shift for the Company or and did not have a major effect on its operations or financial results. Consequently, this sale these sales did not meet the criteria for reporting as a discontinued operation. operations.

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Sale of Assets

With the completion of Project Horizon, the Company's project to convert the corrugated medium machine in Hartsville, South Carolina, to produce uncoated recycled paperboard, the Company now produces paper exclusively from recycled fibers and no longer requires natural tree fiber for production. Accordingly, on March 29, 2023, the Company sold its timberland properties, totaling approximately 55,000 acres, to Manulife Investment Management for net cash proceeds of $70,802. The Company disposed of assets with a net book value of $9,857 as part of the sale, and recognized a pretax gain from the sale of these assets of $60,945 during the three-month period ended April 2, 2023, which is included in "Gain on divestiture of business and other assets" in the Company's Condensed Consolidated Statements of Income.

Additional Ownership Investment

During the second quarter of 2024, the Company increased its ownership investment in a small South Carolina based designer and manufacturer of sustainable protective packaging solutions from 20.5% to 39.9%. The Company acquired its initial ownership interest in June 2022. The preferred stock investment increased by $18,512 during the second quarter of 2024, which included a $10,000 cash payment, a $5,400 remeasurement of the fair value of the existing investment, and a $2,500 conversion of the carrying value of the outstanding convertible notes into a preferred series stock investment, which yielded a $467 fair value increase and a $145 increase for interest income earned. The outstanding investment of $21,212 as of June 30, 2024 is included within “Other assets” in the Company’s Condensed Consolidated Balance Sheet. The remeasurement of the carrying value of the existing investment to fair value during the second quarter of 2024 resulted in a gain of $5,867 and interest income of $145, which are included in “Other income, net” and “Interest income,” respectively, in the Company’s Condensed Consolidated Statements of Income.

Acquisition, Integration, and Divestiture-Related Costs

Acquisition, integration, and divestiture-related costs totaled $5,661 $22,269 and $5,188 $4,532 during the three-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023, respectively, and $27,930 and $9,720during thesix-month periods ended June 30, 2024 and July 2, 2023, respectively. These costs include legal and professional fees, as well as employee-related and other integration activity costs that are included in “Selling, general and administrative expenses” in the Company’s Condensed Consolidated Statements of Income.

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Note 4: Shareholders’ Equity

Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended	**Three Months Ended**		**Six Months Ended**
	Three Months Ended			
	Three Months Ended			
		March 31, 2024	**April 2, 2023**	
	June 30, 2024	**July 2, 2023**	**June 30, 2024**	**July 2, 2023**
Numerator:				
Net income attributable to Sonoco				
Net income attributable to Sonoco				
Net income attributable to Sonoco				
Denominator:				
Weighted average common shares outstanding:				
Weighted average common shares outstanding:				
Weighted average common shares outstanding:				
Basic				
Basic				
Basic				
Dilutive effect of share-based compensation				
Diluted				
Net income attributable to Sonoco per common share:				
Basic				
Basic				
Basic				
Diluted				
Cash dividends				

No adjustments were made to “Net income attributable to Sonoco” in the computations of net income attributable to Sonoco per common share.

Anti-dilutive Securities

Potentially dilutive securities are calculated in accordance with the treasury stock method, which assumes the proceeds from the exercise of all dilutive stock appreciation rights (“SARs”) are used to repurchase the Company’s common stock. Certain SARs are not dilutive because either the exercise price is greater than the average market price of the stock during the reporting period or assumed repurchases from proceeds from the exercise of the SARs were anti-dilutive. These SARs may become dilutive in the future if the market price of the Company’s common stock appreciates.

The average numbers of SARs that were anti-dilutive and, therefore, not included in the computation of diluted earnings per share during the three-month three- and six-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023 were as follows (in thousands):

		Three Months Ended		**Three Months Ended**			**Six Months Ended**			
		Three Months Ended								
		Three Months Ended								
				March 31, 2024		**April 2, 2023**				
		June 30, 2024	**July 2, 2023**		**June 30, 2024**		**July 2, 2023**			
Anti-dilutive stock appreciation rights	Anti-dilutive stock appreciation rights		340		343	Anti-dilutive stock appreciation rights	338	341	339	342

Stock Repurchases

On April 20, 2021, the Company’s Board of Directors (the “Board”) authorized the repurchase of the Company’s common stock in an aggregate amount of up to $350,000. Following several repurchase transactions in 2021, a total of $137,972 remained available for share repurchases under this authorization as of December 31, 2021. No shares were repurchased under this authorization during the years ended December 31, 2023 or 2022 or the three-month six-month period ended March 31, 2024 June 30, 2024.

The Company regularly repurchases shares of its common stock to satisfy employee tax withholding obligations in association with certain share-based compensation awards. These repurchases, which are not part of a publicly announced plan or program, totaled 162 163 shares during the three-month six-month period ended March 31, 2024 June 30, 2024, at a cost of $9,139, $9,162, and 175 shares during the three-month six-month period ended April 2, 2023 July 2, 2023, at a cost of $10,576. $10,602.

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Dividend Declarations

On February 14, 2024, the Board declared a regular quarterly dividend of $0.51 per share. This dividend was paid on March 8, 2024 to all shareholders of record as of February 28, 2024.

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share. This dividend was paid on June 10, 2024 to all shareholders of record as of May 10, 2024.

On April 17, 2024 July 17, 2024, the Board declared a regular quarterly dividend of $0.52 per share. This dividend is payable on June 10, 2024 September 10, 2024 to all shareholders of record as of May 10, 2024 August 9, 2024.

Note 5: Restructuring and Asset Impairments

Due to its geographic footprint and the cost-competitive nature of its businesses, the Company is continually seeking more cost-effective means and structures to serve its customers and to respond to changes in its markets. As such, restructuring costs have been, and are expected to be, a recurring component of the Company’s operating costs. The amount of these costs can vary significantly from quarter to quarter and from year to year depending upon the scope, nature, and location of the restructuring activities.

Following are the total restructuring and asset impairment charges, net of adjustments, recognized during the periods presented:

Three Months Ended

Three Months Ended

	Three Months Ended		Six Months Ended	
		March 31, 2024		April 2, 2023
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Restructuring and restructuring-related asset impairment charges				
Other asset impairments				
Restructuring/Asset impairment charges				
Restructuring/Asset impairment charges				
Restructuring/Asset impairment charges				

The table below sets forth restructuring and restructuring-related asset impairment charges by type incurred:

	Three Months Ended Three Months Ended Three Months Ended		Six Months Ended	
		March 31, 2024		April 2, 2023
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Severance and termination benefits				
Asset impairments				
Other costs				
Restructuring and restructuring-related asset impairment charges				

The table below sets forth restructuring and restructuring-related asset impairment charges attributable to each reportable segment, the "All Other" All Other group of businesses, and Corporate-related activity:

		Three Months Ended Three Months Ended Three Months Ended
		March 31, 2024 March 31, 2024 March 31, 2024
	June 30, 2024 June 30, 2024 June 30, 2024	
Consumer Packaging Consumer Packaging Consumer Packaging		
Industrial Paper Packaging Industrial Paper Packaging Industrial Paper Packaging		
All Other All Other All Other		
Corporate Corporate Corporate		
Restructuring and restructuring-related asset impairment charges Restructuring and restructuring-related asset impairment charges Restructuring and restructuring-related asset impairment charges		

Restructuring and restructuring-related asset impairment charges are included in "Restructuring/Asset impairment charges" in the Company's Condensed Consolidated Statements of Income.

Restructuring and restructuring-related asset impairment charges are included in “Restructuring/Asset impairment charges” in the Company’s Condensed Consolidated Statements of Income.

The following table sets forth the activity in the restructuring accrual included in “Accrued expenses and other” in the Company’s Condensed Consolidated Balance Sheets:

Accrual Activity	Severance and Termination Benefits	Severance and Termination Benefits	Asset Impairments/ Disposal of Assets	Other Costs	Total	Severance and Termination Benefits	Asset Impairments/ Disposal of Assets	Other Costs	Total
Liability at December 31, 2023									
Liability at December 31, 2023									
Liability at December 31, 2023									
2024 charges									
Cash payments									
Cash payments									
Cash payments									
Cash (payments)/receipts									
Cash (payments)/receipts									
Cash (payments)/receipts									
Asset writedowns/disposals									
Foreign currency translation									
Liability at March 31, 2024									
Liability at June 30, 2024									

“Severance and termination benefits” during the first three six months of 2024 includes the cost of severance for approximately 95 220 employees whose positions were eliminated in conjunction with the Company’s ongoing organizational effectiveness efforts, including the relocation of certain facilities in Greece and Germany, and severance related to the closures of paper mills in Sumner, Washington (the “Sumner Mill”) and Kilkis, Greece, Greece (the “Kilkis Mill”), the closures of two small industrial converted products facilities in China, and the planned closure of an industrial converted products facility in Mississauga, Canada, all part of the Industrial Paper Packaging segment.

“Asset impairments” impairments ” during the first three six months of 2024 consists primarily of asset impairment charges related to the closure closures of the Sumner Mill. Mill and the Kilkis Mill, both part of the Industrial Paper Packaging segment, and the exit of a small metal canning lid business within Sonoco Metal Packaging, part of the Consumer Packaging segment.

“Other costs” during the first three six months of 2024 consists primarily of equipment removal, utilities, plant security, property taxes, insurance and environmental remediation costs related to the closure of the Sumner Mill, and ongoing facility carrying costs of previously announced plant closures in the prior year. closures.

The Company expects to pay the majority of the remaining restructuring reserves by the end of 2024 using cash generated from operations. The Company also expects to recognize future additional charges totaling approximately $5,300$3,500 in connection with previously announced restructuring actions and believes that the majority of these charges will be incurred and paid by the end of 2024. The Company continually evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions are likely to be undertaken.

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Note 6: Accumulated Other Comprehensive Loss

The following table summarizes the components of accumulated other comprehensive loss and the changes in the balances of each component of accumulated other comprehensive loss, net of tax as applicable, for the three-month six-month periods ended March 31, June 30, 2024 and April 2, 2023 July 2, 2023:

	Foreign Currency Items	Foreign Currency Items	Defined Benefit Pension Items	Cash Flow Hedges	Accumulated Other Comprehensive Loss	Foreign Currency Items	Defined Benefit Pension Items	Cash Flow Hedges	Accumulated Other Comprehensive Loss
Balance at December 31, 2023									
Balance at December 31, 2023									

Balance at December 31, 2023

Other comprehensive (loss)/income before reclassifications

Other comprehensive (loss) before reclassifications

Amounts reclassified from accumulated other comprehensive loss to net income

Other comprehensive (loss)/income

Other comprehensive (loss)/income

Other comprehensive (loss)/income

Balance at March 31, 2024

Balance at March 31, 2024

Balance at March 31, 2024

Balance at June 30, 2024

Balance at June 30, 2024

Balance at June 30, 2024

Balance at December 31, 2022

Balance at December 31, 2022

Balance at December 31, 2022

Other comprehensive income/(loss) before reclassifications

Amounts reclassified from accumulated other comprehensive loss to net income

Amounts reclassified from accumulated other comprehensive loss to property, plant, and equipment

Other comprehensive income

Other comprehensive income/(loss)

Balance at April 2, 2023

Balance at April 2, 2023

Balance at April 2, 2023

Balance at July 2, 2023

Balance at July 2, 2023

Balance at July 2, 2023

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The following table summarizes the effects on net income of significant amounts reclassified from each component of accumulated other comprehensive loss for the three-month three- and six-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss Three Months Ended March 31, 2024	 April 2, 2023	Affected Line Item in the Condensed Consolidated Statements of Income
Gains/(losses) on cash flow hedges			
Foreign exchange contracts(a)	$ 436	$ 1,062	Net sales
Foreign exchange contracts(a)	(75)	(454)	Cost of sales
Commodity contracts(a)	—	(32)	Cost of sales
	361	576	Income before income taxes
Income tax impact	(12)	(145)	Provision for income taxes
	349	431	Net income

Defined benefit pension items			
Effect of settlement loss(b)	—	(686)	Non-operating pension costs
Amortization of defined benefit pension items(b)	(1,230)	(1,071)	Non-operating pension costs
	(1,230)	(1,757)	Income before income taxes
Income tax impact	255	448	Provision for income taxes
	(975)	(1,309)	Net income
Total reclassifications for the period	$ (626)	$ (878)	Net income

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss — Three Months Ended June 30, 2024	Three Months Ended July 2, 2023	Six Months Ended June 30, 2024	Six Months Ended July 2, 2023	Affected Line Item in the Condensed Consolidated Statements of Income
Foreign currency items					
Currency translation adjustment loss on Protexic sale(a)	$ (2,913)	$ —	$ (2,913)	$ —	Gain on divestiture of business and other assets
	(2,913)	—	(2,913)	—	
Gains/(losses) on cash flow hedges					
Foreign exchange contracts(b)	230	2,515	666	3,577	Net sales
Foreign exchange contracts(b)	(64)	(918)	(139)	(1,372)	Cost of sales
Commodity contracts(b)	—	—	—	(32)	Cost of sales
	166	1,597	527	2,173	Income before income taxes
Income tax impact	(147)	(292)	(159)	(437)	Provision for income taxes
	19	1,305	368	1,736	Net income
Defined benefit pension items					
Effect of settlement loss(c)	(511)	(63)	(511)	(749)	Non-operating pension costs
Amortization of defined benefit pension items(c)	(1,199)	(1,132)	(2,429)	(2,203)	Non-operating pension costs
	(1,710)	(1,195)	(2,940)	(2,952)	Income before income taxes
Income tax impact	382	302	637	750	Provision for income taxes
	(1,328)	(893)	(2,303)	(2,202)	Net income
Total reclassifications for the period	$ (4,222)	$ 412	$ (4,848)	$ (466)	Net income

(a) See Note 9 3 for additional details.
(b) See Note 11 10 for additional details.
(c) See Note 12 for additional details.

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The following table summarizes the before and after tax amounts for the various components of other comprehensive income/(loss) for the three-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023:

	Three Months Ended March 31, 2024	Three Months Ended April 2, 2023

			Three Months Ended June 30, 2024			Three Months Ended July 2, 2023								
		Before Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount
Foreign currency items:														
	Net other comprehensive (loss)/income from foreign currency items													
	Net other comprehensive (loss)/income from foreign currency items													
	Net other comprehensive (loss)/income from foreign currency items													
	Amounts reclassified from accumulated other comprehensive loss to net income(a)													
	Net other comprehensive loss from foreign currency items													
Defined benefit pension items:														
Defined benefit pension items:														
Defined benefit pension items:														
	Other comprehensive (loss)/income before reclassifications													
	Other comprehensive (loss)/income before reclassifications													
	Other comprehensive (loss)/income before reclassifications													
	Amounts reclassified from accumulated other comprehensive loss to net income(a)													
	Net other comprehensive income/(loss) from defined benefit pension items													
Gains and losses on cash flow hedges:														
	Other comprehensive income/(loss) before reclassifications													
	Other comprehensive income/(loss) before reclassifications													
	Other comprehensive income/(loss) before reclassifications													
	Amounts reclassified from accumulated other comprehensive loss to net income(b)													

	Amounts reclassified from accumulated other comprehensive loss to property, plant and equipment	
	Net other comprehensive income/(loss) from cash flow hedges	
	Net other comprehensive income/(loss) from defined benefit pension items	
Gains and losses on cash flow hedges:		
	Other comprehensive (loss)/income before reclassifications(c)	
	Other comprehensive (loss)/income before reclassifications(c)	
	Other comprehensive (loss)/income before reclassifications(c)	
	Amounts reclassified from accumulated other comprehensive loss to net income(c)	
	Net other comprehensive (loss)/income from cash flow hedges	
	Net other comprehensive (loss)/income from cash flow hedges	
	Net other comprehensive (loss)/income from cash flow hedges	
Other comprehensive (loss)/income		

(a) See Note 11 3 for additional details.
(b) See Note 9 12 for additional details.
(c) See Note 10 for additional details.

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The following table summarizes the before and after tax amounts for the various components of other comprehensive income/(loss) for the six-month periods ended June 30, 2024 and July 2, 2023:

	Six Months Ended June 30, 2024			Six Months Ended July 2, 2023		
	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount
Foreign currency items:						
Net other comprehensive (loss)/income from foreign currency items	$ (52,068)	$ (3,530)	$ (55,598)	$ 53,557	$ —	$ 53,557
Amounts reclassified from accumulated other comprehensive loss to net income(a)	2,913	—	2,913	—	—	—

Net other comprehensive (loss)/income from foreign currency items	(49,155)	(3,530)	(52,685)	53,557	—	53,557
Defined benefit pension items:						
Other comprehensive (loss)/income before reclassifications	(205)	24	(181)	(4,449)	1,400	(3,049)
Amounts reclassified from accumulated other comprehensive loss to net income(b)	2,940	(637)	2,303	2,952	(750)	2,202
Net other comprehensive income/(loss) from defined benefit pension items	2,735	(613)	2,122	(1,497)	650	(847)
Gains and losses on cash flow hedges:						
Other comprehensive (loss)/income before reclassifications(c)	(1,608)	484	(1,124)	6,880	(1,502)	5,378
Amounts reclassified from accumulated other comprehensive loss to net income(c)	(527)	159	(368)	(2,173)	437	(1,736)
Amounts reclassified from accumulated other comprehensive loss to property, plant and equipment(c)	—	—	—	401	(101)	300
Net other comprehensive (loss)/income from cash flow hedges	(2,135)	643	(1,492)	5,108	(1,166)	3,942
Other comprehensive (loss)/income	$ (48,555)	$ (3,500)	$ (52,055)	$ 57,168	$ (516)	$ 56,652

(a) See Note 3 for additional details.
(b) See Note 12 for additional details.
(c) See Note 10 for additional details.

