

Fourth-Quarter and Full-Year 2021 Earnings Results

March 1, 2022



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 version 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 presentation 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 ethylene oxide (“EO”) or cobalt-60 (“Co-60”), including geopolitical risks related to the supply of Co-60 from Russia; changes in industry trends, environmental, health and safety regulations or preferences; the impact 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; and any inability to pursue strategic transactions or find suitable acquisition targets. For additional discussion of these risks and uncertainties, please refer to those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, and the Company’s other filings with the SEC, including its Quarterly Reports on Form 10-Q, including under the headings “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements”.

This presentation includes Adjusted EBITDA, Adjusted Net Income, Net Debt and Net Leverage Ratio, which are unaudited financial measures not based on any standardized methodology prescribed by GAAP. Adjusted EBITDA, Adjusted Net Income, 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 Net Income, 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 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 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 for the year ended December 31, 2021, 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.

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Speakers



Michael B. Petras, Jr.
Chairman and Chief Executive Officer



Scott J. Leffler
Chief Financial Officer and Treasurer

Safeguarding Global Health® through our sterilization services, lab testing and advisory services

What we do...

Leader in sterilization services



Leader in lab testing and advisory services



...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

- **Revenue growth every year** since 2005
- **>50% Adjusted EBITDA margin⁽¹⁾⁽²⁾**
- **~\$33 billion TAM⁽³⁾** 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 knowhow are not easily replicated...
Our customers depend on our mission-critical services in any economic environment***

(1) For the year and three months ended December 31, 2021.

(2) For a reconciliation of GAAP to non-GAAP results, please refer to Non-GAAP Financial Measures provided in the Appendix.

(3) 2019 Management estimated total addressable markets for in-house and outsourced terminal sterilization and outsourced medical device and pharmaceutical lab testing.

Our Mission: Safeguarding Global Health®

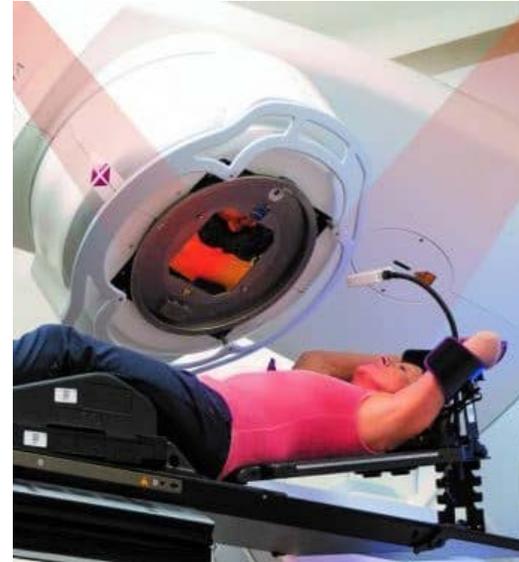
Our purpose is greater than our products and services - the *integrity, safety and excellence* of our work are at the heart of countless healthcare experiences and touch the lives of millions across the globe.



Sterigenics sterilizes the components used in robotic cardiac surgeries.



Nelson Labs launched Nelson Labs Mark, a verification program to authenticate and confirm the legitimacy of a product's testing.

