Second-Quarter 2023 Earnings Results

AUGUST 3, 2023

Cautionary Note Regarding Forward-Looking Statements and Non-GAAP Financial Measures

Unless expressly indicated or the context requires otherwise, the terms “Sotera Health,” “Company,” “we,” “us,” and “our” in this document refer to Sotera Health Company, a Delaware corporation, and, where appropriate, its subsidiaries on a consolidated basis. This presentation contains forward-looking statements that reflect management’s expectations about future events and the Company’s operating plans and performance and speak only as of the date hereof. You can identify these forward-looking statements by the use of forward-looking words such as “will,” “may,” “plan,” “estimate,” “project,” “believe,” “anticipate,” “expect,” “intend,” “should,” “would,” “could,” “target,” “goal,” “continue to,” “positioned to,” “are confident” or the negative versions of those words or other comparable words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, are forward-looking statements. Any forward-looking statements contained in this release are based upon our historical performance and on our current plans, estimates and expectations of the Company’s future performance and the future performance of the markets in which the Company operates in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. These forward-looking statements are subject to various risks, uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. These risks and uncertainties include, without limitation, any disruption in the availability or supply of, or increases in the price of, ethylene oxide (“EO”) or Cobalt-60 (“Co-60”), or our other direct materials, services and supplies, including as a result of geopolitical instability and sanctions arising from the US, Canadian, UK and European Union relations with Russia; foreign currency exchange rates and changes in those rates; adverse changes in industry trends, environmental, health and safety regulations or preferences, or general economic, social and business conditions; the impact and outcome of current and future legal proceedings and liability claims, including litigation related to purported exposure to emissions of EO from our facilities in Illinois, Georgia and New Mexico and the possibility that other claims will be made in the future relating to these or other facilities; our ability to increase capacity at existing facilities, renew leases for our leased facilities and build new facilities in a timely and cost-effective manner; competition for qualified employees in the industries in which we operate; the risks of doing business internationally, including global and regional economic and political instability and compliance with numerous laws and regulations in multiple jurisdictions; and any inability to pursue strategic transactions or find suitable acquisition targets. For additional discussion of these risks and uncertainties, please refer to the Company’s filings with the SEC, such as its annual and quarterly reports. We do not undertake any obligation to publicly update or revise these forward-looking statements, except as otherwise required by law.

This presentation includes Adjusted EBITDA, Adjusted EBTIDA margin, Adjusted Net Income, Segment Income Margin, Adjusted EPS, Net Debt and Net Leverage Ratio, which are unaudited financial measures not based on any standardized methodology prescribed by GAAP. Adjusted EBITDA, Adjusted EBTIDA margin, Adjusted Net Income, Segment Income Margin, Adjusted EPS, Net Debt and Net Leverage Ratio may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Adjusted EBITDA, Adjusted EBTIDA margin, Adjusted Net Income, Segment Income Margin, Adjusted EPS, Net Debt and Net Leverage Ratio should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. See the Appendix for a reconciliation of net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted Net Income and Adjusted EBITDA and Adjusted EPS and a reconciliation of total debt, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Net Debt and Net Leverage.

This presentation refers to, and in other communications with investors the Company may refer to, net sales or revenues or other historical financial information on a “constant currency” basis, which is a non-GAAP financial measure defined in the Appendix to this presentation.

We use these non-GAAP financial measures as the principal measures of our operating performance. Management believes these are useful because they allow management to more effectively evaluate our operating performance and compare the results of our operations from period to period without the impact of certain non-cash items and non-routine items that we do not expect to continue at the same level in the future and other items that are not core to our operations. We believe that these measures are useful to our investors because they provide a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. In addition, we believe these measures will assist investors in making comparisons to our historical operating results and analyzing the underlying performance of our operations for the periods presented. Our management also uses these measurements in their financial analysis and operational decision-making and Adjusted EBITDA serves as the key metric for attainment of our primary annual incentive program. These measures may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

The Company does not provide a reconciliation for non-GAAP financial measures on a forward-looking basis where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items without unreasonable effort. The Company cannot reconcile its expected Adjusted EBITDA, Adjusted Net Income, Adjusted EPS and net leverage ratio without unreasonable effort because certain items that impact net income, earnings per share and other reconciling metrics are out of the Company’s control and/or cannot be reasonably predicted at this time, including uncertainties caused by changes to the regulatory landscape, restructuring items and certain fair value measurements, all of which are potential adjustments for future earnings.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other data about the Company’s industry and estimated total and serviceable addressable markets. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified this market data. While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those described under the headings of “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in the Company’s Form 10-K, and in the Company’s other SEC filings. In addition, projections, assumptions and estimates of the Company’s future performance and the future performance of the markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk.