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Note 7: Goodwill and Other Intangible Assets

Goodwill

A summary of the changes in goodwill for the three-month six-month period ended March 31, 2024 June 30, 2024 is as follows:

	Consumer Packaging
	Consumer Packaging
	Consumer Packaging
Goodwill at December 31, 2023	
Goodwill at December 31, 2023	
Goodwill at December 31, 2023	
Divestitures	
Divestitures	
Divestitures	
Foreign currency translation	
Foreign currency translation	
Foreign currency translation	
Measurement period adjustments	
Measurement period adjustments	
Measurement period adjustments	
Goodwill at March 31, 2024	
Goodwill at March 31, 2024	
Goodwill at March 31, 2024	
Goodwill at June 30, 2024	
Goodwill at June 30, 2024	

(Dollars and shares in thousands except per share data)

Goodwill at June 30, 2024

Goodwill activity reflected under the caption “Divestitures” relates to the April 2024 divestiture of Protexic. See Note 3 for additional information. Goodwill activity reflected under the caption “Measurement period adjustments” relates to the prior year acquisition of Inapel. See Note 3 for additional information.

The Company assesses goodwill for impairment annually during the third quarter, or from time to time when warranted by the facts and circumstances surrounding individual reporting units or the Company as a whole. The Company completed its most recent annual goodwill impairment testing during the third quarter of 2023 and analyzed certain qualitative and quantitative factors in determining whether a goodwill impairment existed. The Company’s assessments reflected a number of significant management assumptions and estimates including the Company’s forecast of sales growth, gross profit margins, and discount rates. Changes in these assumptions could materially impact the Company’s conclusions. Based on its assessments, the Company concluded that there was no impairment of goodwill for any of its reporting units.

Although no reporting units failed the annual impairment test, in management’s opinion the goodwill balance of the Plastics-Medical reporting unit is at risk of impairment in the near term if the reporting unit’s operations do not perform in line with management’s expectations, or if there is a negative change in the long-term outlook for the business or in other factors such as the discount rate. At March 31, 2024 June 30, 2024, the total goodwill associated with the Plastics-Medical reporting unit was $63,991. $63,900.

During the time subsequent to the annual evaluation, and at March 31, 2024 June 30, 2024, the Company considered whether any events and/or changes in circumstances had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired. It is management’s opinion that no such events and/or changes in circumstances have occurred.

Other Intangible Assets

A summary of other intangible assets as of March 31, 2024 June 30, 2024 and December 31, 2023 is as follows:

	March 31, 2024	**December 31, 2023**
	June 30, 2024	**December 31, 2023**
Other Intangible Assets, gross:		
Patents		
Patents		
Patents		
Customer lists		
Trade names		
Proprietary technology		
Other		
Total Other Intangible Assets, gross		
Accumulated Amortization:		
Accumulated Amortization:		
Accumulated Amortization:		
Patents		
Patents		
Patents		
Customer lists		
Trade names		
Proprietary technology		
Other		
Total Accumulated Amortization		
Other Intangible Assets, net		

During “Total Other Intangibles Assets, gross” and “Total Accumulated Amortization” were both reduced by $54,860 during the first quarter six months of 2024 as a result of the Company recorded measurement period adjustments related to the December 1, 2023 acquisition divestiture of Inapel that reduced the previously reported fair value Protexic in April 2024. These fully amortized intangible assets consisted primarily of customer lists by $1,094. The effect on amortization expense in the prior period was immaterial. lists. See Note 3 for additional information.

Other intangible assets are amortized using the straight-line method over their respective useful lives when management has determined that the straight-line method approximates the pattern of consumption of the respective intangible assets or in relation to the asset’s specific pattern of consumption if management has determined that the straight-line method does not provide a fair approximation of the consumption of benefits. These lives generally range from three to forty years. The Company has no intangible assets with indefinite lives.

(Dollars and shares in thousands except per share data)

Aggregate amortization expense was $22,939 $22,511 and $21,164 $20,539 for the three-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023, respectively, $45,450 and $41,703 for the six-month periods ended June 30, 2024 and July 2, 2023, respectively. Amortization expense on other intangible assets is expected to total approximately $90,200 $90,100 in 2024, $78,900 in 2025, $75,000 $74,900 in 2026, $73,900 $73,800 in 2027 and $72,900 in 2028.

Note 8: Supply Chain Financing

The Company facilitates voluntary supply chain financing programs (the “SCF Programs”) to provide certain of its suppliers with the opportunity to sell receivables due from the Company to the participating financial institutions in the programs. Such sales are conducted at the sole discretion of both the suppliers and the financial institutions on a nonrecourse basis at a rate that leverages the Company’s credit rating and thus might be more beneficial to the supplier. No guarantees are provided by the Company or any of its subsidiaries under the SCF Programs. The Company’s responsibility under the agreements is limited to making payment to the financial institutions for confirmed invoices based on the terms originally negotiated with its suppliers. Both the Company and the financial institutions have the right to terminate the SCF Programs by providing 30 days prior written notice to the other party. The Company does not enter into any agreements with suppliers regarding their participation in the SCF Programs.

The following table sets forth the balance sheet location and values of the Company’s SCF Program obligations at March 31, 2024 June 30, 2024 and December 31, 2023:

Balance Sheet Line Item	Balance Sheet Line Item	**March 31, 2024**	**December 31, 2023**	Balance Sheet Line Item	**June 30, 2024**	**December 31, 2023**
Payable to suppliers(a)						

(a) The payment of these obligations is included in net cash provided by operating activities in the Company’s Condensed Consolidated Statements of Cash Flows.

Note 9: Debt

Details of the Company’s debt at June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	**December 31, 2023**
Commercial paper	$ 28,000	$ —
Syndicated term loan due August 2028	497,347	572,025
1.800% notes due February 2025	399,538	399,149
2.250% notes due February 2027	298,676	298,421
2.850% notes due February 2032	496,044	495,785
3.125% notes due May 2030	596,757	596,480
5.750% notes due November 2040	536,263	536,246
Other foreign denominated debt	72,890	78,800
Finance lease obligations	84,932	88,994
Other debt	16,961	17,100
Total debt	3,027,408	3,083,000
Less current portion and short-term notes	485,479	47,132
Long-term debt	$ 2,541,929	$ 3,035,868

On May 3, 2024, the Company entered into an Amended and Restated Credit Agreement (the “Agreement”) to extend the maturity and make certain other changes to the terms under the Company’s existing five-year credit agreement dated June 21, 2021. The Agreement increases the commitments under the Company’s revolving credit facility by $350,000 to $1,250,000 and extends the maturity date to May 3, 2029. The Company also increased its $500,000 commercial paper program by $750,000 to $1,250,000. The commercial paper program will continue to be supported by the revolving credit facility. Borrowings under the revolving credit facility will bear interest at a fluctuating rate per annum equal to, at the Company’s option, (i) the forward-looking Secured Overnight Financing Rate term rate (“Term SOFR” and such borrowings, “Term SOFR Loans”), (ii) a base rate set forth in the Agreement, or (iii) a combination thereof, plus, in each case, an applicable margin calculated based on the Company’s credit ratings and, in the of case of Term SOFR Loans, a SOFR Adjustment (as defined in the Agreement) of 10 basis points. At June 30, 2024, the applicable margin based on the pricing grid in the Agreement and the Company’s current credit rating, together with the SOFR Adjustment, was 122.5 basis points. At June 30, 2024, the Company had $28,000 in commercial paper balances outstanding; accordingly, the committed capacity available for drawdown under its revolving credit facility at June 30, 2024 was $1,222,000.

(Dollars and shares in thousands except per share data)

On June 22, 2024, in conjunction with the announcement of the acquisition of Eviosys, to secure funding of the acquisition, the Company entered into a 364-day senior unsecured bridge term loan facility (the “Bridge Loan Facility”) with JPMorgan Chase and Morgan Stanley in an amount of $4,000,000 comprised of two tranches, Tranche A of $700,000 and Tranche B of $3,300,000.

On July 12, 2024, subsequent to the end of the quarter, the Company entered into a credit agreement with the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the “Term Credit Agreement”). The Term Credit Agreement provides the Company with the ability to borrow up to $700,000 on an unsecured basis (the “Term Loan Facility”) to finance a portion of the cash consideration for the Company’s pending acquisition of Eviosys. Funding of the Term Loan Facility is expected to take place substantially concurrently with the closing of the acquisition of Eviosys. The aggregate amount of the commitments under the Term Credit Agreement have replaced a corresponding amount of the commitments in respect of the Bridge Loan Facility in accordance with the terms of the Bridge Loan Facility commitment letter. As a result, an aggregate amount of up to $3,300,000 in Bridge Loan Facility commitments remain. No draws have been made under the Term Loan Facility.

In June 2024, the Company paid $19,000 in fees related to the Bridge Loan Facility. These fees were recorded in “Prepaid expenses” on the Company’s Condensed Consolidated Balance Sheets and are being amortized to interest expense over the commitment period ending March 2025. A total of $18,578 of unamortized fees relating to the Bridge Loan Facility remained in prepaid expenses at June 30, 2024.

Certain of the Company’s debt agreements impose restrictions with respect to the maintenance of financial ratios and the disposition of assets. The most restrictive covenants currently require the Company to maintain a minimum level of interest coverage and a minimum level of net worth, as defined in the agreements. As of June 30, 2024, the Company’s interest coverage and net worth were substantially above the minimum levels required under these covenants.

Note 10: Financial Instruments and Derivatives

The following table sets forth the carrying amounts and fair values of the Company’s significant financial instruments for which the carrying amount differs from the fair value.

		March 31, 2024		December 31, 2023					
		June 30, 2024		December 31, 2023					
	Carrying Amount	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, net of current portion									

The carrying value of cash and cash equivalents and short-term debt approximates fair value. The fair value of long-term debt is determined based on recent trade information in the financial markets of the Company’s public debt or is determined by discounting future cash flows using interest rates available to the Company for issues with similar terms and maturities which is considered a Level 2 fair value measurement.

Cash Flow Hedges

At March 31, 2024 June 30, 2024 and December 31, 2023, the Company had derivative financial instruments outstanding to hedge anticipated transactions and certain asset and liability related cash flows. These contracts, which have maturities ranging from April July 2024 to December 2024, qualify as cash flow hedges under U.S. generally accepted accounting principles (“GAAP”). For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings and is presented in the same income statement line item as the earnings effect of the hedged item. Cash flows from derivative financial instruments designated as cash flow hedges are classified as cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows.

Commodity Cash Flow Hedges

Certain derivative contracts entered into to manage the cost of anticipated purchases of natural gas and aluminum have been designated by the Company as cash flow hedges. At March 31, 2024 June 30, 2024, these contracts included natural gas swaps covering approximately approximatel 0.05 million metric y 30 thousand metric million British thermal units (“MMBTUs”). These contracts represented approximatel approximately 0.9% of anticipated uy 0.9% of anticipated usage sage in North America for the remainder of 2024. The Company also has certain natural gas hedges that it does not treat as cash flow hedges. See “Non-Designated Derivatives” below for a discussion of these hedges. At March 31, June 30, 2024, the Company had also designated swap contracts covering 355 222 metric tons of aluminum as cash flow hedges. The fair value of the Company’s commodity cash flow hedges netted to loss positions of $(66) $(4) and $(41) at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The amount of the loss included in accumulated other comprehensive loss at March 31, 2024 June 30, 2024 expected to be reclassified to the income statement during the next twelve months is $(66) $(4).

Foreign Currency Cash Flow Hedges

The Company has entered into forward contracts to hedge certain anticipated foreign currency denominated sales and purchases expected to occur in 2024 and 2025. The net positions of these contracts at March 31, 2024 June 30, 2024 were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	16,966,782 11,331,141
Mexican peso	purchase	429,499 259,397
Polish zloty	purchase	98,802 63,143
Danish krone	purchase	34,765 22,484
Swedish krona	sell	(4,855) (3,641)
Czech koruna	purchase	86,121 54,927
Canadian dollar	purchase	25,729 16,691
Euro	purchase	1,744 1,172
Turkish lira	purchase	43,173 27,744
Brazilian real	purchase	41,819 26,371
British pound	sell	(800) (834)

The fair value of foreign currency cash flow hedges related to forecasted sales and purchases netted to a loss position of $(859) and a gain positions position of $1,697 and $1,502 at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Gains Losses of $1,697 $(859) are expected to be reclassified from accumulated other comprehensive income to the income statement during the next twelve months.

Net Investment Hedge

During the fourth quarter of In 2023, the Company became a party to cross-currency swap agreements with a total notional amount of $500,000 to effectively convert a portion of the Company's fixed-rate U.S. dollar denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The swap agreements, which have had a maturity of December 18, 2026, provide provided for the Company to receive semi-annual interest payments in U.S. dollars at a fixed rate and to make semi-annual interest payments in euros at a fixed rate. The risk management objective of entering into the swap agreements is was to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in euros. The agreements were designated as net investment hedges for accounting purposes. On April 15, 2024, as a result of the strengthening of the U.S. dollar against the euro, as well as a reduction in the differential between U.S. and European interest rates, the Company terminated its swap agreements and received a net cash settlement of $9,068. The foreign currency translation gain of approximately $3,143, net of tax, is included as a component of "Accumulated other comprehensive loss."

Following the unwind of the swaps, the Company entered into new cross-currency swap agreements with a total notional amount of $500,000 to effectively convert a portion of the Company's fixed-rate U.S. dollar-denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The new swap agreements, which have a maturity of May 1, 2027, share the same risk management objective as the terminated cross-currency swap agreements and are also designated as net investment hedges for accounting purposes.

The gain or loss on the net investment hedge derivative instrument instruments is included in the "Foreign currency translation" component of "Accumulated other comprehensive loss" until the net investment is sold, diluted, or liquidated. Interest payments received for the cross-currency swaps are excluded from the net investment hedge effectiveness assessment and are recorded in "Interest expense" in the Company's Condensed Consolidated Statements of Income. The assumptions used in measuring fair value of the cross-currency swaps are considered level 2 inputs, which are based upon the Euro-to-U.S. dollar exchange rate market.

The fair value of the Company's net investment hedges was a gain position were loss positions of $4,850 $301 and a loss position of $5,073 at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. A translation gain Translation losses of $3,613 $224 (net of income taxes of $1,237) $77) and a translation loss of $3,779 (net of income taxes of $1,294) were reported as components of "Accumulated other comprehensive loss" within "Foreign currency items" at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

As a result of continued strengthening of the U.S. dollar against the euro, as well as a reduction in the differential between U.S. and European interest rates, the fair value of the Company's net investment hedge continued to appreciate into the month of April 2024. On April 15, 2024, subsequent to the end of the first quarter of 2024, the Company terminated the swap agreements and received a cash settlement of $11,634. The foreign currency translation gain of approximately $3,143, net of tax, will be included as a component of "Accumulated other comprehensive loss" in the second quarter of 2024. Following the unwind of the swaps, the Company entered into new cross-currency swap agreements with a total notional amount of $500,000 to effectively convert a portion of the Company's fixed-rate U.S. dollar-denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The new swap agreements have a maturity of May 1, 2027.

Non-Designated Derivatives

The Company routinely enters into other derivative contracts which are not designated for hedge accounting treatment under ASC 815. As such, changes in fair value of these non-designated derivatives are recorded directly to income and expense in the periods that they occur. Cash flows from derivative financial instruments not designated as hedges are classified as cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows.

Foreign Currency Hedges

The Company routinely enters into forward contracts or swaps to economically hedge the currency exposure of intercompany debt and foreign currency denominated receivables and payables. The net currency positions of these non-designated contracts at March 31, 2024 June 30, 2024, were as follows (in thousands):

Currency	Action	Quantity
Indonesian rupiah	purchase	19,814,218 21,474,722
Colombian peso	purchase	67,308,931 67,923,187
Mexican peso	purchase	412,841 394,583
Turkish lira	purchase	16,609
Canadian dollar	purchase	7,981 8,266

Commodity Hedges

The Company has entered into non-designated derivative contracts to manage the cost of anticipated purchases of natural gas. At March 31, 2024 June 30, 2024, these contracts consisted of natural gas swaps covering approximately 6.6 million 6.3 million MMBTUs and represented approximately 87% and 33% 48% of anticipated usage for the remainder of 2024 and 2025, respectively.

The fair value of the Company's non-designated derivatives position was a loss loss of $(6,690) $(3,329) and $(6,790) at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The following table sets forth the location and fair values of the Company's derivative instruments at March 31, 2024 June 30, 2024 and December 31, 2023:

Description	Description	Balance Sheet Location	March 31, 2024	December 31, 2023	Description	Balance Sheet Location	June 30, 2024	December 31, 2023
Derivatives designated as hedging instruments:								
Commodity Contracts								
Commodity Contracts								
Commodity Contracts								
Commodity Contracts								
Commodity Contracts								
Commodity Contracts								
Foreign Exchange Contracts								
Foreign Exchange Contracts								
Foreign Exchange Contracts								
Foreign Exchange Contracts								
Foreign Exchange Contracts								
Foreign Exchange Contracts								
Net Investment Hedge								
Net Investment Hedge								
Net Investment Hedge								
Net Investment Hedge								
Net Investment Hedge								

Net Investment Hedge
Derivatives not designated as hedging instruments:
Commodity Contracts
Commodity Contracts
Commodity Contracts
Commodity Contracts
Commodity Contracts
Commodity Contracts
Foreign Exchange Contracts
Foreign Exchange Contracts
Foreign Exchange Contracts
Foreign Exchange Contracts

While certain of the Company’s derivative contract arrangements with its counterparties provide for the ability to settle contracts on a net basis, the Company reports its derivative positions on a gross basis. There are no collateral arrangements or requirements in these agreements.