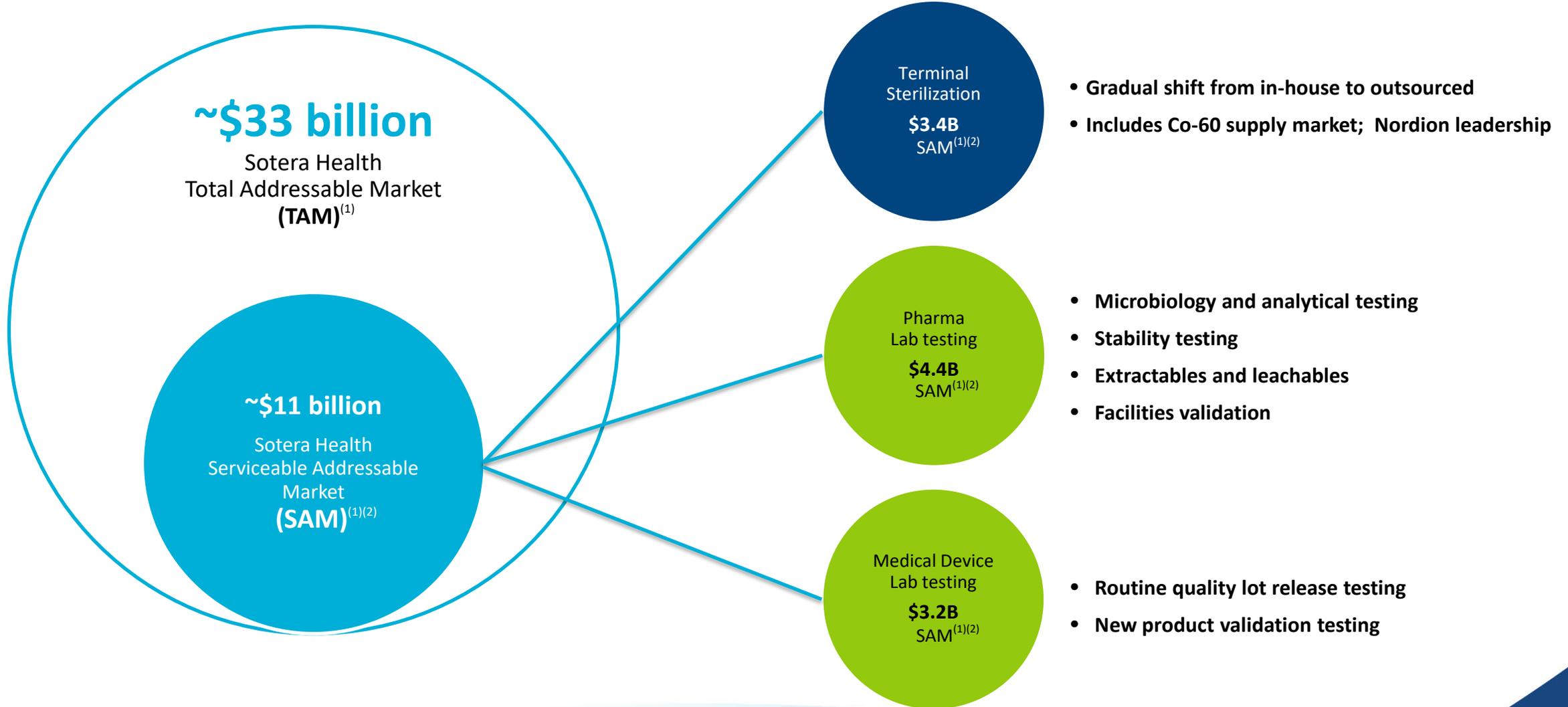


Nordion provides Cobalt-60 for use in radiotherapy for the treatment of breast cancer.



Nelson Labs performs critical testing of artificial skin for burn patients.

Total and Serviceable Addressable Markets (TAM & SAM)



(1) 2019 Management estimated total and serviceable addressable markets for in-house and outsourced terminal sterilization and outsourced medical device and pharmaceutical lab testing.

(2) We define SAM as markets in which we have core or adjacent service capabilities.

2021 Highlights

Business & Market Update

- Sterigenics and Nordion favorability from steady demand environment for sterilization services
- Ongoing direct and indirect impacts from labor market and supply chain disruptions
- Nelson Labs seeing pressure from labor market, supply chain and slower regulatory updates on some testing categories; PPE testing near pre-pandemic levels

2021 Financial Performance

- Revenue: Q4 increased 11% to \$241M; full-year increased 14% to \$931M
- Adjusted EBITDA⁽¹⁾: Q4 increased 10% to \$125M; full-year increased 15% to \$481M
- Adjusted EPS⁽¹⁾: Q4 increased \$0.14 to \$0.23; full-year increased \$0.46 to \$0.88

Capital Deployment

- Capital expenditures of \$100M+ driving capacity expansions
- Integrating two tuck-in acquisitions in 2021 under Nelson Labs
- Net leverage improvement from 4.3x as of Q4 2020 to 3.5x as of Q4 2021

Strategic and Other Initiatives

- Continuing to advance network-wide capacity expansion projects
- Progress on ESG framework with Board oversight; roadmap for multi-year journey to advance and disclose ESG initiatives
- Launched Sotera Health Academy, a digital thought-leadership library for customers

(1) For a reconciliation of GAAP to non-GAAP results, please refer to Non-GAAP Financial Measures provided in the Appendix.

Our ESG strategy follows naturally from our mission and our values



Environmental

- Monitoring KPIs across segments
- Industry-leading EO emission controls
- Optimize EO usage through our Reduce, Reuse and Reclaim™ (3R) initiative
- Climate-friendly⁽¹⁾ Co-60 sterilization leadership
- Co-60 recycling
- Robust EH&S team and training



Social

- Safety-first culture
- DE&I initiatives
- Investment in global employee training
- Working with stakeholders to combat COVID
- Launched Nelson Labs Mark product testing verification program
- Conducting pay-equity analysis
- On-going community engagement



Governance

- Board-level oversight of ESG – standing agenda item
- Annual review of Board independence
- Stock ownership guidelines for executives & directors
- Clearly defined compensation practices for execs/directors
- 4/10 directors are diverse (female, underrepresented minority or LGBTQ+)

Our mission: Safeguarding Global Health®

(1) Gamma energy from Co-60 sources, which are produced in nuclear reactors, does not result in direct carbon emissions.