The Sotera Health name, our logo and other trademarks mentioned in this presentation are the property of their respective owners. All Company data and financial information included in this presentation is as of June 30, 2023, unless otherwise stated.

Speakers

Michael B. Petras, Jr.

Chairman and Chief Executive Officer

Jonathan M. Lyons

Senior Vice President and Chief Financial Officer

Safeguarding Global Health® Through Our Sterilization Services, Lab Testing and Advisory Services

What we do…

Leader in sterilization services

Sterigenics® A Sotera Health company

Nordion® A Sotera Health company

Leader in lab testing and advisory services

Nelson Labs® A Sotera Health company

…and how we do it…

- Provide mission-critical services to **blue chip customers with multi-year contracts**
- Unmatched **network of local facilities** to support customer requirements and growth
- In an increasingly regulated industry, we are a **global leader in technical and regulatory expertise**
- **Organic and inorganic growth**
- Our culture – **Safety, quality, accountability and excellence**

…leads to strong results

- **Annual revenue growth every year** since 2005
- **TTM Q2 2023 Adjusted EBITDA margins[(1)] of almost 50%**
- **~$33 billion TAM[(2)]** and growing
- Consistent track record of **cash flow generation**
- **Well-positioned for growth in global healthcare market** without payor reimbursement risk

Our capabilities, scale and know-how are not easily replicated…
Our customers depend on our mission-critical services in any economic environment

(1) This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.
(2) 2019 Management estimated total addressable markets for in-house and outsourced terminal sterilization and outsourced medical device and pharmaceutical lab testing.

Our Customers Trust and Value Our Expertise

5,000+ customers

900+ laboratory tests

Customers located in 65+ countries

Sotera Health

Safeguarding Global Health®

Deep market focus

Significant industry expertise

End-to-end solutions

Customers include over 40 of top 50 medical device companies(1)

Customers include 9 of top 10 pharma companies(1)

50 sterilization facilities

13 laboratory locations

Global scale with integrated facility network

Expertise and strong track record in highly regulated markets

Ability to meet customers' regulatory needs

Comprehensive end-to-end services offered

Provide customer peace-of-mind

Experienced management team with established track record

(1) Based on revenue for the year ended December 31, 2022.

Safeguarding Global Health®

- Our Mission is at the heart of our work across Sotera Health.
- Our mission-critical services help to ensure the safety of healthcare and protect the lives of millions around the world.
- Safeguarding Global Health® embodies the essence of Corporate Responsibility.
- Click here to watch our *Safeguarding Global Health® Moments* video to see our mission in action.

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Q2 2023 Highlights

Business & Market Update

- All three business units achieved sequential margin expansion versus Q1 2023
- Sterigenics and Nelson experiencing some volume softness
- Nordion Co-60 supply on track to deliver on FY ‘23 expectations
- Some macro-economic pressures persist, such as inflation and customer supply-chain challenges

Financial Performance

	Q2 2023 vs Q2 2022
Net Revenues	\$255M / (4.3%)
Adjusted EBITDA[(1)]	\$128M / (5.6%)
Adjusted EBITDA margin[(1)]	50.3% / (73bps)
Adjusted EPS[(1)]	\$0.21 / (\$0.06)

Capital Deployment & Liquidity

- Continuing to invest in the business for long-term growth
- Net Leverage[(1)] of 4.2x, expected to end the year at or below 4.0x
- Strong liquidity of \$635M; no outstanding borrowings on the revolving line of credit

Other Activities

- Completed the settlement of the Illinois EO litigation ahead of previously-communicated timeline with a 99.7% participation rate
- Submitted comments on proposed EPA regulations
- Prudently managing costs in light of volume headwinds
- Announced Jon Lyons as Senior Vice President & CFO

(1) This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.