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The following tables set forth the effect of the Company’s derivative instruments on financial performance for the three-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023, excluding the amount of foreign currency cash flow hedges that were reclassified from accumulated other comprehensive loss to the carrying value of the capitalized expenditures:

Description	
Description	
Description	
Derivatives in Cash Flow Hedging Relationships:	
Derivatives in Cash Flow Hedging Relationships:	
Derivatives in Cash Flow Hedging Relationships:	
Three-month period ended March 31, 2024	
Three-month period ended March 31, 2024	
Three-month period ended March 31, 2024	
Three-month period ended June 30, 2024	
Three-month period ended June 30, 2024	
Three-month period ended June 30, 2024	
Foreign Exchange Contracts	
Foreign Exchange Contracts	
Foreign Exchange Contracts	
	Cost of sales
	Cost of sales
	Cost of sales
Commodity Contracts	
Commodity Contracts	
Commodity Contracts	
Three-month period ended April 2, 2023	

Three-month period ended July 2, 2023

Three-month period ended April 2, 2023

Three-month period ended July 2, 2023

Three-month period ended April 2, 2023

Three-month period ended July 2, 2023

Foreign Exchange Contracts

Foreign Exchange Contracts

Foreign Exchange Contracts

Cost of sales

Cost of sales

Cost of sales

Commodity Contracts

Commodity Contracts

Commodity Contracts

Description		Gain or (Loss) Recognized	Location of Gain or (Loss) Recognized in Income Statement
Derivatives not Designated as Hedging Instruments:			
Three-month period ended March 31, 2024 June 30, 2024			
Commodity Contracts	$	(2,558) 470	Cost of sales
Foreign Exchange Contracts		$ 305 (2,771)	Selling, general and administrative
Three-month period ended April 2, 2023 July 2, 2023			
Commodity Contracts	$	(9,708) (1,809)	Cost of sales
Foreign Exchange Contracts		$2,137 1,935	Selling, general and administrative

	Three-month period ended March 31, 2024		Three-month period ended April 2, 2023	
	Three-month period ended June 30, 2024		Three-month period ended July 2, 2023	
Description	Revenue	Cost of sales	Revenue	Cost of sales
Description	Revenue	Cost of sales	Revenue	Cost of sales
Total amount of income and expense line items presented in the Condensed Consolidated Statements of Income				
Gain or (loss) on cash flow hedging relationships:				
Gain or (loss) on cash flow hedging relationships:				
Gain or (loss) on cash flow hedging relationships:				
Foreign exchange contracts:				
Foreign exchange contracts:				
Foreign exchange contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive loss into net income				
Amount of gain or (loss) reclassified from accumulated other comprehensive loss into net income				
Amount of gain or (loss) reclassified from accumulated other comprehensive loss into net income				
Commodity contracts:				
Commodity contracts:				
Commodity contracts:				
Commodity contracts:				
Commodity contracts:				
Commodity contracts:				

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Amount of gain reclassified from accumulated other comprehensive loss into net income
Amount of gain reclassified from accumulated other comprehensive loss into net income
Amount of gain reclassified from accumulated other comprehensive loss into net income

The following tables set forth the effect of the Company's derivative instruments on financial performance for the six-month periods ended June 30, 2024 and July 2, 2023, excluding the amount of foreign currency cash flow hedges that were reclassified from accumulated other comprehensive loss to the carrying value of the capitalized expenditures:

Description		Amount of Gain or (Loss) Recognized in OCI on Derivatives	Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income		Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income
Derivatives in Cash Flow Hedging Relationships:					
Six-month period ended June 30, 2024					
Foreign Exchange Contracts	$	(1,645)	Net sales	$	666
			Cost of sales		(139)
Commodity Contracts		37	Cost of sales		—
Six-month period ended July 2, 2023					
Foreign Exchange Contracts	$	7,026	Net sales	$	3,577
			Cost of sales		(1,372)
Commodity Contracts		(146)	Cost of sales		(32)

Description		Gain or (Loss) Recognized	Location of Gain or (Loss) Recognized in Income Statement
Derivatives not Designated as Hedging Instruments:			
Six-month period ended June 30, 2024			
Commodity Contracts	$	(2,088)	Cost of sales
Foreign Exchange Contracts		(2,466)	Selling, general and administrative
Six-month period ended July 2, 2023			
Commodity Contracts	$	(11,517)	Cost of sales
Foreign Exchange Contracts		4,072	Selling, general and administrative

	Six-month period ended June 30, 2024				Six-month period ended July 2, 2023			
Description		**Revenue**		**Cost of sales**		**Revenue**		**Cost of sales**
Total amount of income and expense line items presented in the Condensed Consolidated Statements of Income	$	666	$	(139)	$	3,577	$	(1,404)
Gain or (loss) on cash flow hedging relationships:								
Foreign exchange contracts:								
Amount of gain/(loss) reclassified from accumulated other comprehensive income into net income	$	666	$	(139)	$	3,577	$	(1,372)
Commodity contracts:								
Amount of gain reclassified from accumulated other comprehensive income into net income	$	—	$	—	$	—	$	(32)

(Dollars and shares in thousands except per share data)

Note 10: 11: Fair Value Measurements

Fair value is defined as an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1 – Observable inputs such as quoted market prices in active markets;

Level 2 – Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets that are calculated at Net Asset Value per share (“NAV”) are not required to be categorized within the fair value hierarchy.

The following table sets forth information regarding the Company’s financial assets and financial liabilities, excluding retirement and postretirement plan assets, measured at fair value on a recurring basis:

Description	**Description**	**March 31, 2024**	**Assets measured at NAV**	**Level 1**	**Level 2**	**Level 3**	**Description**	**June 30, 2024**	**Assets measured at NAV**	**Level 1**
Hedge derivatives, net:										
Hedge derivatives, net:										
Hedge derivatives, net:										
Commodity contracts										
Commodity contracts										
Commodity contracts										
Foreign exchange contracts										
Net investment hedge										
Non-hedge derivatives, net:										
Commodity contracts										
Commodity contracts										
Commodity contracts										
Foreign exchange contracts										

Description

Description

Description	**December 31, 2023**	**Assets measured at NAV**	**Level 1**	**Level 2**	**Level 3**	**December 31, 2023**	**Assets measured at NAV**	**Level 1**
Hedge derivatives, net:								
Commodity contracts								
Commodity contracts								
Commodity contracts								
Foreign exchange contracts								

Net investment hedge

Non-hedge derivatives, net:

Commodity contracts

Commodity contracts

Commodity contracts

Foreign exchange contracts

As discussed in Note 9, 10, the Company uses derivatives to mitigate the effect of commodity fluctuations, foreign currency fluctuations and, from time to time, interest rate movements. Fair value measurements for the Company's derivatives are classified under Level 2 because such measurements are estimated based on observable inputs such as interest rates, yield curves, spot and future commodity prices and spot and future exchange rates.

None of the Company's financial assets or liabilities are measured at fair value using significant unobservable inputs. There were no transfers in or out of Level 1 or Level 2 fair value measurements during the three-month period three- and six-month periods ended March 31, 2024 June 30, 2024.

The Company has an investment in the preferred stock of a nonaffiliated private company. This investment is accounted for under the measurement alternative of cost less impairment, adjusted for any qualifying observable price changes on a non-recurring basis. Observable price changes would consist of Level 2 inputs based on privately negotiated transactions with the nonaffiliated company. The total investment in preferred stock of $21,212 is included in "Other assets" in the Company's Condensed Consolidated Balance Sheet as of June 30, 2024.

The Company measures certain non-financial assets and non-financial liabilities at fair value on a non-recurring basis. See Note 3 for a discussion of assets acquired and liabilities assumed in acquisitions and Note 5 for a discussion of asset impairments associated with restructuring activities. The fair value of assets determined based on third-party appraisals and classified as Level 3 measurements due to the use of significant unobservable inputs was not material at March 31, 2024 June 30, 2024 or December 31, 2023.

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Note 11: 12: Employee Benefit Plans

Retirement Plans and Retiree Health and Life Insurance Plans

The Company provides non-contributory defined benefit pension plans for certain of its employees in the United States, Mexico, Belgium, Germany, Greece, France, and Turkey. The Company also sponsors contributory defined benefit pension plans covering certain of its employees in the United Kingdom, Canada and the Netherlands, and provides postretirement healthcare and life insurance benefits to a limited number of its retirees and their dependents in the United States and Canada, based on certain age and/or service eligibility requirements.

The components of net periodic benefit cost/(income) include the following:

	Three Months Ended		Three Months Ended		Six Months Ended
	Three Months Ended				
	Three Months Ended				
			March 31, 2024	April 2, 2023	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023	
Retirement Plans					

Service cost

Service cost

Service cost

Interest cost

Expected return on plan assets

Amortization of prior service cost

Amortization of net actuarial loss

Effect of settlement loss

Effect of settlement loss

Effect of settlement loss

Net periodic benefit cost

Retiree Health and Life Insurance Plans

Retiree Health and Life Insurance Plans

Retiree Health and Life Insurance Plans

Service cost

Service cost

Service cost

Interest cost

Expected return on plan assets

Amortization of prior service cost

Amortization of net actuarial gain

Net periodic benefit cost/(income)

Net periodic benefit (income)/cost

Settlement Charges

The Company recognized settlement charges of $686 $511 and $749 during the three-month period six-month periods ended April 2, 2023. June 30, 2024 and July 2, 2023, respectively. These charges resulted from payments made to certain participants in the Company's non-union Canadian pension plan who elected a lump sum distribution option upon retirement. No settlement charges were recognized during the three-month period ended March 31, 2024.

Contributions

The Company made aggregate contributions of $3,989 $9,125 and $4,931 $7,456 to its defined benefit retirement and retiree health and life insurance plans during the three-month six-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023, respectively. The Company expects to make additional aggregate contributions of approximately $16,300 $11,605 to its defined benefit retirement and retiree health and life insurance plans over the remainder of 2024.

Note 12: 13: Income Taxes

The Company's effective tax rates for the three-month three- and six-month periods ended March 31, 2024 June 30, 2024 were 23.5% and April 2, 2023 22.6%, respectively, and its rates for the three- and six-month periods ended July 2, 2023 were 21.3% 26.8% and 24.3% 25.4%, respectively. The Company's effective tax rates varied from the U.S. statutory rate due primarily to rate differences between U.S. and non-U.S. jurisdictions and the relative amounts earned in those jurisdictions, state income taxes, and discrete tax adjustments.

The Company and/or its subsidiaries file federal, state and local income tax returns in the United States and various foreign jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years prior to 2017.

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(unaudited)

(Dollars and shares in thousands except per share data)

The Company's reserve for uncertain tax benefits increased by $137 $938 from December 31, 2023 to March 31, 2024 June 30, 2024 due primarily to an increase in reserves related to existing tax positions. The Company believes that it is reasonably possible that the amount reserved for unrecognized tax benefits at March 31, 2024 June 30, 2024 could decrease by approximately $9,432 $9,392 over the next twelve months. Although the Company's estimate for the potential outcome for any uncertain tax issue is highly judgmental, management believes that any reasonably foreseeable outcomes related to these matters have been adequately provided for. However, future results may include favorable or unfavorable adjustments to estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire. Additionally, the jurisdictions in which earnings or deductions are realized may differ from current estimates. As a result, the Company's effective tax rate may fluctuate significantly on a quarterly basis. The Company has operations and pays taxes in many countries outside of the U.S. and taxes on those earnings are subject to varying rates. The Company is not dependent upon the favorable benefit of any one jurisdiction to an extent that the loss of such benefit would have a material effect on the Company's overall effective tax rate.

Note 13: 14: Leases

The Company routinely enters into leasing arrangements for real estate (including manufacturing facilities, office space, and warehouses), transportation equipment (automobiles, forklifts, and trailers), and office equipment (copiers and postage machines). The assessment of the certainty associated with the exercise of various lease renewal, termination, and purchase options included in the Company's lease contracts is performed after contemplating all the relevant facts and circumstances in accordance with guidance under ASC 842 - "Leases." Most of the Company's real estate leases, in particular, include one or more options to renew, with renewal terms that typically extend the lease term in increments from one to five 5 years. The Company's leases do not have any significant residual value guarantees or restrictive covenants.

As the implicit rate in the Company's leases is normally not readily determinable, the Company generally calculates its lease liabilities using discount rates based upon the Company's incremental secured borrowing rate, which contemplates and reflects a particular geographical region's interest rate for the leases active within that region of the Company's global operations. The Company further utilizes a portfolio approach by assigning a "short" rate to contracts with lease terms of 10 years or less and a "long" rate for contracts greater than 10 years.

The Company completed the acquisitions of the remaining interest in RTS Packaging and the Chattanooga Mill on September 8, 2023. The acquisitions included operating lease liabilities of $34,604. For additional information about these acquisitions, see Note 3.

The Company completed the sale of Protexic on April 1, 2024. The divestiture included operating lease assets of $21,989 and operating lease liabilities of $22,396. For more information about this divestiture, see Note 3.

The following table sets forth the balance sheet location and aggregate values of the Company's lease assets and lease liabilities at March 31, 2024 June 30, 2024 and December 31, 2023:

Classification	Balance Sheet Location	March 31, 2024	December 31, 2023
Lease Assets			
Operating lease assets	Right of Use Asset - Operating Leases	$ 332,587	$ 314,944
Finance lease assets	Other Assets	92,684	94,026
Total lease assets		$ 425,271	$ 408,970
Lease Liabilities			
Current operating lease liabilities	Accrued expenses and other	$ 55,269	$ 54,803
Current finance lease liabilities	Notes payable and current portion of debt	23,259	18,791
Total current lease liabilities		$ 78,528	$ 73,594
Noncurrent operating lease liabilities	Noncurrent Operating Lease Liabilities	$ 282,877	$ 265,454
Noncurrent finance lease liabilities	Long-term Debt, Net of Current Portion	63,955	70,203
Total noncurrent lease liabilities		$ 346,832	$ 335,657
Total lease liabilities		$ 425,360	$ 409,251

Classification	Balance Sheet Location	June 30, 2024	December 31, 2023
Lease Assets			
Operating lease assets	Right of Use Asset - Operating Leases	$ 313,650	$ 314,944
Finance lease assets	Other Assets	91,148	94,026
Total lease assets		$ 404,798	$ 408,970
Lease Liabilities			
Current operating lease liabilities	Accrued expenses and other	$ 51,451	$ 54,803

Current finance lease liabilities	Notes payable and current portion of debt	24,287	18,791
Total current lease liabilities		$ 75,738	$ 73,594
Noncurrent operating lease liabilities	Noncurrent Operating Lease Liabilities	$ 267,493	$ 265,454
Noncurrent finance lease liabilities	Long-term Debt, Net of Current Portion	60,645	70,203
Total noncurrent lease liabilities		$ 328,138	$ 335,657
Total lease liabilities		$ 403,876	$ 409,251

Certain of the Company's leases include variable costs. Variable costs include lease payments that were volume or usage-driven in accordance with the use of the underlying asset, and also non-lease components that were incurred based upon actual terms rather than contractually fixed amounts. In addition, variable costs are incurred for lease payments that are indexed to a change in rate or index. Because the right of use assets recorded on the balance sheet were determined based upon factors considered at the commencement date of the leases, subsequent changes in the rate or index that were not contemplated in the right of use asset balances recorded on the balance sheet result in variable expenses being incurred when paid during the lease term.

The following table sets forth the components of the Company's total lease cost for the three-month three- and six-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023:

		Three Months Ended	
Lease Cost		**March 31, 2024**	**April 2, 2023**
Operating lease cost	(a)	$ 16,192	$ 13,411
Finance lease cost:			
Amortization of lease asset	(a)	3,440	3,270
Interest on lease liabilities	(b)	1,056	1,194
Variable lease cost	(a) (c)	10,100	9,378
Total lease cost		$ 30,788	$ 27,253

		Three Months Ended		Six Months Ended	
Lease Cost		**June 30, 2024**	**July 2, 2023**	**June 30, 2024**	**July 2, 2023**
Operating lease cost	(a)	$ 13,397	$ 13,891	$ 29,589	$ 27,302
Finance lease cost:					
Amortization of lease asset	(a)	3,478	3,448	6,918	6,719
Interest on lease liabilities	(b)	1,021	1,179	2,078	2,373
Variable lease cost	(a) (c)	12,928	11,296	23,028	20,673
Total lease cost		$ 30,824	$ 29,814	$ 61,613	$ 57,067

(a) Production-related and administrative amounts are included in cost of sales and selling, general and administrative expenses, respectively.

(b) Included in interest expense.

(c) Also includes short term lease costs, which are deemed immaterial.

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The following table sets forth certain lease-related information for the three-month six-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023:

	Three Months Ended	
	March 31, 2024	**April 2, 2023**
	Six Months Ended	
	June 30, 2024	**July 2, 2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used by operating leases		
Operating cash flows used by operating leases		
Operating cash flows used by operating leases		
Operating cash flows used by finance leases		
Financing cash flows used by finance leases		
Noncash investing and financing activities:		

Leased assets obtained in exchange for new operating lease liabilities
Leased assets obtained in exchange for new operating lease liabilities
Leased assets obtained in exchange for new operating lease liabilities
Leased assets obtained in exchange for new finance lease liabilities
Modification to leased assets for increase in operating lease liabilities
Termination reclasses to decrease operating lease assets
Termination reclasses to decrease operating lease assets
Modification to leased assets for increase in finance lease liabilities
Termination reclasses to decrease operating lease assets
Termination reclasses to decrease operating lease liabilities
Termination reclasses to decrease finance lease assets
Termination reclasses to decrease finance lease liabilities

Note 14: 15: Revenue Recognition

The Company records revenue when control is transferred to the customer, which is either upon shipment or over time in cases where the Company is entitled to payment with margin for products produced that are customer specific without alternative use. The Company recognizes over time revenue under the input method as goods are produced. Revenue that is recognized at a point in time is recognized when the customer obtains control of the goods. Customers obtain control either when goods are delivered to the customer facility, if the Company is responsible for arranging transportation, or when picked up by the customer's designated carrier. The Company commonly enters into Master

Supply Arrangements with customers to provide goods and/or services over specific time periods. Customers submit purchase orders with quantities and prices to create a contract for accounting purposes. Shipping and handling expenses are included in "Cost of sales," and freight charged to customers is included in "Net sales" in the Company's Condensed Consolidated Statements of Income.

The Company has rebate agreements with certain customers. These rebates are recorded as reductions of revenue and are accrued using sales data and rebate percentages specific to each customer agreement. Accrued customer rebates are included in "Accrued expenses and other" in the Company's Condensed Consolidated Balance Sheets.

Payment terms under the Company's sales arrangements are short term, generally no longer than 120 days. The Company does provide prompt payment discounts to certain customers if invoices are paid within a predetermined period. Prompt payment discounts are treated as a reduction of estimated revenue and are determinable within a short time period following the sale.

The following table sets forth the effects of contract assets and liabilities from contracts with customers. Contract assets and liabilities are reported in "Other receivables" and "Accrued expenses and other," respectively, in the Company's Condensed Consolidated Balance Sheets.