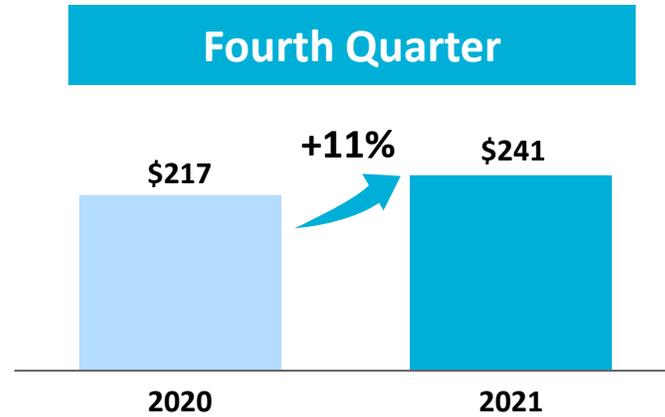
FINANCIAL OVERVIEW



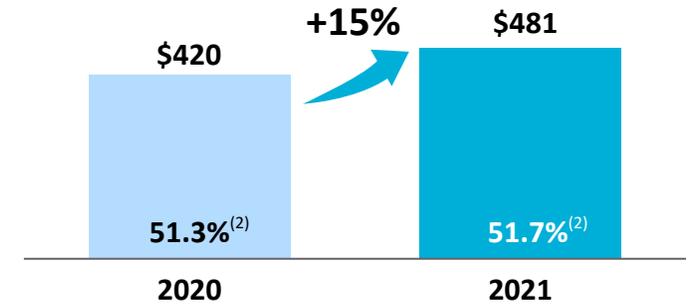
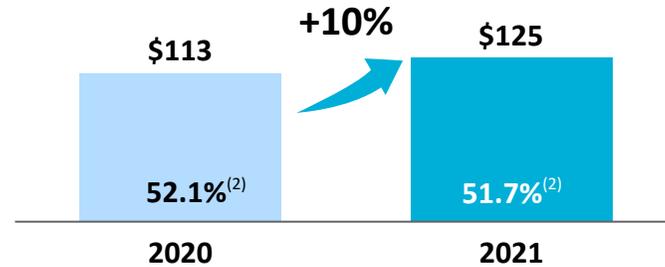
Q4 and FY 2021 Financial Results - Consolidated

\$ in millions, except Adjusted EPS

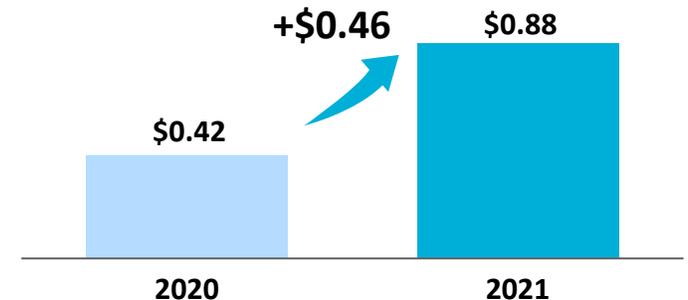
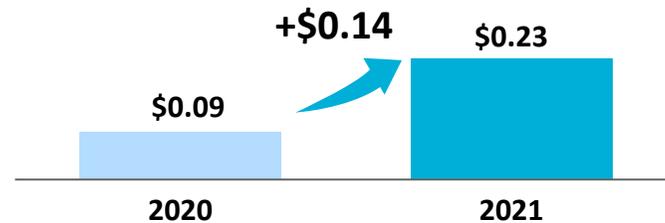
Revenue



Adjusted EBITDA⁽¹⁾



Adjusted EPS⁽¹⁾⁽³⁾



(1) For a reconciliation of GAAP to non-GAAP results, please refer to Non-GAAP Financial Measures provided in the Appendix.

(2) Adjusted EBITDA margin. Please refer to Non-GAAP Financial Measures provided in the Appendix.