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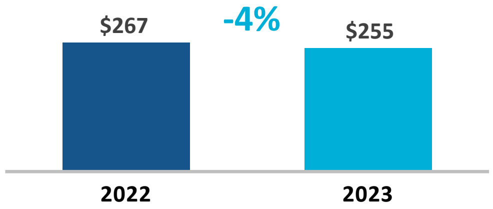
FINANCIAL OVERVIEW

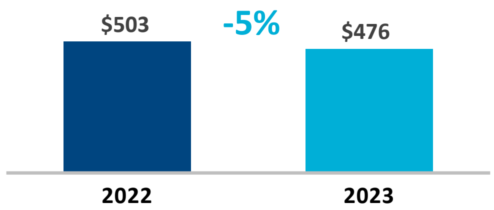
Q2 & YTD 2023 Consolidated Financial Performance

$ In millions, except Adjusted EPS

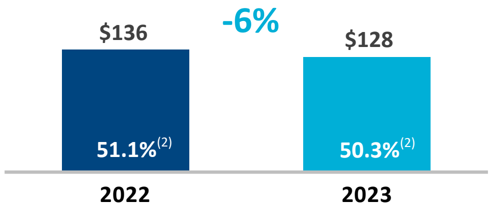
Second Quarter	Year-to-Date

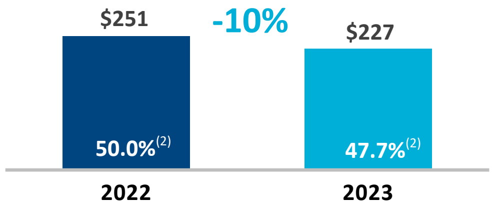
Revenue



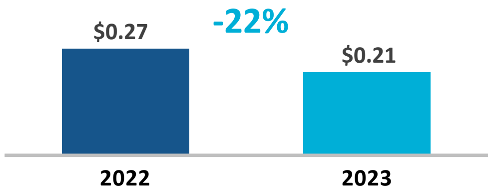


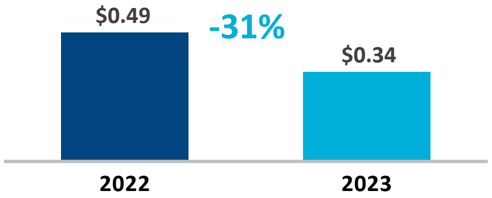
Adjusted EBITDA[1]





Adjusted EPS[1]





(1) This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.
(2) Adjusted EBITDA margin is equal to Adjusted EBITDA divided by net revenues. Please refer to Non-GAAP Financial Measures provided in the Appendix.

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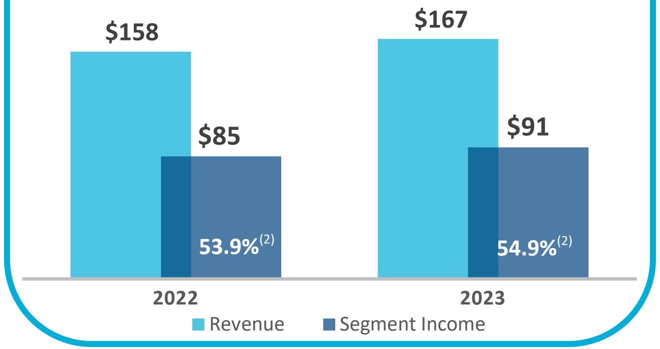
Sterigenics Q2 2023 Financial Performance

$ In millions

Second Quarter

Revenue +6%

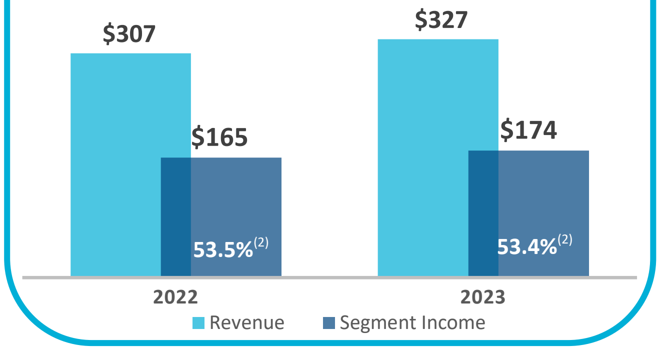
Segment income[1] +7%



Year-to-Date

Revenue +6%

Segment income[1] +6%



- **Revenue increase was driven by favorable pricing and changes in foreign exchange currency rates, offset by an unfavorable impact from volume and change in mix**
- **Segment income and segment income margin increases were impacted by favorable pricing, partially offset by unfavorable volume and change in mix, as well as inflation**