	March 31, 2024	December 31, 2023
	June 30, 2024	**December 31, 2023**
Contract Assets		
Contract Assets		
Contract Assets		
Contract Liabilities		

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Significant changes in the contract assets and liabilities balances during the three-month six-month period ended March 31, 2024 June 30, 2024 and the year ended December 31, 2023 were as follows:

	March 31, 2024
	March 31, 2024
	March 31, 2024
	June 30, 2024
	June 30, 2024
	June 30, 2024

(Dollars and shares in thousands except per share data)

	Contract Asset Contract Asset Contract Asset
Beginning Balance Beginning Balance Beginning Balance	
Acquired as part of a business combination Acquired as part of a business combination Acquired as part of a business combination	
Acquired/sold as part of a business combination/divestiture Acquired/sold as part of a business combination/divestiture Acquired/sold as part of a business combination/divestiture	
Revenue deferred or rebates accrued Revenue deferred or rebates accrued Revenue deferred or rebates accrued	
Recognized as revenue Recognized as revenue Recognized as revenue	
Rebates paid to customers Rebates paid to customers Rebates paid to customers	
Increases due to rights to consideration for customer specific goods produced, but not billed during the period Increases due to rights to consideration for customer specific goods produced, but not billed during the period Increases due to rights to consideration for customer specific goods produced, but not billed during the period	
Transferred to receivables from contract assets recognized at the beginning of the period and acquired as part of business combinations Transferred to receivables from contract assets recognized at the beginning of the period and acquired as part of business combinations Transferred to receivables from contract assets recognized at the beginning of the period and acquired as part of business combinations	
Ending Balance Ending Balance Ending Balance	

Contract assets represent goods produced without alternative use for which the Company is entitled to payment with margin prior to shipment. Upon shipment, the Company is entitled to bill the customer, and therefore amounts included in contract assets will be reduced with the recording of an account receivable as they represent an unconditional right to payment. Contract liabilities represent revenue deferred due to pricing mechanisms utilized by the Company in certain multi-year arrangements, volume rebates, and receipts of advance payments. For multi-year arrangements with pricing mechanisms, the Company will generally defer revenue during the first half of the arrangement and will release the deferral over the second half of the contract term. Contract assets and liabilities are generally short in duration given the nature of products produced by the Company.

The following tables set forth information about revenue disaggregated by primary geographic regions for the three-month periods ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023. The tables also include a reconciliation of disaggregated revenue with reportable segments. The Company's reportable segments are aligned by product nature as disclosed in Note 15 16.

Three-month period ended March 31, 2024	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States	$ 677,915	$ 354,366	$ 109,568	$ 1,141,849
Europe	112,787	97,700	14,390	224,877

Canada	30,452	24,770	—	55,222
Asia	25,905	56,950	354	83,209
Other	63,518	59,274	9,594	132,386
Total	$ 910,577	$ 593,060	$ 133,906	$ 1,637,543

Three-month period ended April 2, 2023	Consumer Packaging	Industrial Paper Packaging	All Other	Total

Three-month period ended June 30, 2024	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States				
United States				
United States				
Europe				
Canada				
Asia				
Other				
Total				

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Three-month period ended July 2, 2023	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States	$ 749,077	$ 339,933	$ 120,984	$ 1,209,994
Europe	119,831	101,162	18,008	239,001
Canada	31,789	24,211	—	56,000
Asia	24,466	55,788	364	80,618
Other	46,157	64,049	9,471	119,677
Total	$ 971,320	$ 585,143	$ 148,827	$ 1,705,290

The following tables set forth information about revenue disaggregated by primary geographic regions for the six-month periods ended June 30, 2024 and July 2, 2023. The tables also include a reconciliation of disaggregated revenue with reportable segments.

Six-month period ended June 30, 2024	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States	$ 1,375,525	$ 717,581	$ 189,300	$ 2,282,406
Europe	222,491	194,128	29,018	445,637
Canada	66,197	50,186	—	116,383
Asia	50,394	110,886	712	161,992
Other	123,699	121,049	9,856	254,604
Total	$ 1,838,306	$ 1,193,830	$ 228,886	$ 3,261,022

Six-month period ended July 2, 2023	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States	$ 1,486,868	$ 700,713	$ 248,111	$ 2,435,692
Europe	238,672	208,970	36,060	483,702
Canada	60,591	51,163	—	111,754
Asia	48,602	114,619	694	163,915
Other	94,595	125,533	19,882	240,010

Total	$ 1,929,328	$ 1,200,998	$ 304,747	$ 3,435,073

Note 15: 16: Segment Reporting

The Company's operating and reporting structure consists of two reportable segments, Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other. Effective January 1, 2024, the Company integrated its flexible packaging and thermoformed packaging businesses within the Consumer Packaging segment in order to streamline operations, enhance customer service and better position the business for accelerated growth. As a result, the Company changed its operating and reporting structure to reflect the way it now manages its operations, evaluates performance, and allocates resources. Accordingly, the Company's consumer thermoformed businesses have moved from the All Other group of businesses to the Consumer Packaging segment. Prior year segment results presented below have been recast to conform with the current presentation. In addition, effective January 1, 2024, the Company began conducting its recycling operations, part of the Industrial Paper Packaging segment, as a procurement function. As a result, no recycling net sales are recorded and the margin from the operations reduces "Cost of sales."

The products produced and sold within the Consumer Packaging segment consist primarily of round and shaped rigid paper, steel and plastic containers; metal and peelable membrane ends, closures, and components; thermoformed plastic trays and applications; and high-barrier flexible packaging.

The primary products produced and sold within the Industrial Paper Packaging segment include paperboard tubes, cones, and cores; paper-based protective packaging; and uncoated recycled paperboard.

The primary products produced with the All Other group of businesses consist of a variety of packaging materials, including plastic, paper, foam, and various other specialty materials.

The following tables set forth net sales, intersegment sales, segment operating profit, and the reconciliation of segment operating profit to "Income before income taxes." Segment operating profit is the measure of segment profit or loss reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance in accordance with ASC 280 - "Segment Reporting," as prescribed by the FASB.

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SEGMENT FINANCIAL INFORMATION

SEGMENT FINANCIAL INFORMATION

SEGMENT FINANCIAL INFORMATION

	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
		March 31, 2024	April 2, 2023	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Net sales:				
Consumer Packaging				
Consumer Packaging				
Consumer Packaging				
Industrial Paper Packaging				
Total reportable segments				
All Other				
Net Sales				
Intersegment sales(1):				
Intersegment sales(1):				
Intersegment sales(1):				
Consumer Packaging				
Consumer Packaging				
Consumer Packaging				
Industrial Paper Packaging				

Total reportable segments
All Other
Intersegment Sales
Segment operating profit(2):
Segment operating profit(2):
Segment operating profit(2):
Consumer Packaging
Consumer Packaging
Consumer Packaging
Industrial Paper Packaging
Segment operating profit

(1) Intersegment sales are recorded at a market-related transfer price.

(2) Segment operating profit viewed by the Company's management to evaluate segment performance does not include the following: restructuring/asset impairment charges; amortization of acquisition intangibles; acquisition, integration and divestiture-related costs; changes in last-in, first-out inventory reserves; gains/losses from the sale of businesses or other assets; derivative gains/(losses); losses; or certain other items, if any, the exclusion of which the Company Company's management believes improves the comparability and analysis of the ongoing operating performance of the business. All other general corporate expenses have been allocated as operating costs to each of the Company's reportable segments and the All Other group of businesses.

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RECONCILIATION OF SEGMENT OPERATING PROFIT TO INCOME BEFORE INCOME TAXES

RECONCILIATION OF SEGMENT OPERATING PROFIT TO INCOME BEFORE INCOME TAXES

RECONCILIATION OF SEGMENT OPERATING PROFIT TO INCOME BEFORE INCOME TAXES

	Three Months Ended		**Three Months Ended**		**Three Months Ended**		**Six Months Ended**
			March 31, 2024		**April 2, 2023**		
	June 30, 2024	**July 2, 2023**		**June 30, 2024**		**July 2, 2023**	
Segment operating profit							
All Other operating profit							
Corporate							
Restructuring/Asset impairment charges							
Restructuring/Asset impairment charges							
Restructuring/Asset impairment charges							
Amortization of acquisition intangibles							
Gains from divestiture of business and other assets							
Acquisition, integration and divestiture-related costs							
Changes in LIFO inventory reserves							
Derivative gains/(losses)							
Other operating (charges)/income, net(3)							
Other operating income/(charges), net(3)							
Operating profit							
Non-operating pension costs							
Non-operating pension costs							
Other income, net							
Non-operating pension costs							

Interest expense	
Interest income	
Income before income taxes	

(3) Primarily consists of insurance gains offset by consulting fees in 2024 and losses related to highly inflationary accounting in Turkey and consulting fees. fees, partially offset by insurance gains, in 2023.

Note 16: 17: Commitments and Contingencies

Pursuant to U.S. GAAP, accruals for estimated losses are recorded at the time information becomes available indicating that losses are probable and that the amounts are reasonably estimable. As is the case with other companies in similar industries, the Company faces exposure from actual or potential claims and legal proceedings from a variety of sources. Some of these exposures, as discussed below, have the potential to be material.

Environmental Matters

The Company is subject to a variety of environmental and pollution control laws and regulations in all jurisdictions in which it operates.

Spartanburg

In connection with its acquisition of Tegrant in November 2011, the Company identified potential environmental contamination at a site in Spartanburg, South Carolina. Since the acquisition, the Company has spent a total of $2,175 $2,205 on remediation of the Spartanburg site. At March 31, 2024 June 30, 2024 and December 31, 2023, the Company's accrual for environmental contingencies related to the Spartanburg site totaled $5,225 $5,195 and $5,259, respectively.

The Company cannot currently estimate its potential liability, damages or range of potential loss, if any, beyond the amounts accrued with respect to this exposure. However, the Company does not believe that the resolution of this matter has a reasonable possibility of having a material adverse effect on the Company's financial statements.

Other environmental matters

The Company has been named as a potentially responsible party at several other environmentally contaminated sites. All of the sites are also the responsibility of other parties. The potential remediation liabilities are shared with such other parties, and, in most cases, the Company's share, if any, cannot be reasonably estimated at the current time. However, the Company does not believe that the resolution of these matters has a reasonable possibility of having a material adverse effect on the Company's financial statements. At March 31, 2024 June 30, 2024 and December 31, 2023, the Company's accrual for these other sites totaled $2,001 $1,785 and $1,992, respectively.

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Summary

As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company and its subsidiaries had accrued $7,226 $6,980 and $7,251, respectively, related to environmental contingencies. These accruals are included in "Accrued expenses and other" in the Company's Condensed Consolidated Balance Sheets.

Other Legal Matters

In addition to those matters described above, the Company is subject to other various legal proceedings, claims, and litigation arising in the ordinary course of business. While the outcome of these matters could differ from management's expectations, the Company does not believe the resolution of these matters has a reasonable possibility of having a material adverse effect on the Company's financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FORWARD LOOKING STATEMENTS

Statements included in this Quarterly Report on Form 10-Q that are not historical in nature, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, Sonoco Products Company (the "Company" or "Sonoco") and its representatives may from time to time make other oral or written statements that are also "forward-looking statements." Words such as "anticipate," "assume," "believe," "can," "consider," "continue," "could," "develop," "estimate," "expect," "forecast," "future," "goal," "guidance," "intend," "is designed to," "likely," "maintain," "may," "might," "objective," "ongoing," "opportunity," "outlook," "plan," "possible," "potential," "predict," "seek," "strategy," "will," *"would," or the negative thereof, and similar expressions identify forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding:*

- *availability and supply of raw materials and energy, and offsetting high raw material and energy costs;*
- *the effects of economic downturns, inflation, volatility and other macroeconomic factors on the Company and its industry, including effects on consumers and customers;*
- *the resiliency of the Company's operating model;*
- *reduced supply chain disruptions;*
- *consumer and customer actions in connection with political, social, and economic instability, war and other geopolitical tensions;*
- *improved productivity and cost containment, including cost savings from the Company's investments;*
- *leveraging strong cash flow and financial position;*
- *costs, timing and effects of restructuring and portfolio simplification activities;*
- *the Company's proposed acquisition of Eviosys, including the satisfaction of conditions precedent thereto and the anticipated timing and financing thereof, and the anticipated benefits of the acquisition, including with respect to market leadership, strategic alignment, customer relationships, sustainability, innovation and cost synergies;*
- *effects and timing of, and anticipated costs, synergies and gains resulting from our other contemplated, pending and completed acquisitions and divestitures, including the Company's acquisitions of Ball Metalpack Holding, LLC, renamed Sonoco Metal Packaging, the remaining interest in RTS Packaging, LLC ("RTS Packaging") and a paper mill in Chattanooga, Tennessee (the "Chattanooga Mill"), and Inapel Embalagens Ltda. ("Inapel"), and the Company's sale of its Sonoco Sustainability Solutions ("S3") business, its U.S. and Mexico BulkSak businesses, its South Carolina timberland properties and its Protective Solutions business; business ("Protexic");*
- *adequacy and anticipated amounts and uses of cash flows;*
- *capital allocation, including expected amounts of capital spending;*
- *the Company's capital structure, including the incurrence of debt and the refinancing and repayment of debt;*
- *the Company's ability to adhere to restrictive covenants in its debt agreements;*
- *financial and business strategies and the results expected of them;*
- *producing improvements in earnings;*
- *profitable sales growth and rates of growth;*
- *market opportunities and anticipated growth thereof;*
- *expected impact and costs of resolution of legal proceedings;*
- *extent of, and adequacy of provisions for, environmental liabilities;*
- *the Company's ability to achieve its sustainability goals, including with respect to greenhouse gas emissions;*
- *adequacy of income tax provisions, realization of deferred tax assets, outcomes of uncertain tax issues and tax rates;*
- *goodwill impairment charges and fair values of reporting units;*
- *future asset impairment charges and fair values of assets;*
- *anticipated contributions to pension and postretirement benefit plans, fair values of plan assets, long-term rates of return on plan assets, and projected benefit obligations and payments;*
- *expected impact of implementation of new accounting pronouncements;*
- *creation of near-term and long-term value and returns for shareholders;*
- *continued payment of dividends; and*
- *planned stock repurchases.*

Such forward-looking statements are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management. Such information includes, without limitation, discussions as to guidance and other estimates, perceived opportunities, expectations, beliefs, plans, strategies, goals and objectives concerning our future financial and operating performance. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed or forecasted in such forward-looking statements. Such risks, uncertainties and assumptions include, without limitation:

- *ability to manage the mix of business and execute on the Company's portfolio simplification strategy, including with respect to divestitures;*
- *ability to identify and successfully close suitable acquisitions at the levels needed to meet growth targets;*
- *ability to satisfy closing conditions and close acquisitions, including the pending acquisition of Eviosys, and to finance such acquisitions on acceptable terms;*
- *ability to receive regulatory approvals for the pending acquisition of Eviosys in a timely manner;*
- *ability to successfully integrate newly acquired businesses, including Eviosys, into the Company's operations and realize expected cost savings, synergies and other anticipated benefits relating thereto within the expected time period, or at all;*
- *the potential impact of the consummation of newly acquired businesses, including Eviosys, on relationships with clients and other third parties;*
- *availability, transportation and pricing of raw materials, energy and transportation, including the impact of potential changes in tariffs or sanctions and escalating trade wars, and the impact of war, general regional instability and other geopolitical tensions (such as the ongoing conflict between Russia and Ukraine as well as the economic sanctions related thereto, and the ongoing conflict in Israel and Gaza), and the Company's ability to pass raw material, energy and transportation price increases and surcharges through to customers or otherwise manage these commodity pricing risks;*
- *costs of labor;*

- *work stoppages due to labor disputes;*
- *success of new product development, introduction and sales, including successful timing of new product or product innovation introductions;*
- *success of implementation of new manufacturing technologies and installation of manufacturing equipment, including the startup of new facilities and lines;*
- *consumer demand for products and changing consumer preferences, including changes related to inflation and other macroeconomic factors;*
- *ability to be the low-cost global leader in customer-preferred packaging solutions within targeted segments;*
- *competitive pressures, including new product development, and technological market leadership, reputation for quality, industry overcapacity, customer and supplier consolidation, and changes in competitors' pricing for products;*
- *financial conditions of customers and suppliers;*
- *ability to maintain or increase productivity levels, contain or reduce costs, and maintain positive price/cost relationships;*
- *ability to negotiate or retain contracts with customers, including in segments with concentration of sales volume;*
- *inventory management strategies of customers;*
- *collection of receivables from customers;*
- *ability to improve margins and leverage cash flows and financial position;*
- *ability to attract and retain talented and qualified employees, managers, and executives;*
- *ability to profitably maintain and grow existing domestic and international business and market share;*
- *availability of credit to us, our customers and suppliers in needed amounts and on reasonable terms;*
- *effects of our indebtedness on our cash flow and business activities;*
- *fluctuations in interest rates and our borrowing costs;*
- *fluctuations in obligations and earnings of pension and postretirement benefit plans, including the timing of funding plan obligations, and the accuracy of assumptions of underlying projections of benefit plan obligations and payments, valuation of plan assets, and projections of long-term rates of return;*
- *foreign currency exchange rate fluctuations, interest rate and commodity price risk and the effectiveness of related hedges;*

- *cost of employee and retiree medical, health, and life insurance benefits;*
- *resolution of income tax contingencies;*
- *changes in U.S. and foreign tariffs, tax rates, tax laws, regulations and interpretations thereof, including income, sales and use, property, value added, employment, and other taxes;*
- *accuracy in valuation of deferred tax assets;*
- *the adoption of new, or changes in, accounting standards or interpretations;*
- *accuracy of assumptions underlying projections related to goodwill impairment testing, and accuracy of management's assessment of goodwill impairment;*

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- *accuracy of assumptions underlying fair value measurements, accuracy of management's assessments of fair value and fluctuations in fair value;*
- *ability to maintain effective disclosure controls and internal controls, including with regard to financial reporting, to prevent or detect errors or acts of fraud;*
- *liability for and costs of resolution of litigation, regulatory actions, or other legal proceedings;*
- *liability for and anticipated costs of environmental remediation actions;*
- *effects of environmental laws and regulations, including with respect to climate change and emissions reporting and the effectiveness of the final rules adopted by the Securities and Exchange Commission to enhance public company climate disclosures;*
- *operational disruptions at our major facilities;*
- *failure or disruptions in our information technology systems;*
- *loss of consumer or investor confidence;*
- *ability to protect our intellectual property rights;*
- *changes in laws and regulations relating to packaging for food products and foods packaged therein, other actions and public concerns about products packaged in our containers, or chemicals or substances used in raw materials or in the manufacturing process;*
- *changing consumer attitudes toward plastic packaging;*
- *changing climate and greenhouse gas effects;*
- *ability to meet environmental, sustainability and other social and governmental goals, including with respect to greenhouse gas emissions, and challenges in implementation thereof;*
- *actions of domestic or foreign government agencies, changes in laws and regulations affecting the Company, and increased costs of compliance;*
- *international, national, and local economic and market conditions and levels of unemployment;*
- *economic disruptions resulting from war and other geopolitical tensions (such as the ongoing military conflict between Russia and Ukraine and the ongoing conflict in Israel and Gaza), public health events (such as the COVID-19 pandemic), terrorist activities, and natural disasters; and*
- *inflation and the activities and operations in highly inflationary economies.*

More information about the risks, uncertainties and assumptions that may cause actual results to differ materially from those expressed or forecasted in forward-looking statements is provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 under Item 1A - "Risk Factors" and throughout other sections of that report and in other reports filed with the Securities and Exchange Commission. In light of these various risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report on Form 10-Q might not occur.

The Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. You are, however, advised to review any further disclosures we make on related subjects, and about new or additional risks, uncertainties and assumptions, in our future filings with the Securities and Exchange Commission on Forms 10-K, 10-Q, and 8-K.

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COMPANY OVERVIEW

Sonoco is a multi-billion dollar global designer, developer, and manufacturer of a variety of highly-engineered and sustainable packaging products serving multiple end markets. As of March 31, 2024 June 30, 2024, the Company had more than 300 locations in 33 countries, serving some of the world's best-known brands in some 85 nations. The Company's operating and reporting structure consists of two reportable segments, Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other.

Sonoco competes in multiple product categories, with the majority of the Company's revenues arising from products and services sold to consumer and industrial products companies for use in the packaging of their products for sale or shipment. The Company also manufactures uncoated recycled paperboard for both internal use and open market sale. Each of the Company's operating units has its own sales staff and maintains direct sales relationships with its customers.

Sonoco's goal is to increase its long-term profitability and return capital to shareholders. Over the past several years, the Company has simplified its business portfolio around fewer, bigger businesses, which has reduced operating complexity and improved agility. For example, in June 2024, the Company announced it had entered into an agreement to acquire Eviosys, a leading European manufacturer of food cans, ends and closures, for approximately $3.9 billion. The transaction is expected to expand Sonoco's global leadership in metal food can and aerosol packaging and to facilitate Sonoco's ability to partner with customers and advance innovation and sustainability in metal packaging offerings. In addition, in September 2023, the Company acquired the remaining equity interest in RTS Packaging from joint venture partner WestRock Company, to further strengthen and expand the Company's 100% recycled fiber-based packaging solutions. In addition, the Company acquired Inapel in December 2023, significantly expanding its presence in the flexibles packaging services market in Latin America.

Sonoco's portfolio transformation strategy also includes significant divestitures. In April 2024, Sonoco completed the divestiture of Protexic, which manufactured molded expanded polypropylene and expanded polystyrene foam components serving the automotive, electronics, appliances, and other markets. In 2023, the Company completed the divestitures of its U.S. and Mexico Bulksak businesses, which consisted of the manufacture and distribution of flexible intermediate bulk containers, plastic and fiber pallets, and custom fit liners, and its S3 business, which provided customized waste and recycling management programs. The Company believes that these and other potential divestitures will enable greater strategic clarity and operational focus while also generating proceeds to fund deleveraging and capital investments in core businesses.

The Company is focused on efficient capital deployment into these larger, core business units to improve economic returns and improve integration effectiveness and speed for acquired strategic assets. In parallel, Sonoco has continued to work on commercial, operational, and supply chain excellence programs intended to shift the mix of our business towards higher-valued products and increase overall productivity, as well as strategic pricing initiatives intended to better capture input costs and the value of the services provided.

Effective January 1, 2024, the Company integrated its flexible packaging and thermoformed packaging businesses within the Consumer Packaging segment in order to streamline operations, enhance customer service and better position the business for accelerated growth. As a result, the Company changed its operating and reporting structure to reflect the way it now manages its operations, evaluates performance, and allocates resources. Accordingly, the Company's consumer thermoformed businesses have moved from the All Other group of businesses to the Consumer Packaging segment. Also effective January 1, 2024, the Company began conducting its recycling operations, part of the Industrial Paper Packaging segment, as a procurement function. As a result, no recycling net sales are recorded and the margin from the Company's recycling operations reduces "Cost of sales."

The Company is focused on efficient capital deployment into these larger, core business units to improve economic returns and improve integration effectiveness and speed for acquired strategic assets. In parallel, Sonoco continues to work on commercial, operational, and supply chain excellence programs to shift the mix of our business towards higher-valued products and increase overall productivity, as well as strategic pricing initiatives to better capture input costs and the value of the services provided.

SONOCO PRODUCTS COMPANY

First Second Quarter 2024 Compared with First Second Quarter 2023

RECONCILIATIONS OF GAAP TO 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 generally accepted accounting principles ("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 charges[1];
- 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.

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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" (referred to as "Adjusted Earnings") and "Adjusted Diluted Earnings Per Share." More information about the Company's use of non-GAAP financial measures is provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, under Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the heading "Use of Non-GAAP Financial Measures."

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 generally accepted accounting principles, 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.

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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 in the Company's Condensed Consolidated Statements of Income for each of the periods presented in conjunction with management's analysis of the Company's results of operations.

SONOCO PRODUCTS COMPANY

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")

	For the three-month period ended March 31, 2024
	For the three-month period ended March 31, 2024
	For the three-month period ended March 31, 2024
	For the three-month period ended June 30, 2024
	For the three-month period ended June 30, 2024
	For the three-month period ended June 30, 2024

Dollars in thousands, except per share data

Dollars in thousands, except per share data

Dollars in thousands, except per share data

As Reported
As Reported
As Reported
Acquisition, integration and divestiture-related costs
Acquisition, integration and divestiture-related costs
Acquisition, integration and divestiture-related costs
Changes in LIFO inventory reserves
Changes in LIFO inventory reserves
Changes in LIFO inventory reserves
Amortization of acquisition intangibles
Amortization of acquisition intangibles
Amortization of acquisition intangibles
Restructuring/Asset impairment charges
Restructuring/Asset impairment charges
Restructuring/Asset impairment charges
Gain on divestiture of business and other assets
Gain on divestiture of business and other assets
Gain on divestiture of business and other assets
Other income, net
Other income, net
Other income, net
Non-operating pension costs
Non-operating pension costs
Non-operating pension costs
Net gain from derivatives
Net gain from derivatives
Net gain from derivatives
Net gains from derivatives
Net gains from derivatives
Net gains from derivatives
Other adjustments
Other adjustments
Other adjustments
Total adjustments
Total adjustments
Total adjustments
Adjusted
Adjusted
Adjusted
Due to rounding, individual items may not sum appropriately.
Due to rounding, individual items may not sum appropriately.
Due to rounding, individual items may not sum appropriately.

	For the three-month period ended April 2, 2023
	For the three-month period ended April 2, 2023
	For the three-month period ended April 2, 2023
	For the three-month period ended July 2, 2023
	For the three-month period ended July 2, 2023
	For the three-month period ended July 2, 2023

Dollars in thousands, except per share data	*Dollars in thousands, except per share data*	Operating Profit	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS	*Dollars in thousands, except per share data*	Operating Profit	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS
As Reported												
Acquisition, integration and divestiture-related costs												
Changes in LIFO inventory reserves												
Amortization of acquisition intangibles												
Restructuring/Asset impairment charges												
Gain on divestiture of business and sale of other assets												
Non-operating pension costs												
Net loss from derivatives												
Net gains from derivatives												
Other adjustments												
Total adjustments												
Adjusted												

Due to rounding, individual items may not sum appropriately.

SONOCO PRODUCTS COMPANY

Adjusted EBITDA and Adjusted EBITDA Margin

	Three Months Ended
	Three Months Ended
	Three Months Ended
Dollars in thousands	
Dollars in thousands	
Dollars in thousands	
Net income attributable to Sonoco	
Net income attributable to Sonoco	
Net income attributable to Sonoco	
Adjustments	
Adjustments	
Adjustments	
Interest expense	
Interest expense	
Interest expense	
Interest income	
Interest income	
Interest income	
Provision for income taxes	
Provision for income taxes	
Provision for income taxes	
Depreciation, depletion and amortization	

Depreciation, depletion and amortization
Depreciation, depletion and amortization
Non-operating pension costs
Non-operating pension costs
Non-operating pension costs
Net income/(loss) attributable to noncontrolling interests
Net income/(loss) attributable to noncontrolling interests
Net income/(loss) attributable to noncontrolling interests
Net income attributable to noncontrolling interests
Net income attributable to noncontrolling interests
Net income attributable to noncontrolling interests
Restructuring/Asset impairment charges
Restructuring/Asset impairment charges
Restructuring/Asset impairment charges
Changes in LIFO inventory reserves
Changes in LIFO inventory reserves
Changes in LIFO inventory reserves
Gain on divestiture of business and other assets
Gain on divestiture of business and other assets
Gain on divestiture of business and other assets
Acquisition, integration and divestiture-related costs
Acquisition, integration and divestiture-related costs
Acquisition, integration and divestiture-related costs
Net (gain)/loss from derivatives
Net (gain)/loss from derivatives
Net (gain)/loss from derivatives
Other income, net
Other income, net
Other income, net
Net gains from derivatives
Net gains from derivatives
Net gains from derivatives
Other adjustments
Other adjustments
Other adjustments
Adjusted EBITDA
Adjusted EBITDA
Adjusted EBITDA
Net Sales
Net Sales
Net Sales
Net Income Margin
Net Income Margin
Net Income Margin
Adjusted EBITDA Margin
Adjusted EBITDA Margin
Adjusted EBITDA Margin

The Company does not calculate net income by segment; therefore, Adjusted EBITDA by Segment is reconciled to the closest GAAP measure of segment profitability, Segment Operating Profit, which is another method to achieve the same result. Segment Operating Profit is the measure of segment profit or loss reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance in accordance with Accounting Standards Codification (“ASC”) 280 - “Segment Reporting,” as prescribed by the Financial Accounting Standards Board.

Segment results viewed by the Company's management to evaluate segment performance do not include the following: restructuring/asset impairment charges; amortization of acquisition intangibles; acquisition, integration and divestiture-related costs; changes in LIFO inventory reserves; gains/losses from the sale of businesses or other assets; gains/losses from derivatives; or certain other items, if any, the exclusion of which the Company believes improves the comparability and analysis of the ongoing operating performance of the business. Accordingly, the term "segment operating profit" is defined as the segment's portion of "operating profit" excluding those items. All other general corporate expenses have been allocated as operating costs to each of the Company's reportable segments and All Other.

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Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation

For the Three Months Ended March 31, 2024

For the Three Months Ended March 31, 2024

For the Three Months Ended March 31, 2024

For the Three Months Ended June 30, 2024

For the Three Months Ended June 30, 2024

For the Three Months Ended June 30, 2024

Dollars in thousands

Dollars in thousands

Dollars in thousands	**Consumer Packaging segment**	**Industrial Paper Packaging segment**	**All Other**	**Corporate**	**Total**	**Consumer Packaging segment**	**Industrial Paper Packaging segment**	**All Other**	**Corporate**	**Total**
Segment and Total Operating Profit										
Adjustments:										
Depreciation, depletion and amortization[1]										
Depreciation, depletion and amortization[1]										
Depreciation, depletion and amortization[1]										
Equity in earnings of affiliates, net of tax										
Restructuring/Asset impairment charges[2]										
Changes in LIFO inventory reserves[3]										
Acquisition, integration and divestiture-related costs[4]										
Net gains from derivatives[5]										
Net gains from derivatives[5]										
Net gains from derivatives[5]										
Gains from divestiture of business[5]										
Gains from divestiture of business[5]										
Gains from divestiture of business[5]										
Net gains from derivatives[6]										
Other adjustments										
Segment Adjusted EBITDA										
Net Sales										
Net Sales										
Net Sales										
Segment Operating Profit Margin										
Segment Operating Profit Margin										
Segment Operating Profit Margin										
Segment Adjusted EBITDA Margin										
Segment Adjusted EBITDA Margin										
Segment Adjusted EBITDA Margin										

[1] Included in Corporate is the amortization of acquisition intangibles associated with the Consumer Packaging segment of $16,102, $16,074, the Industrial Paper Packaging segment of $6,631, $6,231, and the All Other group of businesses of $206.

[2] Included in Corporate are restructuring/asset impairment charges associated with the Consumer Packaging segment of $4,925, $11,163, the Industrial Paper Packaging segment of $22,603, $7,737, and the All Other group of businesses of $1,148. $214.

3 Included in Corporate are changes in LIFO inventory reserves associated with the Consumer Packaging segment of $92 $(462) and the Industrial Paper Packaging segment of $339. $(956).
4 Included in Corporate are acquisition, integration and divestiture-related costs associated with the Consumer Packaging segment of $(124) $177 and the Industrial Paper Packaging segment of $655. $215.
5 Included in Corporate are gains from the divestiture of businesses including $(1,250) from the sale of the S3 business, part of the Industrial Paper Packaging segment, and $(3,228) from the sale of Protexic, part of the All Other group of businesses.
6 Included in Corporate are net gains on from derivatives associated with the Consumer Packaging segment of $(43) $(540), the Industrial Paper Packaging segment of $(190) $(2,278), and the All Other group of businesses of $(53) $(667).

SONOCO PRODUCTS COMPANY

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation

For the Three Months Ended April 2, 2023
For the Three Months Ended April 2, 2023
For the Three Months Ended April 2, 2023
For the Three Months Ended July 2, 2023
For the Three Months Ended July 2, 2023
For the Three Months Ended July 2, 2023

Dollars in thousands

Dollars in thousands

Dollars in thousands	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit										
Adjustments:										
Depreciation, depletion, and amortization[1]										
Depreciation, depletion, and amortization[1]										
Depreciation, depletion, and amortization[1]										
Depreciation, depletion and amortization[1]										
Depreciation, depletion and amortization[1]										
Depreciation, depletion and amortization[1]										
Equity in earnings of affiliates, net of tax										
Restructuring/Asset impairment charges[2]										
Changes in LIFO inventory reserves[3]										
Acquisition, integration and divestiture-related costs[4]										
Gain from divestiture of business and other assets[5]										
Derivatives losses[6]										
Net gains from derivatives[6]										
Other adjustments										
Segment Adjusted EBITDA										
Net Sales										
Net Sales										
Net Sales										
Segment Operating Profit Margin										
Segment Operating Profit Margin										
Segment Operating Profit Margin										
Segment Adjusted EBITDA Margin										
Segment Adjusted EBITDA Margin										
Segment Adjusted EBITDA Margin										

1 Included in Corporate is the amortization of acquisition intangibles associated with the Consumer Packaging segment of $16,226, $15,987, the Industrial Paper Packaging segment of $2,934, $2,565, and the All Other group of businesses of $2,004. $1,987.

2 Included in Corporate are restructuring/asset impairment charges associated with the Consumer Packaging segment of $2,680, $4,015, the Industrial Paper Packaging segment of $24,544, $1,987, and the All Other group of businesses of $53. $865.

3 Included in Corporate are changes in LIFO inventory reserves associated with the Consumer Packaging segment of $6,102 and the Industrial Paper Packaging segment of $(677) $(1,575).

4 Included in Corporate are acquisition, integration and divestiture-related costs associated with the Consumer Packaging segment of $779 $112 and the Industrial Paper Packaging segment of $289. $60.

5 Included in Corporate are gains is the gain from the sale of the Company's timberland properties in the amount of $(60,945) and the sale of its S3 business in the amount of $(11,065), both of which are U.S. BulkSak businesses, associated with the Industrial Paper Packaging segment. segment, in the amount of $(7,371).

6 Included in Corporate are losses on net gains from derivatives associated with the Consumer Packaging segment of $946, $(650), the Industrial Paper Packaging segment of $3,912, $(2,835), and the All Other group of businesses of $1,170. $(803).

RESULTS OF OPERATIONS

The following discussion provides a review of results for the three-month period ended March 31, 2024 June 30, 2024 versus the three-month period ended April 2, 2023 July 2, 2023.

OVERVIEW

Net sales for the first second quarter of 2024 declined by $92.2 million $81.8 million or 5.3% 4.8%, to $1.64 billion $1.62 billion, compared to $1.73 billion $1.71 billion in the same period last year. The decline was primarily driven by the absence of $44.9 million sales related to the Protexic divestiture in April 2024, the absence of $33.7 million sales related to the closure of a thermoformed food packaging plant in November 2023, lower selling prices sales of $57.1 million and $22.5 million resulting from the treatment of accounting for the Company's recycling operations as a procurement function beginning effective January 1, 2024, and lower selling prices of $32.4 million. Volumes remained flat as lower Overall volumes, were offset by including revenue from acquisitions, increased over the impact of acquisitions. prior period.

SONOCO PRODUCTS COMPANY

Net GAAP net income attributable to Sonoco for the first second quarter of 2024 decreased to $65.2 million $90.8 million, or $0.66 $0.92 per diluted share, compared to $148.3 million $114.6 million, or $1.50 $1.16 per diluted share, for the same period of 2023. This decrease was primarily due to the absence higher quarter-over-quarter acquisition, integration and divestiture-related costs of a $72.0 million benefit from the sale $17.7 million and restructuring and asset impairment charges of the Company's timberland properties and the divestiture of the S3 business in the first quarter of 2023, $13.2 million as well as lower volumes and pricing, which were partially unfavorable price/cost was offset by higher productivity. Adjusted Earnings for the first second quarter of 2024 were $111.5 million $126.8 million ($1.12 1.28 per diluted share), compared with $137.6 million $136.0 million ($1.40 1.38 per diluted share) for the same period in 2023.