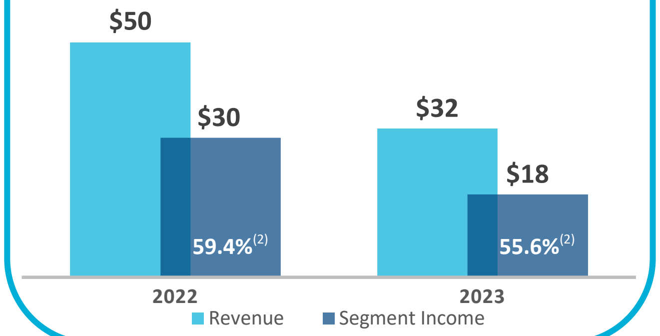
(1) Segment income is defined to exclude, among other things, depreciation and amortization. Please refer to our consolidated financial statements for more information.
(2) Segment income margin is equal to segment income divided by net revenues. Please refer to Non-GAAP Financial Measures provided in the Appendix.

Nordion Q2 2023 Financial Performance

$ In millions

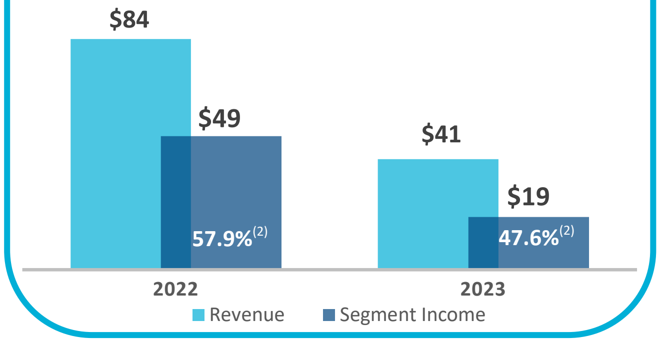
Second Quarter

Revenue	-37%
Segment income[1]	-41%



Year-to-Date

Revenue	-52%
Segment income[1]	-60%



- Revenue decline was driven by expected volume decline and change in mix due to timing of Co-60 supply harvest schedules and an unfavorable impact from changes in foreign exchange currency rates, partially offset by favorable pricing
- Segment income and segment margin declines were driven by unfavorable volume and change in mix, partially offset by favorable pricing
- As anticipated, approximately 75% of Nordion revenue expected to occur in the second half of 2023

(1) Segment income is defined to exclude, among other things, depreciation and amortization. Please refer to our consolidated financial statements for more information.
(2) Segment income margin is equal to segment income divided by net revenues. Please refer to Non-GAAP Financial Measures provided in the Appendix.

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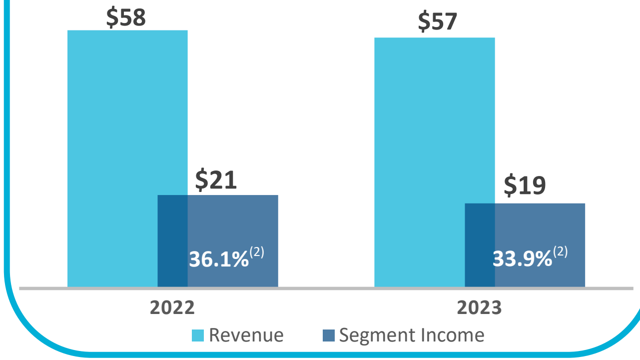
Nelson Labs Q2 2023 Financial Performance

$ In millions

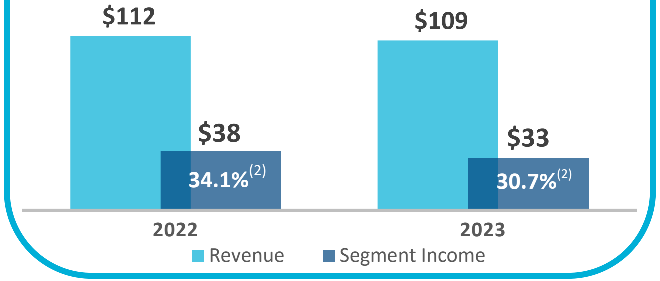
Second Quarter

Revenue	-3%
Segment income[1]	-9%



Year-to-Date

Revenue	-3%
Segment income[1]	-12%



- **Revenue decline was driven by unfavorable volume and change in mix, partially offset by favorable pricing and a favorable impact from changes in foreign currency exchange rates**
- **Segment income and segment income margin declines were driven by volume decline and a change in mix, as well as inflation, partially offset by favorable pricing**

(1) Segment income is defined to exclude, among other things, depreciation and amortization. Please refer to our consolidated financial statements for more information.
(2) Segment income margin is equal to segment income divided by net revenues. Please refer to Non-GAAP Financial Measures provided in the Appendix.