GAAP operating profit for the first second quarter of 2024 was $112.5 million $140.4 million, a decrease of 51.0% 25.3% from the $229.6 million $187.9 million reported in the first second quarter of 2023. The decrease in GAAP operating profit was primarily due to the absence additional acquisition, integration and divestiture-related costs of a $72.0 benefit from the sale $17.7 million, higher employee-related costs of the Company's timberland properties $13.6 million and the divestiture additional restructuring and asset impairment charges of the S3 business in the first quarter of 2023, $13.2 million as well as lower volumes and pricing, which were partially unfavorable price/cost was offset by higher productivity. Adjusted Operating Profit for the first second quarter of 2024 was $176.0 million $193.0 million, a decrease of 17.5% 8.5% from the $213.4 million $210.9 million reported for the same period in 2023.

COSTS AND EXPENSES

Cost of goods sold decreased by $55.4 million $81.8 million, or 4.1% 6.1%, in the first second quarter of 2024 compared with the same period last year. The decrease was primarily primarily driven by increased productivity and lower volumes, costs related to the sale of Protexic, partially offset by cost of sales related to the acquisitions of Inapel, the Chattanooga mill and the remaining interest in RTS Packaging.

Gross profit was $337.6 million $357.4 million for the three-month period ended March 31, 2024 June 30, 2024, which was $36.9 million lower than flat compared to the prior-year period. The decrease in gross profit was driven by volume and pricing declines, which were partially offset by a $51.5 million benefit from improved productivity. Gross profit as a percent of sales decreased increased to 20.6% 22.0% from 21.6% 21.0% in the prior-year quarter.

Selling, general and administrative costs costs increased by $5.5 million $31.4 million, or 2.9% 18.4%, in the first second quarter of 2024 compared with the same period last year, primarily due to higher year-over-year acquisition, integration and divestiture-related costs of $17.7 million, increased employee-related costs of $13.6 million, and incremental costs of $8.2 million associated with the prior year acquisitions of Inapel, the remaining interest in RTS Packaging, and the Chattanooga Mill.

Restructuring/Asset impairment charges totaled $31.6 million $19.3 million in the first second quarter of 2024, compared with $28.8 million $6.1 million during the same period last year. Additional information regarding restructuring and asset impairment charges is provided in Note 5 to the Company's Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Gain on divestiture of business and other assets of $72.0 million $4.5 million in the first second quarter of 2024 reflects gains from the Company's divestitures of Protexic and the S3 business. Gains of divestiture of business and other assets of $7.4 million in the second quarter of 2023 reflects gains gains from the divestiture of the Company's S3 business and the sale of the Company's timberland properties. U.S. BulkSak business. See Note 3 to the Company's Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Other income, net was $5.9 million in the second quarter of 2024, reflecting a gain upon the remeasurement to fair value of one of the Company's investments in affiliates.

Non-operating pe Non-nsion operating pension costs were $0.4 million lower year over year $0.8 million higher in the second quarter of 2024 compared to the second quarter of 2023, primarily attributable to higher settlement costs losses in Canada in the prior year related to the Company's defined benefit plan liabilities. Additional and higher year-over-year interest cost, partially offset by increased expected returns on assets. Additional information regarding costs of the Company's retirement plans is provided in Note 11 12 to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Net interest expense for the first second quarter of 2024 decreased to $27.7 $26.1 million, compared with $32.7 $32.3 million during the first second quarter of 2023. The decrease of $5.0 of $6.3 million was primarily due to lower year over year average debt balances and interest income from the Company's cross-currency swap entered into in December 2023. swaps.

The effective tax rates reflected in GAAP net income and Adjusted Earnings in the first second quarter of 2024 were 21.3% 23.5% and 25.6% 25.5%, respectively, compared with 24.3% 26.8% and 24.8% 25.6%, respectively, in the corresponding prior year quarter. The decrease in the GAAP effective tax rate was primarily due related to a 2024 benefit from a deferred the difference between the tax adjustment. basis and the book basis on the sale of the shares of Protexic in Mexico. The increase in the effective tax rate on Adjusted Earnings was due to variances in tax rates between the jurisdictions in which the respective income and charges were taxed. relatively flat quarter over quarter.

SONOCO PRODUCTS COMPANY

REPORTABLE SEGMENTS

The Company's operating and reporting structure consists of two reportable segments, Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other. The following table summarizes net sales attributable to each of the Company's segments and the All Other group of businesses for the first second quarters of 2024 and 2023:

		Three Months Ended										
(Dollars in thousands)	*(Dollars in thousands)*	March 31, 2024		April 2, 2023		% Change	*(Dollars in thousands)*		June 30, 2024		July 2, 2023	
Net sales:												
Consumer Packaging												
Consumer Packaging												
Consumer Packaging		$ 910,577	$	$ 958,008	(5.0)	(5.0)	%		$927,729	$	$971,320	
Industrial Paper Packaging	Industrial Paper Packaging	593,060	615,855	615,855	(3.7)	(3.7)	%	Industrial Paper Packaging	600,770	585,143		5
Total reportable segments	Total reportable segments	$1,503,637	$	$1,573,863	(4.5)	(4.5)	%	Total reportable segments	1,528,499	1,556,463		1,556,46
All Other	All Other	133,906	155,920	155,920	(14.1)	(14.1)	%	All Other	94,980	148,827		1
Net sales	Net sales	$1,637,543	$	$1,729,783	(5.3)	(5.3)	%	Net sales	$1,623,479	$	$1,705,290	

The following table summarizes operating profit attributable to each of the Company's reportable segments, the All Other group of businesses, and Corporate-related activity during the first second quarters of 2024 and 2023:

		Three Months Ended										
(Dollars in thousands)	*(Dollars in thousands)*	March 31, 2024		April 2, 2023		% Change	*(Dollars in thousands)*		June 30, 2024		July 2, 2023	
Operating profit:												
Consumer Packaging												
Consumer Packaging												
Consumer Packaging		$ 93,027	$	$ 96,494	(3.6)	(3.6)	%		$112,142	$	$101,115	1
Industrial Paper Packaging	Industrial Paper Packaging	65,844	94,367	94,367	(30.2)	(30.2)	%	Industrial Paper Packaging	66,958	87,040		87,(
Segment operating profit	Segment operating profit	$158,871	$	$190,861	(16.8)	(16.8)	%	Segment operating profit	179,100	188,155		188,155
All Other	All Other	17,125	22,560	22,560	(24.1)	(24.1)	%	All Other	13,865	22,785		22,
Corporate												
Restructuring/Asset impairment charges												

Restructuring/Asset impairment charges											
Restructuring/Asset impairment charges											
Amortization of acquisition intangibles											
Amortization of acquisition intangibles											
Amortization of acquisition intangibles											
Gains from divestiture of business and other assets											
Gains from divestiture of business and other assets											
Gains from divestiture of business and other assets											
Acquisition, integration and divestiture-related costs											
Acquisition, integration and divestiture-related costs											
Acquisition, integration and divestiture-related costs											
Other operating charges, net											
Other operating charges, net											
Other operating charges, net											
Operating profit											
Operating profit											
Operating profit	$112,453	$	$229,648	(51.0)	(51.0)	%		$140,372	$	$187,859	(2

The following table summarizes Adjusted EBITDA attributable to each of the Company’s reportable segments and the All Other group of businesses during the first second quarters of 2024 and 2023:

		Three Months Ended										
(Dollars in thousands)	*(Dollars in thousands)*	March 31, 2024		April 2, 2023		% Change		*(Dollars in thousands)*	June 30, 2024		July 2, 2023	
Adjusted EBITDA:												
Consumer Packaging												
Consumer Packaging												
Consumer Packaging		$128,505	$	$129,118	(0.5)	(0.5)	%		$147,794	$	$133,714	1(
Industrial Paper Packaging	Industrial Paper Packaging	95,471	121,026	121,026	(21.1)	(21.1)	%	Industrial Paper Packaging	97,838	115,226		115,2
All Other	All Other	20,777	26,106	26,106	(20.4)	(20.4)	%	All Other	16,582	26,452		26,4
Adjusted EBITDA	Adjusted EBITDA	$244,753	$	$276,250	(11.4)	(11.4)	%	Adjusted EBITDA	$262,214	$	$275,392	

SONOCO PRODUCTS COMPANY

The following table summarizes restructuring/asset impairment charges attributable to each of the Company’s reportable segments, the All Other group of businesses, and Corporate-related activity during the first second quarters of 2024 and 2023:

		Three Months Ended				
(Dollars in thousands)	*(Dollars in thousands)*	March 31, 2024	April 2, 2023	*(Dollars in thousands)*	June 30, 2024	July 2, 2023
Restructuring/Asset impairment charges:						

Consumer Packaging

Consumer Packaging

Consumer Packaging

Industrial Paper Packaging

All Other

Corporate

Restructuring/Asset impairment charges

Consumer Packaging

The products produced and sold within the Consumer Packaging segment are generally used to package a variety of consumer products and consist primarily of round and shaped rigid paper, steel and plastic containers; metal and peelable membrane ends, closures, and components; thermoformed plastic trays and applications; and high-barrier flexible packaging. These products primarily serve the consumer staples market, focused on food, beverage, household, personal, and pharmaceutical products.

Segment sales decreased approximately 5.0% 4.5% compared to the corresponding prior year quarter as volumes continued due to be impacted by the absence of $33.7 million in sales related to the closure of a thermoformed food packaging plant in November 2023, and lower consumer purchases from inflationary pricing impacts, primarily in snacks and confectionary markets, of $19.5 million, partially offset by year over year growth a net $22.9 million increase in aerosol volumes. sales driven by the benefit of acquisitions.

Segment operating profit and Adjusted EBITDA decreased increased by 3.6% 10.9% and 0.5% 10.5%, respectively. The decline increase was largely due to lower volumes across the segment and negative price/cost. These declines were strong productivity of $24.6 million, which was partially offset by continued strong productivity throughout higher employee-related expenses. As a result, segment operating profit margin increased to 12.1% in the segment. second quarter of 2024 from 10.4% in the same period last year.

Industrial Paper Packaging

The primary products produced and sold within the Industrial Paper Packaging segment include goods produced from recycled fiber, including paperboard tubes, cones, and cores; paper-based protective packaging; and uncoated recycled paperboard for folding cartons, can board and laminated structures. Products across this segment support multiple end markets, primarily in paper, textile, and films.

Segment sales decreased 3.7% increased 2.7% from the corresponding prior year quarter due to lower index-related pricing, continued weakness from organic volume improvements of $9.9 million in global paper and converted products and the conduct of recycling as a procurement function, partially offset by higher demand $51.0 million in paper and the benefit of revenues from the acquisitions of the remaining interest in RTS Packaging and the Chattanooga Mill. These increases were partially offset by lower quarter-over-quarter sales resulting from the prior year disposition of BulkSak, lower index-related pricing of $12.4 million, and the reduction in sales of $22.5 million related to the treatment of the segment's recycling operations as a procurement function effective January 1, 2024.

Segment operating profit and Adjusted EBITDA decreased 30.2% 23.1% and 21.1% 15.1%, respectively, as continued price/cost pressures lowered profitability by $46.5 million and higher employee-related expenses were only partially offset by strong productivity of $23.1 million and the benefit from acquisitions. Segment of higher volumes, including acquisitions, of $15.2 million. As a result, segment operating profit margin decreased to 11% in the first second quarter of 2024 from 15% in the same period last year, and Segment Adjusted EBITDA margin declined to 16% in the first quarter compared to 20% in the same period last year, in each case due to unfavorable resets in commercial contracts with certain customers and suppliers tied to indices. These declines were partially offset by manufacturing productivity improvements due primarily to higher utilization in our paper mills and optimization of the operations footprint. year.

All Other

The primary products produced within the All Other group of businesses consist of a variety of packaging materials including plastic, paper, foam, and various other specialty materials serving a wide variety of end markets including consumer staples, consumer discretionary, and industrial.

Sales declined 14.1% 36.2% from the same quarter of the prior year primarily due to lower volumes. the sale of Protexic.

Operating profit and Adjusted EBITDA dropped by 24.1% 39.1% and 20.4% 37.3%, respectively, in the first second quarter of 2024 compared to the same period last year, primarily due to the sale of Protexic, lower volumes and negative price/cost, partially offset by higher productivity. As a result, operating margin decreased to 12.8% 14.6% in the first second quarter of 2024 compared to 14.5% 15.3% in the same quarter last year.

SONOCO PRODUCTS COMPANY

Six Months Ended June 30, 2024 Compared with Six Months Ended July 2, 2023

RECONCILIATIONS OF GAAP TO NON-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 Condensed Consolidated Statements of Income 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 EPS

	For the six-month period ended June 30, 2024				
Dollars in thousands, except per share data	Operating Profit	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS

As Reported	$ 252,825	$ 197,480	$ 44,667	$ 155,988	$ 1.57
Acquisition, integration and divestiture-related costs	27,930	27,930	7,158	20,772	0.21
Changes in LIFO inventory reserves	(987)	(987)	(248)	(739)	(0.01)
Amortization of acquisition intangibles	45,450	45,450	11,109	34,341	0.35
Restructuring/Asset impairment charges	50,868	50,868	10,256	40,702	0.41
Gain on divestiture of business and other assets	(4,478)	(4,478)	1,222	(5,700)	(0.06)
Other income, net	—	(5,867)	—	(5,867)	(0.06)
Non-operating pension costs	—	7,465	1,855	5,610	0.06
Net gains from derivatives	(3,771)	(3,771)	(948)	(2,823)	(0.03)
Other adjustments	1,124	1,546	5,580	(4,034)	(0.04)
Total adjustments	116,136	118,156	35,984	82,262	0.83
Adjusted	$ 368,961	$ 315,636	$ 80,651	$ 238,250	$ 2.40

Due to rounding, individual items may not sum appropriately.

	For the six-month period ended July 2, 2023				
Dollars in thousands, except per share data	Operating Profit	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS
As Reported	$ 417,507	$ 345,497	$ 87,652	$ 262,968	$ 2.66
Acquisition, integration and divestiture-related costs	9,720	9,720	2,270	7,450	0.08
Changes in LIFO inventory reserves	(7,000)	(7,000)	(1,749)	(5,252)	(0.05)
Amortization of acquisition intangibles	41,703	41,703	10,119	31,584	0.32
Restructuring/Asset impairment charges	34,871	34,871	7,959	26,683	0.27
Gain on divestiture of business and other assets	(79,381)	(79,381)	(18,947)	(60,434)	(0.61)
Non-operating pension costs	—	7,000	1,737	5,263	0.05
Net losses from derivatives	1,797	1,797	448	1,348	0.01
Other adjustments	5,144	5,144	1,167	3,979	0.04
Total adjustments	6,854	13,854	3,004	10,621	0.11
Adjusted	$ 424,361	$ 359,351	$ 90,656	$ 273,589	$ 2.77

Due to rounding, individual items may not sum appropriately.

SONOCO PRODUCTS COMPANY

Adjusted EBITDA and Adjusted EBITDA Margin

	Six Months Ended	
Dollars in thousands	June 30, 2024	July 2, 2023
Net income attributable to Sonoco	$ 155,988	$ 262,968
Adjustments		
Interest expense	60,860	68,516
Interest income	(7,113)	(3,506)
Provision for income taxes	44,667	87,652
Depreciation, depletion and amortization	180,045	163,817
Non-operating pension costs	7,465	7,000
Net income attributable to noncontrolling interests	236	45
Restructuring/Asset impairment charges	50,868	34,871
Changes in LIFO inventory reserves	(987)	(7,000)
Gain from divestiture of business and other assets	(4,478)	(79,381)
Acquisition, integration and divestiture-related costs	27,930	9,720
Other income, net	(5,867)	—
Net (gains)/losses from derivatives	(3,771)	1,796

Other adjustments	1,124	5,144
Adjusted EBITDA	$ 506,967	$ 551,642
Net Sales	$ 3,261,022	$ 3,435,073
Net Income Margin	4.8 %	7.7 %
Adjusted EBITDA Margin	15.5 %	16.1 %

SONOCO PRODUCTS COMPANY

The following tables reconcile Segment Operating Profit, the closest GAAP measure of profitability, to Segment Adjusted EBITDA.

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation

For the Six Months Ended June 30, 2024

Dollars in thousands	**Consumer Packaging segment**	**Industrial Paper Packaging segment**	**All Other**	**Corporate**	**Total**
Segment and Total Operating Profit	**$ 205,169**	**$ 132,802**	**$ 30,990**	**$ (116,136)**	**$ 252,825**
Adjustments:					
Depreciation, depletion and amortization[1]	71,082	57,144	6,369	45,450	180,045
Equity in earnings of affiliates, net of tax	47	3,364	—	—	3,411
Restructuring/Asset impairment charges[2]	—	—	—	50,868	50,868
Changes in LIFO inventory reserves[3]	—	—	—	(987)	(987)
Acquisition, integration and divestiture-related costs[4]	—	—	—	27,930	27,930
Gains from divestiture of business[5]	—	—	—	(4,478)	(4,478)
Net gains from derivatives[6]	—	—	—	(3,771)	(3,771)
Other adjustments	—	—	—	1,124	1,124
Segment Adjusted EBITDA	**$ 276,298**	**$ 193,310**	**$ 37,359**	**$ —**	**$ 506,967**
Net Sales	$ 1,838,306	$ 1,193,830	$ 228,886		
Segment Operating Profit Margin	11.2 %	11.1 %	13.5 %		
Segment Adjusted EBITDA Margin	15.0 %	16.2 %	16.3 %		

1 Included in Corporate is the amortization of acquisition intangibles associated with the Consumer Packaging segment of $32,176, the Industrial Paper Packaging segment of $12,862, and the All Other group of businesses of $412.

2 Included in Corporate are restructuring/asset impairment charges associated with the Consumer Packaging segment of $16,088, the Industrial Paper Packaging segment of $30,340, and the All Other group of businesses of $1,362.

3 Included in Corporate are changes in LIFO inventory reserves associated with the Consumer Packaging segment of $(370) and the Industrial Paper Packaging segment of $(617).

4 Included in Corporate are acquisition, integration and divestiture-related costs associated with the Consumer Packaging segment of $54 and the Industrial Paper Packaging segment of $871.

5 Included in Corporate are gains from the divestiture of businesses including $(1,250) from the sale of the S3 business, part of the Industrial Paper Packaging segment, and $(3,228) from the sale of Protexic, part of the All Other group of businesses.

6 Included in Corporate are net gains from derivatives associated with the Consumer Packaging segment of $(583), the Industrial Paper Packaging segment of $(2,467), and the All Other group of businesses of $(721).

SONOCO PRODUCTS COMPANY

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation

For the Six Months Ended July 2, 2023

Dollars in thousands	**Consumer Packaging segment**	**Industrial Paper Packaging segment**	**All Other**	**Corporate**	**Total**
Segment and Total Operating Profit	**$ 197,608**	**$ 181,407**	**$ 45,345**	**$ (6,853)**	**$ 417,507**
Adjustments:					

Depreciation, depletion and amortization[1]	65,015	49,886	7,213	41,703	163,817
Equity in earnings of affiliates, net of tax	209	4,959	—	—	5,168
Restructuring/Asset impairment charges[2]	—	—	—	34,871	34,871
Changes in LIFO inventory reserves[3]	—	—	—	(7,000)	(7,000)
Acquisition, integration and divestiture-related costs[4]	—	—	—	9,720	9,720
Gains from divestiture of business and other assets[5]	—	—	—	(79,381)	(79,381)
Net losses from derivatives[6]	—	—	—	1,796	1,796
Other adjustments	—	—	—	5,144	5,144
Segment Adjusted EBITDA	**$ 262,832**	**$ 236,252**	**$ 52,558**	**$ —**	**$ 551,642**
Net Sales	$ 1,929,328	$ 1,200,998	$ 304,747		
Segment Operating Profit Margin	10.2 %	15.1 %	14.9 %		
Segment Adjusted EBITDA Margin	13.6 %	19.7 %	17.2 %		

[1] Included in Corporate is the amortization of acquisition intangibles associated with the Consumer Packaging segment of $32,213, the Industrial Paper Packaging segment of $5,499, and the All Other group of businesses of $3,991.

[2] Included in Corporate are restructuring/asset impairment charges associated with the Consumer Packaging segment of $6,695, the Industrial Paper Packaging segment of $26,531, and the All Other group of businesses of $918.

[3] Included in Corporate are changes in LIFO inventory reserves associated with the Consumer Packaging segment of $(6,103) and the Industrial Paper Packaging segment of $(897).

[4] Included in Corporate are acquisition, integration and divestiture-related costs associated with the Consumer Packaging segment of $892 and the Industrial Paper Packaging segment of $349.

[5] Included in Corporate are gains from the sale of the Company’s timberland properties in the amount of $(60,945), the sale of its S3 business in the amount of $(11,065), and the sale of its U.S. BulkSak businesses in the amount of $(7,371), all of which are associated with the Industrial Paper Packaging segment.

[6] Included in Corporate are net losses from derivatives associated with the Consumer Packaging segment of $297, the Industrial Paper Packaging segment of $1,133, and the All Other group of businesses of $366.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the six-month period ended June 30, 2024 compared with the six-month period ended July 2, 2023.

OVERVIEW

Net sales for the first six months of 2024 decreased 5.1% to $3.3 billion, compared with $3.4 billion in the same period last year. The decline was primarily attributable to the absence of $44.9 million in sales related to the Protexic divestiture in April 2024, the absence of $40.9 million in sales related to the closure of a thermoformed food packaging plant in November 2023, lower sales of $55.4 million resulting from the accounting for the Company’s recycling operations as a procurement function beginning January 1, 2024, and lower pricing of $89.5 million. These decreases were partially offset by sales from acquisitions of $163.7 million.

SONOCO PRODUCTS COMPANY

GAAP net income attributable to Sonoco for the first six months of 2024 decreased to $156.0 million, or $1.57 per diluted share, compared to $263.0 million, or $2.66 per diluted share, reported for the same period of 2023. This decrease was primarily due to the absence of a $72.0 million benefit from the sale of the Company’s timberland properties and the divestiture of the S3 business in 2023, additional acquisition, integration and divestiture-related costs of $18.2 million and higher restructuring and asset impairment charges of $16.0 million, as unfavorable price/cost was offset by higher productivity. Adjusted Earnings for the six-month period ended June 30, 2024 decreased 12.9% to $238.3 million, or $2.40 per diluted share, from $273.6 million, or $2.77 per diluted share, in the six-month period ended July 2, 2023.

GAAP operating profit for the first six monthsof 2024 was $252.8 million, a decrease of 39.4% from the $417.5 million reported in thesame period last year. The decrease in GAAP operating profit was primarily due to the absence of a $72.0 million benefit from the sale of the Company’s timberland properties and the divestiture of the S3 business in 2023, additional acquisition, integration and divestiture-related costs of $18.2 million, and higher restructuring and asset impairment charges of $16.0 million, as unfavorable price/cost was offset by higher productivity. Adjusted Operating Profit for the first six monthsof 2024 was $369.0 million, a decrease of 13.1% from the $424.4 million reported for the same period in 2023.

COSTS AND EXPENSES

Cost of goods sold decreased $137.2 million, or 5.1% primarily related to increased productivity and lower costs related to the sale of Protexic, partially offset by cost of sales related to the acquisitions of Inapel, the Chattanooga mill, and the remaining interest in RTS Packaging.

Gross profit decreased $36.8 million, or 5.0%, year over year, while the Company’s gross profit margin percentage remained flat at 21.3% for the first six months of 2024, compared to the prior-year period. The decrease in gross profit was driven by volume and pricing declines, partially offset by positive margin related to the acquisitions of Inapel, the Chattanooga mill, and the remaining interest in RTS Packaging.

Selling, general and administrative costs for the first six months of 2024 increased $36.9 million, or 10.3%, year over year. The increase was largely driven by higher year-over-year acquisition, integration and divestiture-related costs of $18.2 million, increased employee-related costs, and incremental costs of $16.6 million associated with the prior year acquisitions of Inapel, the Chattanooga mill, and the remaining interest in RTS Packaging.

Restructuring/Asset impairment charges totaled $50.9 million in the first six months of 2023, compared with $34.9 million of net charges in the same period last year. Additional information regarding restructuring and asset impairment charges is provided in Note 5 to the Company's Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Gain on divestiture of business and other assets of $4.5 million in the first six months of 2024 reflects gains from the Company's divestitures of Protexic and the S3 business. Gain on divestiture of business and other assets of $79.4 million in the first six months of 2023 reflects net gains from the sale of the Company's timberland properties and the divestitures of its S3 and U.S. BulkSak businesses. See Note 3 to the Company's Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Other income, net was $5.9 million in the first six months of 2024, reflecting a gain upon the remeasurement to fair value of one of the Company's investments in affiliates.

Non-operating pension costs increased $0.5 million year over year due to higher interest costs on the Company's defined benefit plan liabilities, partially offset by increased expected returns on assets. Additional information regarding costs of the Company's retirement plans is provided in Note 12 to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

GAAP net interest expense for the first six months of 2024 decreased to $53.7 million, compared with $65.0 million during the first six months of 2023. The decrease of $11.3 million was primarily due to lower year-over-year average debt balances and interest income from the Company's cross-currency swaps.

The effective tax rates reflected in GAAP net income and Adjusted Earnings in the first six months of 2024 were 22.6% and 25.6%, respectively, compared with 25.4% and 25.2% for GAAP net income and Adjusted Earnings, respectively, in the prior-year period. The decrease in the GAAP effective tax rate was primarily related to the difference between the tax basis and the book basis on the sale of the shares of Protexic in Mexico and a net benefit from deferred tax adjustments. The effective tax rate on Adjusted Earnings was relatively flat year over year.

SONOCO PRODUCTS COMPANY

REPORTABLE SEGMENTS

The following table summarizes net sales attributable to each of the Company's reportable segments, and the All Other group of businesses during the first six months of 2024 and 2023:

	Six Months Ended		
(Dollars in thousands)	June 30, 2024	July 2, 2023	% Change
Net sales:			
Consumer Packaging	$ 1,838,306	$ 1,929,328	(4.7)%
Industrial Paper Packaging	1,193,830	1,200,998	(0.6)%
All Other	228,886	304,747	(24.9)%
Net sales	$ 3,261,022	$ 3,435,073	(5.1)%

The following table summarizes operating profit attributable to each of the Company's reportable segments, the All Other group of businesses, and Corporate-related activity during the first six months of 2024 and 2023:

	Six Months Ended		
(Dollars in thousands)	June 30, 2024	July 2, 2023	% Change
Operating profit:			
Consumer Packaging	$ 205,169	$ 197,608	3.8 %
Industrial Paper Packaging	132,802	181,407	(26.8)%
Segment operating profit	337,971	379,015	(10.8)%
All Other	30,990	45,345	(31.7)%
Corporate			
Restructuring/Asset impairment charges	(50,868)	(34,871)	
Amortization of acquisition intangibles	(45,450)	(41,703)	
Gains from divestiture of business and other assets	4,478	79,381	
Acquisition, integration and divestiture-related costs	(27,930)	(9,720)	
Other operating charges, net	3,634	60	
Operating profit	$ 252,825	$ 417,507	(39.4)%

The following table summarizes Adjusted EBITDA attributable to each of the Company's reportable segments and the All Other group of businesses during the first six months of 2024 and 2023:

	Six Months Ended		
(Dollars in thousands)	June 30, 2024	July 2, 2023	% Change

Adjusted EBITDA:					
Consumer Packaging	$	276,298	$	262,832	5.1 %
Industrial Paper Packaging		193,310		236,252	(18.2)%
All Other		37,359		52,558	(28.9)%
Adjusted EBITDA	$	506,967	$	551,642	(8.1)%

SONOCO PRODUCTS COMPANY

The following table summarizes restructuring/asset impairment charges attributable to each of the Company’s reportable segments, the All Other group of businesses, and Corporate-related activity during the first six months of 2024 and 2023:

	Six Months Ended			
(Dollars in thousands)	June 30, 2024		July 2, 2023	
Restructuring/Asset impairment charges:				
Consumer Packaging	$	16,088	$	6,695
Industrial Paper Packaging		30,340		26,531
All Other		1,362		918
Corporate		3,078		727
Restructuring/Asset impairment charges	$	50,868	$	34,871

Consumer Packaging

Segment sales decreased 4.7% year to date compared to the prior-year period due to the absence of $40.9 million in sales related to the closure of a thermoformed food packaging plant in November 2023, lower pricing of $39.9 million, and lower net volumes of $9.2 million, which included an increase in sales related to the Inapel acquisition.

Year-to-date segment operating profit increased 3.8% as strong productivity of $40.5 million was partially offset by unfavorable net volumes of $12.7 million and higher employee-related expenses. As a result, segment operating profit margin increased from 10.2% in the first six months of 2023 to 11.2% in the first six months of 2024.

Industrial Paper Packaging

Segment sales remained fairly flat year to date compared to the prior-year period as net increases in sales of $100.6 million related to the acquisitions of the remaining interest in RTS Packaging and the Chattanooga Mill, reduced by the disposition of BulkSak, were offset by lower index-related pricing of $49.4 million and the reduction in sales of $55.4 million related to the treatment of the segment’s recycling operations as a procurement function effective January 1, 2024.

Segment operating profit decreased 26.8% versus the prior-year period primarily due to pricing pressures resulting in lower profitability of $102.3 million and higher employee-related costs, which were only partially offset by increased productivity of $51.5 million and higher volumes from acquisitions of $18.7 million. As a result, segment operating margin decreased from 15.1% in the first six months of 2023 to 11.1% in the first six months of 2024.

All Other

Sales for the All Other group of businesses declined 24.9% year to date compared to the prior-year period primarily due to the sale of Protexic and lower volumes in temperature assured packaging.

All Other operating profit declined 31.7% year to date compared to the prior-year period due to the sale of Protexic, lower volumes and negative price/cost, partially offset by higher productivity. Segment operating margin declined to 13.5% year to date compared to 14.9% in 2023.

SONOCO PRODUCTS COMPANY

Financial Position, Liquidity and Capital Resources

Cash generated from operations for for the first three six months of 2024 was $166.2 million $275.5 million, compared with $98.0 million $348.6 million in the same period of 2023, a year-over-year increase decrease of $68.2 million $73.1 million. While GAAP net income decreased by $83.0 million $106.8 million year over year, this decline was primarily attributable to the absence of non-cash gains from the sales of the Company’s S3 business and timberland properties during the first quarter of 2023. Net working capital provided $0.8 million of capital used $29.2 million of cash in the first three six months of 2024, while using $91.5 million providing $0.9 million in the same period last year, for a year-over-year increase decrease in operating cash flow of $92.3 million driven primarily by a year-over-year increase in cash provided by payable to suppliers of $97.3 million of $30.1 million. Purchasing activity in the first quarter of 2023 was lower than normal due to abnormally high levels of certain inventory items that were maintained at the end of 2022 as a result of supply chain challenges, whereas inventory and purchasing activity returned to more normalized levels in the current period. Accounts Accounts receivable used $9.8 million$85.2 million more cash during the first three six months of 2024 than in the same period last year as a result of the impact of the changing mix in customer payment terms more than offsetting offset lower sales volumes. revenues. Inventory was a source of cash of $15.4 million in the first six months of 2024, while last year was a source of cash of $148.9 million. This year-over-year decrease was expected as the Company ended 2022 with a substantial inventory position driven by pandemic-related supply chain uncertainty. Conversely, accounts payable was a source of cash of $57.9 million in the first six months as compared to a use of cash of $130.7 million in the same period last year. As inventories and supply chain normalized in the second half of 2023 and first half of 2024, purchasing activity has normalized. The Company continues has continued to actively manage all components of net working capital by managing inventories and reviewing payment terms with customers and suppliers to appropriately address risk and balance economic benefit. Changes in accrued expenses and other assets and liabilities used $7.1 million cash totaling $3.7 million in the three-month six-month period ended March 31, 2024 June 30, 2024, compared with using $18.9 million and used $38.0 million in the same period last year. The $11.8 million lower $34.3 million lower use of cash in the current year was largely driven by the lower year-over-year payout of management incentive compensation. Cash contributions to the Company's retirement plans were $4.0 million $9.1 million in the first three six months of 2024, compared with $7.5 million in the same period last year.

Investing activities used $96.6 million of cash in the first six months of 2024, compared with $4.9 million in the same period last year.

Investing activities used $81.7 million of cash in the first three months of 2024, compared with $3.0 million $80.4 million in the same period last year, a higher year-over-year use of cash of $78.8 million $16.2 million. While capital Capital expenditures during the first three six months of 2024 were $86.5 million $179.7 million, $3.1 million $18.0 million higher than the same period last year, this use year. Proceeds from sale of cash was partially offset businesses provided $81.5 million in the first six months of 2024, primarily driven by the sale of Protexic, compared with $13.8 million in the prior year, by proceeds from the sale of the Company's S3 business. Proceeds from the sale of assets were $71.9 million in the first six months of $71.4 million, 2023, primarily from the March 2023 sale of the Company's timberland properties. In addition, Additionally, proceeds from the sale settlement of the Company's S3 business a net investment hedge provided $13.8 million $9.1 million of cash in the first three six months of 2023. Investments 2024. Investing cash flows in affiliated companies the first six months of 2024 also reflect the Company's $10.0 million investment to increase its ownership in a small South Carolina based designer and manufacturer of sustainable protective packaging solutions from 20.5% to 39.9%. In the same period last year, the Company used $5.0 million of cash during the three-month period ended April 2, 2023 as a result of the Company's to purchase of a 2.7% equity interest in Northstar Recycling Co. Other net investing activities provided $4.9 million more cash year over year, primarily as a result of higher life insurance proceeds received in the current year. Net capital spending for 2024 is expected to be approximately $350 million to $375 million compared to $283 million in 2023.

Financing activities used $62.7 million $178.0 million of cash in the three-month six-month period ended March 31, 2024 June 30, 2024, while using $118.2 million compared with $185.0 million in the corresponding prior-year same period a last year. The $7.0 million lower year-over-year decrease use of $55.5 million. The decrease cash was largely driven by higher lower year-over-year net debt repayments of $24.0 million, partially offset by payments of loan financing costs of $19.0 million in the prior year. first six months of 2024. Cash used to pay dividends increased by $2.4 million $3.6 million year over year reflecting the increase in the quarterly dividend payment from $0.49 $0.51 per share to $0.51 $0.52 per share approved by the Company's Board of Directors in April 2023. 2024. Cash used to repurchase the Company's common stock to satisfy employee tax withholding obligations in association with the exercise of certain share-based compensation awards was $9.1 million $9.2 million in the three-month six-month period ended March 31, 2024 June 30, 2024, compared to $10.6 million in the same period last year.

The Company's cash balances are held in numerous locations throughout the world. At March 31, 2024 June 30, 2024 and December 31, 2023, approximately $114.0 million $116.4 million and $93.8 million, respectively, of the Company's reported cash and cash equivalents balances of $172.2 million $140.2 million and $151.9 million, respectively, were held outside of the United States by its foreign subsidiaries. Cash held outside of the United States is available to meet local liquidity needs or for capital expenditures, acquisitions, and other offshore growth opportunities. As the Company has maintained sufficient domestic liquidity through a combination of operating cash flow generation and access to bank and capital market borrowings, management has generally considered its foreign unremitted earnings to be indefinitely invested outside the United States and currently has no plans to repatriate such earnings, other than excess cash balances that can be repatriated at minimal tax cost. Accordingly, as of March 31, 2024 June 30, 2024 the Company is not providing for taxes on these amounts for financial reporting purposes. Computation of the potential deferred tax liability associated with unremitted earnings considered to be indefinitely reinvested is not practicable.

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The Company uses a notional pooling arrangement with an international bank to help manage global liquidity requirements. Under this pooling arrangement, the Company and its participating subsidiaries may maintain either a cash deposit or borrowing position through local currency accounts with the bank, so long as the aggregate position of the global pool is a notionally calculated net cash deposit. Because it maintains a security interest in the cash deposits and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its participating subsidiaries favorable interest terms on both the cash deposit and borrowing positions.