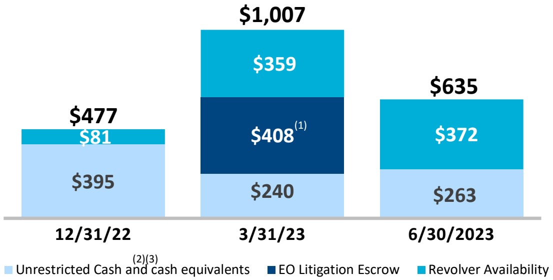
Capital Structure and Investments

$ In millions

Liquidity

Strong liquidity position

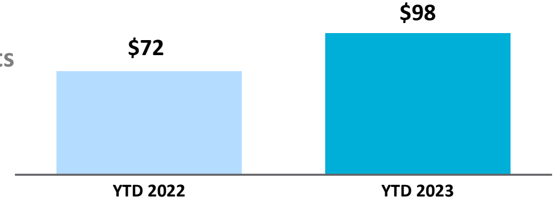
- ~$408M settlement funds released from escrow
- No borrowings on revolving line of credit as of Q2 2023



CapEx[4]

~65% of capital allocated to growth projects

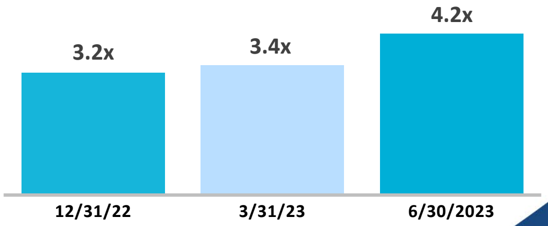
- Sterigenics: 4 active capacity expansions; continued EO facility investments
- Nordion: Cobalt-60 development projects
- Nelson Labs: Pharma expansion & lab information management system



Net Leverage[5]

Long-range target of 2.0x – 4.0x

- Net leverage of 4.2x as of Q2 '23
- Increase from Q1 '23 issuance of $500M Term Loan
- Year-end net leverage anticipated to finish at or below 4.0x



(1) $408M associated with Illinois EO Settlement from cash and cash equivalents, which was released from escrow on June 30, 2023.
(2) Revolving availability is calculated as maximum facility size less letters of credit.
(3) Maximum facility size was $347.5M as of 12/31/22 and $423.8M as of 6/30/23.
(4) Excludes any Capital Expenditures included in accounts payable or accruals at the end of the period.
(5) This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.

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2023 Outlook

On the following slide, Sotera Health presents an overview of its full-year 2023 outlook, including certain non-GAAP financial measures. As outlined in the Company's August 3, 2023 press release, Sotera Health does not provide a reconciliation of the forward-looking Adjusted EBITDA, Adjusted Net Income, Adjusted EPS and Net Leverage Ratio outlook to the most directly comparable GAAP measure, as this cannot be done without unreasonable effort due to the variability and low visibility with respect to certain costs, including, among others, uncertainties caused by changes to the regulatory landscape, restructuring items and certain fair value measurements, all of which are potential adjustments for future earnings. The variability of these items could have a potentially unpredictable, and a potentially significant, impact on our future GAAP results.

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13

Full-year 2023 Outlook[1]

	Prior Outlook	August 3rd Outlook	YoY%
Revenue	$1.055B to $1.090B	$1.035B to $1.055B	+3% to +5%
Adj EBITDA[2]	$530M to $550M	$520M to $535M	+3% to +6%
Adj NI Tax Rate[2][3]	30% to 33%	30% to 32%	~+400bps to ~+600bps
Adj EPS[2]	$0.78 to $0.86	$0.78 to $0.86	-10% to -19%
Weighted Avg. Diluted Shares	283M to 285M	283M to 285M	+1% to +2%
Capital Expenditures	$185M - $215M	$200M - $215M	+10% to +18%
Net Leverage[2]	End 2023 within long-term range of 2.0x – 4.0x	End 2023 at or below 4.0x	

(1) The outlook provided above contains a number of assumptions, including, among others, the Company's current expectations regarding supply chain continuity, particularly for the supply of EO and Co-60, the impact of inflationary trends, including their impact on energy prices and the supply of labor and the expectation that exchange rates as of June 30, 2023 remain constant for the remainder of 2023. Our outlook is based on current plans and expectations and is subject to several known and unknown risks and uncertainties, including those set forth above in "Cautionary Note Regarding Forward-Looking Statements."
(2) This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.
(3) Higher estimated Adj NI Tax Rate as compared to the prior year is due to an increase in non-deductible interest expense as a direct result of increasing interest rates, along with the large carryforwards of non-deductible interest from prior years, resulting in a larger valuation allowance and a higher effective tax rate for 2023.