SONOCO PRODUCTS COMPANY

During the three-month six-month period ended March 31, 2024 June 30, 2024, the Company reported a net decrease in cash and cash equivalents of $1.6 million $12.6 million due to currency translation adjustments resulting from a stronger U.S. dollar relative to certain foreign currencies in which cash and cash equivalents were held.

The On May 3, 2024, the Company operates a $500 million commercial paper program, supported by a $900 million increased the commitments under its unsecured revolving credit facility with a syndicate by $350 million to an aggregate amount of banks that$1.25 billion and extended the maturity date to May 3, 2029, and also increased its $500 million commercial paper program by $750 million to $1.25 billion. The commercial paper program is committed through June 2026. The supported by the Company's revolving credit facility. The Company has the contractual right to draw funds directly on the underlying revolving credit facility, which could possibly occur if there were a disruption in the commercial paper market.

On June 22, 2024, to secure funding for the pending Eviosys acquisition, the Company entered into a 364-day senior unsecured bridge term loan facility (the "Bridge Loan Facility") in an amount not to exceed $4.0 billion. The Bridge Loan Facility is comprised of two tranches, Tranche A in the amount of $700 million and Tranche B in the amount of $3.3 billion. On July 12, 2024, subsequent to the end of the quarter, the Company entered into a credit agreement (the "Term Loan Agreement"), providing the Company with the ability to borrow up to $700 million on an unsecured basis to finance a portion of the cash consideration for the Eviosys acquisition. Funding of the Term Loan Agreement is expected to occur substantially concurrently with the closing of the acquisition. The aggregate principal amount of the commitments under the Term Loan Agreement have replaced a corresponding amount of the commitments in respect of the Bridge Loan Facility in accordance with the terms of the Bridge Loan Facility commitment letter. As a result, an aggregate principal amount of up to $3.3 billion in Bridge Loan Facility commitments remain.

On April 1, 2024, the Company completed the sale of Protexic, part of the All Other group of businesses, to Black Diamond Capital Management, LLC for net cash proceeds of $80.3 million. The Company used the majority of these proceeds to pay down debt. The Company believes that this and other potential divestitures will enable greater strategic clarity and operational focus while also generating proceeds to fund deleveraging and capital investments in core businesses.

At March 31, 2024 June 30, 2024, the Company had scheduled debt maturities of approximately $454 million$485 million over the next twelve months, including $400 million aggregate principal amount of its 1.80% notes due February 2025. As the Company had no had $28 million in commercial paper balances outstanding at June 30, 2024, March 31, 2024 $1.22 billion, all of the $900 million in committed capacity under its revolving credit facility facility was available for draw down. The Company believes that cash and cash equivalents on hand, and expected net cash flows generated from operating and investing activities, and expected proceeds from divestitures, together with available capacity under the Company's existing increased borrowing arrangements and the potential for opportunity to raise additional borrowings capital through one or the issuance of new debt securities, more capital markets transactions, will provide sufficient liquidity to fund the Eviosys acquisition and cover debt maturities and other cash flow needs of the Company over the next twelve months and beyond.

Certain of the Company's debt agreements impose restrictions with respect to the maintenance of financial ratios and the disposition of assets. The most restrictive covenants currently require the Company to maintain a minimum level of interest coverage and a minimum level of net worth, as defined in the agreements. As of March 31, 2024 June 30, 2024, the Company's interest coverage and net worth were substantially above the minimum levels required under these covenants.

On April 1, 2024, subsequent to the end of the first quarter, the Company completed the sale of Protexic, part of the All Other group of businesses, to Black Diamond Capital Management, LLC for cash proceeds of $82 million. The Company used the majority of these proceeds to pay down debt.

The Company continually explores strategic acquisition opportunities that may result in the use of cash. Given the nature of the acquisition process, the timing and amounts of such expenditures are not always predictable. The Company expects that any additional acquisitions requiring funding in excess of cash on hand would be financed using existing credit facilities or additional borrowings.

The Company anticipates making additional contributions to its other pension and postretirement plans of approximately $16 12 million during the remainder of 2024, resulting in expected total contributions to these plans of approximately $20 million $21 million in 2024. Future funding requirements beyond the current year will vary depending largely on investment performance, future actuarial assumptions, and legislative actions.

SONOCO PRODUCTS COMPANY

Fair Value Measurements, Foreign Exchange Exposure and Risk Management

Certain assets and liabilities are reported in the Company's financial statements at fair value, the fluctuation of which can impact the Company's financial position and results of operations. Items reported by the Company at fair value on a recurring basis include derivative contracts and pension-related assets. The valuation of the vast majority of these items is based either on quoted prices in active and accessible markets or on other observable inputs.

As a result of operating globally, the Company is exposed to changes in foreign exchange rates. The exposure is well diversified, as the Company's facilities are located throughout the world, and the Company generally sells in the same countries where it produces with both revenue and costs transacted in the local currency. The Company monitors these exposures and uses foreign currency forward contracts and other risk management instruments to manage exposure to changes in foreign currency cash flows and the translation of monetary assets and liabilities on the Company's condensed consolidated financial statements by hedging a portion of forecasted transactions that are denominated in foreign currencies, foreign currency assets and liabilities, or its net investment in foreign subsidiaries. The Company's foreign operations are exposed to political, geopolitical, and cultural risks, but these risks are mitigated by diversification and the relative stability of the countries in which the Company has significant operations.

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Because the economy in Venezuela is considered highly inflationary under U.S. GAAP, the Company considers the U.S. dollar to be the functional currency of its Venezuelan operations and uses the official exchange rate when remeasuring the financial results of those operations. Economic conditions in Venezuela have worsened considerably over the past several years and there are no indications that conditions are likely to improve in the foreseeable future. Further deterioration could result in the recognition of an impairment charge or a deconsolidation of the subsidiary. At March 31, 2024 June 30, 2024, the carrying value of the Company's net investment in its Venezuelan operations was approximately $2.1 million. In addition, at March 31, 2024 June 30, 2024, the Company's "Accumulated other comprehensive loss" included a cumulative translation loss of $3.8 million related to its Venezuelan operations which would need to be reclassified to net income in the event of a complete exit of the business or a deconsolidation of the Venezuelan operations.

Turkey has also been deemed to be a highly inflationary economy under U.S. GAAP since the first quarter of 2022. Accordingly, the Company considers the U.S. dollar to be the functional currency of its operations in Turkey and has remeasured monetary assets and liabilities denominated in Turkish lira to U.S. dollars with changes recorded through earnings. The cumulative impact of applying highly inflationary accounting to Turkey has been a pretax charge to earnings of $7.6 million $7.5 million ($5.8 million after tax), including $1.1 million $1.0 million ($0.8 million after tax) during the three-month six-month period ended March 31, 2024 June 30, 2024. The magnitude of future earnings impacts, however, is uncertain as such impacts are dependent upon unpredictable movements in the Turkish lira relative to the U.S. dollar. In addition to remeasurement-related charges, significant deterioration in the Turkish economy could result in the recognition of future impairment charges. However, the Company believes its exposure is limited to its net investment in Turkey which was approximately $18.1 million $22.6 million as of March 31, 2024 June 30, 2024.

The Company is a purchaser of various raw material inputs such as recovered paper, energy, steel, aluminum, and plastic resin. The Company generally does not engage in significant hedging activities for these purchases other than for energy and, from time to time, aluminum, because there is usually a high correlation between the primary input costs and the ultimate selling price of its products. Inputs are generally purchased at market or at fixed prices that are established with individual suppliers as part of the purchase process for quantities expected to be consumed in the ordinary course of business. On occasion, where the correlation between selling price and input price is less direct, the Company may enter into derivative contracts such as futures or swaps to manage the effect of price fluctuations. In addition, the Company may occasionally use traditional, unleveraged interest-rate swaps to manage its mix of fixed and variable rate debt and control its exposure to interest rate movements within select ranges.

At March 31, June 30, 2024, the Company had derivative contracts outstanding to hedge the prices on a portion of anticipated natural gas and aluminum purchases. These contracts, some of which qualify as cash flow hedges, include natural gas swaps totaling approximately 6.6 million 6.3 million metric million British thermal units (“MMBTUs”) and aluminum swaps totaling 355 222 metric tons. These contracts have various maturity dates ranging through December 2024. 2025. The total fair market value of these instruments resulted in a net loss position of $6.6 million $3.0 million and $6.8 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

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The Company routinely enters into derivative currency contracts to mitigate the risk of unfavorable fluctuations in the exchange rate on certain anticipated foreign currency cash flows. These contracts qualify as cash flow hedges and have various maturity dates ranging from April 2024 through December 2024. The total market value of these instruments resulted in a net loss position of $1.1 million at June 30, 2024 and a net gain positions position of $1.5 million and $1.5 million at March 31, 2024 and December 31, 2023, respectively. . In addition, at March 31, 2024 June 30, 2024, the Company had various currency contracts outstanding to hedge the currency exposure of intercompany debt and foreign currency denominated receivables and payables. Although placed as economic hedges, the Company does not apply hedge accounting to these instruments. As such, changes in fair value are recorded directly to income and expense in the periods that they occur.

During the fourth quarter of 2023,, the Company became a party to cross-currency swap agreements with a total notional amount of $500 million to effectively convert a portion of the Company’s fixed-rate U.S. dollar-denominated dollar denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The swap agreements, provide which had a maturity of December 18, 2026, provided for the Company to receive semi-annual interest payments in U.S. dollars at a fixed rate and to make semi-annual interest payments in euros at a fixed rate. The risk management objective of entering into such the swap agreements is was to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in euros. The agreements are were designated as net investment hedges for accounting purposes. The gain or loss on the net investment hedge derivative instrument instruments is included in the foreign “Foreign currency translation translation” component of accumulated “Accumulated other comprehensive loss loss” until the net investment is sold, diluted, or liquidated. Interest payments received for the cross-currency swap swaps are excluded from the net investment hedge effectiveness assessment and are recorded in interest expense. At March 31, 2024, “Interest expense” in the Company’s Condensed Consolidated Statements of Income. The assumptions used in measuring fair value of the cross-currency swaps are considered level 2 inputs, which are based upon the Euro-to-U.S. dollar exchange rate market. The fair value of the Company’s net investment hedges was a gain loss position of $4.9 million, of $0.3 million and a translation gain loss position of $3.6 million$5.1 million at June 30, 2024 and December 31, 2023, respectively. Translation losses of $0.2 million (net of income taxes of $1.2 million of $0.1 million) was and $3.8 million (net of income taxes of $1.3 million) were reported as a component components of “Accumulated other comprehensive loss” within “Foreign currency items.”

During the first three months of 2024, the U.S. dollar strengthened against most of the functional currencies in which the Company’s foreign investments are held, including the euro, the Canadian dollar, the British pound, the Brazilian real, items” at June 30, 2024 and the Danish krone. The net impact of these changes, and the changes in the net investment hedge discussed above, resulted in net translation losses of $19.3 million being recorded in “Accumulated other comprehensive loss” during the three-month period ended March 31, 2024.December 31, 2023, respectively.

As a result of continued strengthening of the U.S. dollar against the euro, as well as a reduction in the differential between U.S. and European interest rates, the fair value of the Company’s net investment hedge continued to appreciate into the month of April. hedges appreciated significantly through April 2024. On April 15, 2024, subsequent to the end of the quarter, the Company terminated the swap agreements and received a cash settlement of $11.6 million $9.1 million. The foreign currency translation gain of approximately $3.1 million, net of tax, will be is included as a component of “Accumulated other comprehensive loss” in the second quarter of 2024. loss.” Following the unwind of the swaps, the Company entered into new cross-currency swap agreements with a total notional amount of $500 million to effectively convert a portion of the Company’s fixed-rate U.S. dollar-denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The new swap agreements, which have a maturity of May 1, 2027, share the same risk management objective as the terminated cross-currency swap agreements and are also designated as net investment hedges for accounting purposes.

The Company has an investment in preferred stock of a nonaffiliated private company that is accounted for under the measurement alternative of cost less impairment, adjusted for any qualifying observable price changes. Observable price changes would consist of Level 2 inputs based on privately negotiated transactions with the nonaffiliated company. The preferred stock balance of $21 million is included in “Other assets” in the Company’s Condensed Consolidated Balance Sheets as of June 30, 2024.

During the first six months of 2024, the U.S. dollar strengthened against most of the functional currencies in which the Company’s foreign investments are held, including the euro, the Canadian dollar, the Mexican peso, the Brazilian real, and the Danish krone. The net impact of these changes, and the changes in the net investment hedge discussed above, resulted in net translation losses of $55.6 million being recorded in “Accumulated other comprehensive loss” during the six-month period ended June 30, 2024.

Restructuring and Impairment

Information regarding restructuring charges and restructuring-related asset impairment charges is provided in Note 5 to the Company’s Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Form 10-Q.

New Accounting Pronouncements

Information regarding new accounting pronouncements is provided in Note 2 to the Company’s Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Form 10-Q.

SONOCO PRODUCTS COMPANY

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Information about the Company's exposure to market risk is discussed under Part I, Item 2 in this Quarterly Report on Form 10-Q and was disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the Securities and Exchange Commission on February 28, 2024. There have been no other material quantitative or qualitative changes in market risk exposure since the date of that filing.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision, and with the participation, of our management, including our Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we conducted an evaluation pursuant to Rule 13a-15(b) under the Exchange Act of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our CEO and CFO concluded that such controls and procedures, as of March 31, 2024 June 30, 2024, the end of the period covered by this Quarterly Report on Form 10-Q, were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. For this purpose, disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information that is required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting occurring during the quarter ended March 31, 2024 June 30, 2024, that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information with respect to legal proceedings and other exposures appears in Part I - Item 3 - "Legal Proceedings" and Part II - Item 8 - "Financial Statements and Supplementary Data" (Note 17 - "Commitments and contingencies") in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and in Part I - Item 1 - "Financial Statements" (Note 16 17 - "Commitments and Contingencies") of this Quarterly Report on Form 10-Q.

Environmental Matters

The Company has been named as a potentially responsible party ("PRP") at several environmentally contaminated sites not owned by the Company. All of the sites are also the responsibility of other parties. The Company's liability, if any, is shared with such other parties, but the Company's share has not been finally determined in most cases. In some cases, the Company has cost-sharing arrangements with other PRPs with respect to a particular site. Such agreements relate to the sharing of legal defense costs or cleanup costs, or both. The Company has assumed, for purposes of estimating amounts to be accrued, that the other parties to such cost-sharing agreements will perform as agreed. It appears that final resolution of some of the sites is years away, and actual costs to be incurred for these environmental matters in future periods is likely to vary from current estimates because of the inherent uncertainties in evaluating environmental exposures. Accordingly, the ultimate cost to the Company with respect to such sites, beyond what has been accrued at March 31, 2024 June 30, 2024, cannot be determined. As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company had accrued $7.2 million $7.0 million and $7.3 million, respectively, related to environmental contingencies. The Company periodically reevaluates the assumptions used in determining the appropriate reserves for environmental matters as additional information becomes available and, when warranted, makes appropriate adjustments.

Other Legal Matters

Information regarding other legal proceedings is provided in Note 16 17 to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 5. Other Information.

Insider Trading Arrangements

During the three months ended March 31, 2024, June 30, 2024, none of the ComCompany's pany's officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits.

Exhibit Index

2.1*	Put Option Agreement, by and among Titan Holdings Coöperatief U.A., Titan Holdings I B.V. and Sonoco Products Company, dated June 22, 2024 (incorporated by reference Exhibit 2.1 to the Registrant's Form 8-K filed June 24, 2024)
2.2*	Equity Purchase Agreement, by and among Titan Holdings Coöperatief U.A., Titan Holdings I B.V. and Sonoco Products Company, dated June 22, 2024, executed by Sonoco Products Company (incorporated by reference to Exhibit 2.2 to the Registrant's Form 8-K filed June 24, 2024)
3.1	Restated Articles of Incorporation, as amended April 21, 2022 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed April 22, 2022)
3.2	By-Laws of Sonoco Products Company, as amended October 17, 2023 (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K, filed October 19, 2023)
10.1*	Amended and Restated Credit Agreement, dated as of May 3, 2024, by and among the Company, Bank of America, N.A., and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on May 3, 2024)
10.2*	364-Day Bridge Facility Commitment Letter, by and among Sonoco Products Company, JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed June 24, 2024)
10.3*	Term Credit Agreement, dated as of July 12, 2024, by and among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on July 16, 2024)
31	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(a)
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(b)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Certain schedules and attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to provide, on a supplemental basis, a copy of any omitted schedules and attachments to the Securities and Exchange Commission or its staff upon request.

SONOCO PRODUCTS COMPANY

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

SONOCO PRODUCTS COMPANY

(Registrant)

Date:	May August 1, 2024	By:	/s/ Robert R. Dillard
			Robert R. Dillard
			Chief Financial Officer
			(principal financial officer)
			/s/ Aditya Gandhi
			Aditya Gandhi
			Chief Accounting Officer
			(principal accounting officer)

EXHIBIT 31

I, R. Howard Coker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sonoco Products Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May August 1, 2024	/s/ R. Howard Coker
	R. Howard Coker
	President and Chief Executive Officer

EXHIBIT 31

I, Robert R. Dillard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sonoco Products Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May August 1, 2024

/s/ Robert R. Dillard
Robert R. Dillard
Chief Financial Officer

EXHIBIT 32

Certification of Principal Executive Officer and Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the
Sarbanes – Oxley Act of 2002

The undersigned, who are the chief executive officer and the chief financial officer of Sonoco Products Company, each hereby certifies that, to the best of his knowledge, the accompanying Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

May August 1, 2024

/s/ R. Howard Coker
R. Howard Coker
President and Chief Executive Officer

/s/ Robert R. Dillard
Robert R. Dillard
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Sonoco Products Company (the "Company") and will be retained by the Company and furnished to the Securities and Exchange Commission upon request. This certification accompanies the Form 10-Q and shall not be treated as having been filed as part of the Form 10-Q.

DISCLAIMER