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Appendix

Non-GAAP Financial Measures

(unaudited)
(dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Net income	**$ 23,513**	$ 30,418	**$ 26,355**	$ 61,059
Amortization of intangibles	**20,502**	21,195	**41,109**	41,377
Share-based compensation[(a)]	**8,409**	5,801	**15,757**	10,339
Loss (gain) on foreign currency and derivatives not designated as hedging instruments, net[(b)]	**(409)**	(1,430)	**126**	(7,982)
Acquisition and divestiture related charges, net[(c)]	**153**	691	**745**	531
Business optimization project expenses[(d)]	**3,322**	470	**5,856**	574
Plant closure expenses[(e)]	**129**	478	**(766)**	1,149
Impairment of investment in unconsolidated affiliate[(f)]	**—**	9,613	**—**	9,613
Professional services and other expenses relating to EO sterilization facilities[(g)]	**17,080**	17,678	**33,382**	35,737
Accretion of asset retirement obligation[(h)]	**555**	598	**1,127**	1,118
COVID-19 expenses[(i)]	**—**	45	**—**	148
Income tax benefit associated with pre-tax adjustments[(j)]	**(13,959)**	(9,732)	**(26,351)**	(17,584)
Adjusted Net Income	**59,295**	75,825	**97,340**	136,079
Interest expense, net[(k)]	**25,271**	17,144	**51,811**	33,894
Depreciation[(l)]	**18,988**	15,744	**37,919**	31,611
Income tax provision applicable to Adjusted Net Income[(m)]	**24,931**	27,422	**39,883**	49,900
Adjusted EBITDA[(n)]	**$ 128,485**	$ 136,135	**$ 226,953**	$ 251,484
Net Revenues	**$ 255,282**	$ 266,639	**$ 475,872**	$ 503,393
Adjusted EBITDA Margin	**50.3 %**	51.1 %	**47.7 %**	50.0 %
Weighted average number of shares outstanding:				
Basic	**280,893**	279,990	**280,793**	279,910
Diluted	**283,147**	280,171	**283,040**	280,038
Earnings per share:				
Basic	**$ 0.08**	$ 0.11	**$ 0.09**	$ 0.22
Diluted	**0.08**	0.11	**0.09**	0.22
Adjusted earnings per share:				
Basic	**$ 0.21**	$ 0.27	**$ 0.35**	$ 0.49
Diluted	**0.21**	0.27	**0.34**	0.49

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Non-GAAP Financial Measures (continued)

(a) Represents share-based compensation expense to employees and non-employee directors.

(b) Represents the effects of (i) fluctuations in foreign currency exchange rates, (ii) non-cash mark-to-fair value of embedded derivatives relating to certain customer and supply contracts at Nordion, and (iii) unrealized gains on interest rate caps not designated as hedging instruments.

(c) Represents (i) certain direct and incremental costs related to the acquisitions of RCA and BioScience Labs and certain related integration efforts as a result of those acquisitions, (ii) the earnings impact of fair value adjustments (excluding those recognized within amortization expense) resulting from the businesses acquired, and (iii) transition services income and non-cash deferred lease income associated with the terms of the divestiture of the Medical Isotopes business in 2018.

(d) Represents professional fees, exit costs, severance and other payroll costs, and other costs associated with business optimization and cost savings projects relating to the integration of acquisitions, operating structure realignment and other process enhancement projects.

(e) Represents professional fees, severance and other payroll costs, and other costs including ongoing lease and utility expenses associated with the closure of the Willowbrook, Illinois facility. The six months ended June 30, 2023 also includes a $1.0 million cancellation fee received from a tenant in connection with the termination of an office space lease at the Nordion facility.

(f) Represents an impairment charge on our equity method investment in a joint venture.

(g) Represents litigation and other professional fees associated with our EO sterilization facilities. This includes $5.5 million and $7.8 million of interest expense, net for the three and six months ended June 30, 2023, respectively, associated with Term Loan B that was issued to finance the $408.0 million cost to settle approximately 880 pending and threatened EO claims against the Settling Defendants in Illinois under Settlement Agreements entered into on March 28, 2023.

(h) Represents non-cash accretion of asset retirement obligations related to Co-60 and gamma processing facilities, which are based on estimated site remediation costs for any future decommissioning of these facilities (without regard for whether the decommissioning services would be performed by employees of Nordion, instead of by a third party) and are accreted over the life of the asset.

(i) Represents non-recurring costs associated with the COVID-19 pandemic, including incremental costs to implement workplace health and safety measures.

(j) Represents the income tax impact of adjustments calculated based on the tax rate applicable to each item. We eliminate the effect of tax rate changes as applied to tax assets and liabilities and unusual items from our presentation of adjusted net income.

(k) The three and six months ended June 30, 2023 exclude $5.5 million and $7.8 million, respectively, of interest expense, net, on Term Loan B attributable to the loan proceeds that were used to fund the $408.0 million Illinois EO litigation settlement. The three and six months ended June 30, 2022 exclude $3.1 million and $9.4 million, respectively, of unrealized gains on interest rate derivatives not designated as hedging instruments.

(l) Includes depreciation of Co-60 held at gamma irradiation sites.

(m) Represents the difference between the income tax provision as determined under U.S. GAAP and the income tax provision or benefit associated with pre-tax adjustments described in footnote (j).

(n) $24.4 million and $20.9 million of the adjustments for the three months ended June 30, 2023 and 2022, respectively, and $47.2 million and $40.7 million of the adjustments for the six months ended June 30, 2023 and 2022, respectively, are included in cost of revenues, primarily consisting of amortization of intangible assets, depreciation, and accretion of asset retirement obligations.

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Non-GAAP Financial Measures (continued)

(unaudited)
(dollars in thousands)

	Twelve Months Ended		
	June 30, 2023	March 31, 2023	December 31 2022
Net loss	**$ (268,274)**	**$ (261,369)**	**$ (233,570)**
Amortization of intangible assets	81,286	81,979	81,554
Share-based compensation[a]	26,629	24,021	21,211
Loss on foreign currency and derivatives not designated as hedging instruments, net[b]	11,258	10,237	3,150
Acquisition and divestiture related charges, net[c]	1,612	2,150	1,398
Business optimization project expenses[d]	7,508	4,656	2,226
Plant closure expenses[e]	2,815	3,164	4,730
Impairment of investment in unconsolidated affiliate[f]	—	9,613	9,613
Professional services and other expenses relating to EO sterilization facilities[g]	70,284	70,882	72,639
Illinois EO litigation settlement[h]	408,000	408,000	408,000
Accretion of asset retirement obligations[i]	2,203	2,246	2,194
COVID-19 expenses[j]	7	52	155
Income tax benefit associated with pre-tax adjustments[k]	(111,848)	(107,621)	(103,081)
Adjusted Net Income	**231,480**	**248,010**	**270,219**
Interest expense, net[l]	96,407	88,280	78,490
Depreciation[m]	70,308	67,064	64,000
Income tax provision applicable to Adjusted Net Income[n]	83,523	86,014	93,540
Adjusted EBITDA[o]	**$ 481,718**	**$ 489,368**	**$ 506,249**
Net Revenues	$ 976,166	$ 987,523	$ 1,003,687
Adjusted EBITDA Margin	49.3 %	49.6 %	50.4

Sotera Health

Non-GAAP Financial Measures (continued)

(a) Represents share-based compensation expense to employees and Non-Employee Directors.

(b) Represents the effects of (i) fluctuations in foreign currency exchange rates, and (ii) non-cash mark-to-fair value of embedded derivatives relating to certain customer and supply contracts at Nordion, and (iii) unrealized gains and losses on interest rate caps not designated as hedging instruments.

(c) Represents (i) certain direct and incremental costs related to the acquisitions of Regulatory Compliance Associates Inc. and BioScience Labs and certain related integration efforts as a result of those acquisitions, (ii) the earnings impact of fair value adjustments (excluding those recognized within amortization expense) resulting from the businesses acquired, and (iii) transition services income and non-cash deferred lease income associated with the terms of the divestiture of the Medical Isotopes business in 2018.

(d) Represents professional fees, exit costs, severance and other payroll costs, and other costs associated with business optimization and cost savings projects relating to the integration of recent acquisitions, the Sotera Health rebranding, operating structure realignment and other process enhancement projects.

(e) Represents decommissioning costs, professional fees, severance and other payroll costs, and other costs including ongoing lease and utility expenses associated with the closure of the Willowbrook, Illinois facility. The twelve months ended March 31, 2023 and June 30, 2023 also includes a $1.0 million cancellation fee received from a tenant in connection with the termination of an office space lease at the Nordion facility.

(f) Represents an impairment charge on our equity method investment in a joint venture.

(g) Represents litigation and other professional fees associated with our EO sterilization facilities. This includes $7.8 million and $2.3 million of interest expense, net for the twelve months ended June 30, 2023 and March 31, 2023, respectively, associated with Term Loan B that was issued to finance the $408.0 million cost to settle approximately 880 pending and threatened EO claims against Sterigenics U.S., LLC and Sotera Health LLC ("the Settling Defendants") in Illinois under Settlement Agreements entered into on March 28, 2023.

(h) Represents the cost to settle approximately 880 pending and threatened EO claims against the Settling Defendants in Illinois under settlement Agreements entered into on March 28, 2023..

(i) Represents non-cash accretion of asset retirement obligations related to gamma and EO processing facilities, which are based on estimated site remediation costs for any future decommissioning of these facilities (without regard for whether the decommissioning services would be performed by employees of Nordion, instead of by a third party) and are accreted over the life of the asset.

(j) Represents non-recurring costs associated with the COVID-19 pandemic, including incremental costs to implement workplace health and safety measures.

(k) Represents the income tax impact of adjustments calculated based on the tax rate applicable to each item. We eliminate the effect of tax rate changes as applied to tax assets and liabilities, and unusual items from our presentation of adjusted net income.

(l) The twelve months ended June 30, 2023 and March 31, 2023 exclude $7.8 million and $2.3 million of interest expense, net on Term Loan B attributable to the loan proceeds that were used to fund the $408.0 million Illinois EO litigation settlement. The twelve months ended December 31, 2022 excludes a $1.7 million net decrease in the fair value of interest rate derivatives not designated as hedging instruments recorded to interest expense.

(m) Includes depreciation of Co-60 held at gamma irradiation sites.

(n) Represents the difference between income tax expense or benefit as determined under U.S. GAAP and the income tax benefit associated with pre-tax adjustments described in footnote (k).

(o) $90.2 million, $86.7 million and $83.6 million of the adjustments for the twelve months ended June 30, 2023, March 31, 2023 and December 31, 2022, respectively, are included in cost of revenues, primarily consisting of amortization of intangible assets, depreciation, and accretion of asset retirement obligations.

Sotera Health

Non-GAAP Financial Measures (continued)

	As of June 30, 2023	As of March 31, 2023	As of December 31, 2022
Current portion of long-term debt	$ 5,225	$ 4,031	$ 197,119
Long-term debt less current portion	2,221,987	2,222,333	1,747,115
Current portion of finance leases	8,605	8,588	1,722
Finance leases less current portion	61,283	61,735	56,955
Total Debt	**2,297,100**	**2,296,687**	**2,002,911**
Less: cash and cash equivalents	(262,700)	(647,948)	(395,214)
Total Net Debt	2,034,400	**$ 1,648,739**	**$ 1,607,697**
Adjusted EBITDA[(1)]	$ 481,718	$ 489,368	$ 506,249
Net Leverage	4.2x	3.4x	3.2x

(1) Represents Adjusted EBITDA for the twelve months ended June 30, 2023, March 31, 2023, and December 31, 2022, respectively. This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.

Sotera Health

Non-GAAP Financial Measures Definitions

- **Adjusted Net Income** is defined as net income (loss) before amortization and certain other adjustments that we do not consider in our evaluation of our ongoing operating performance from period to period.
- **Adjusted EBITDA** is defined as Adjusted Net Income before interest expense, depreciation (including depreciation of Co-60 used in our operations) and income tax provision applicable to Adjusted Net Income.
- **Adjusted EBITDA margin** is equal to Adjusted EBITDA divided by net revenues.
- **Segment income margin** is equal to segment income divided by net segment revenues.
- **Adjusted EPS** is defined as Adjusted Net Income divided by the weighted average number of diluted shares outstanding.
- **Net Debt** is equal to our total debt, plus unamortized debt issuance costs and debt discounts, less cash and cash equivalents.
- **Net Leverage Ratio** is equal to Net Debt divided by Adjusted EBITDA.
- We calculate **constant currency** net revenues by translating prior year net revenues in local currency at the average exchange rates applicable for the current period. The translated results are then used to determine year-over-year percentage increases or decreases. We generally refer to such amounts calculated on a constant currency basis as excluding the impact of foreign currency exchange rates.

Sotera Health