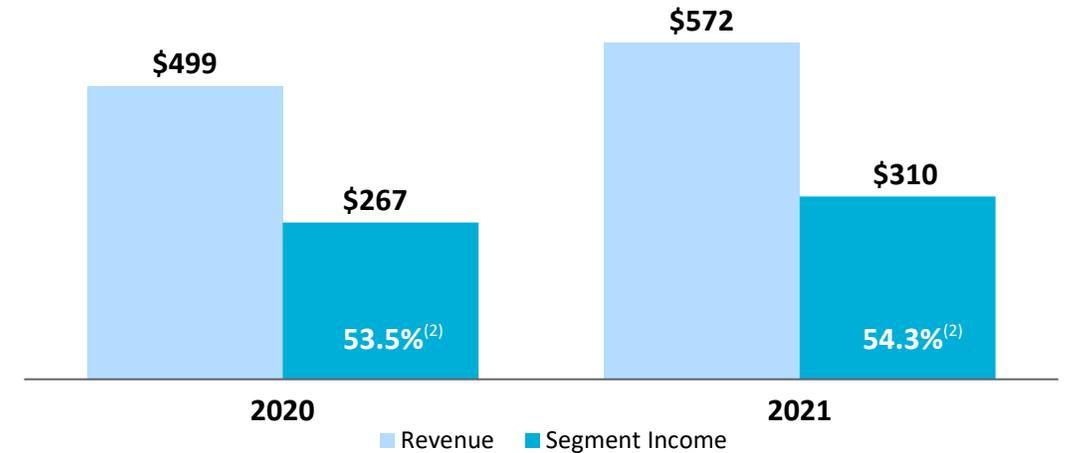
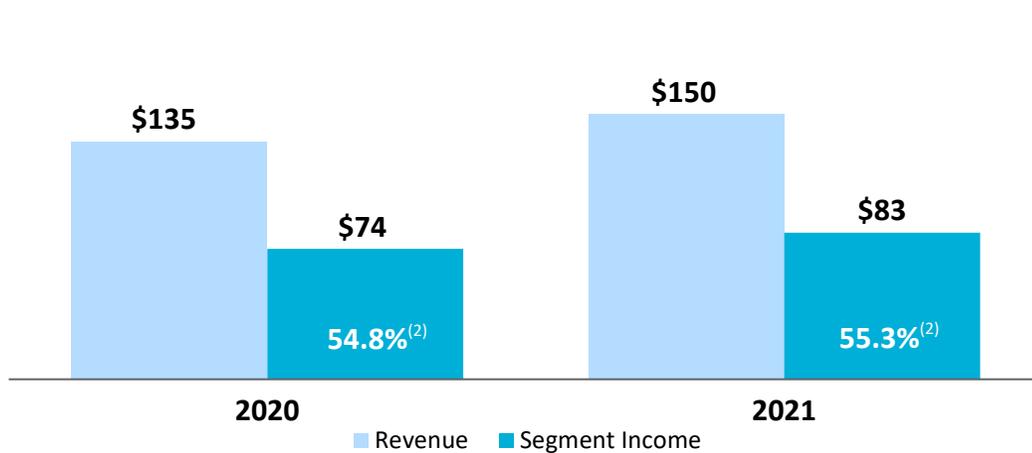
(3) Adjusted EPS is defined as Adjusted Net Income divided by the weighted average number of diluted shares outstanding.

Q4 and FY 2021 Financial Results - Sterigenics

\$ in millions

Fourth Quarter	
Revenue	+11.4%
Segment income ⁽¹⁾	+12.5%

Full Year	
Revenue	+14.6%
Segment income ⁽¹⁾	+16.4%



- Q4 2021 and full-year revenue and segment income increases driven by volume and favorable pricing; full-year results also benefited from Iotron acquisition in July 2020
- Segment income margin expansion driven by favorable operating leverage and pricing
- Continued focus on capacity expansions and EO facility enhancements

(1) Segment income is defined to exclude, among other things, depreciation and amortization. Please refer to our consolidated financial statements for more information.

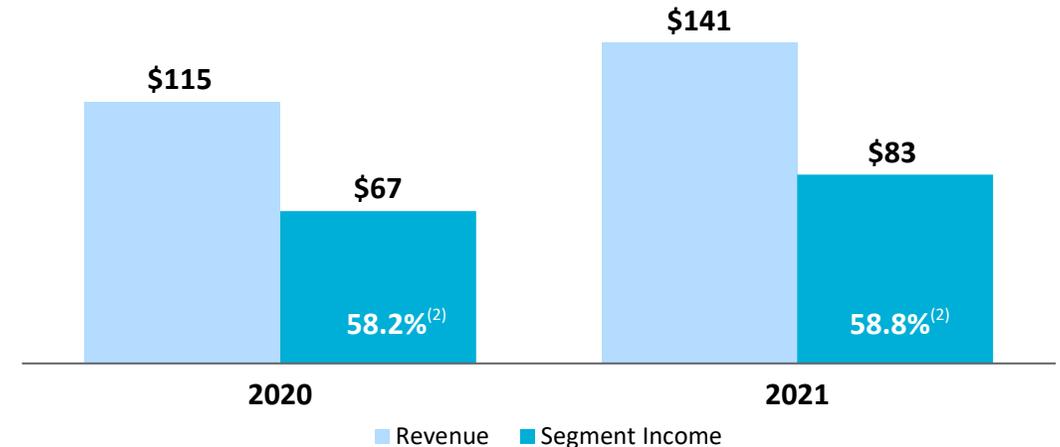
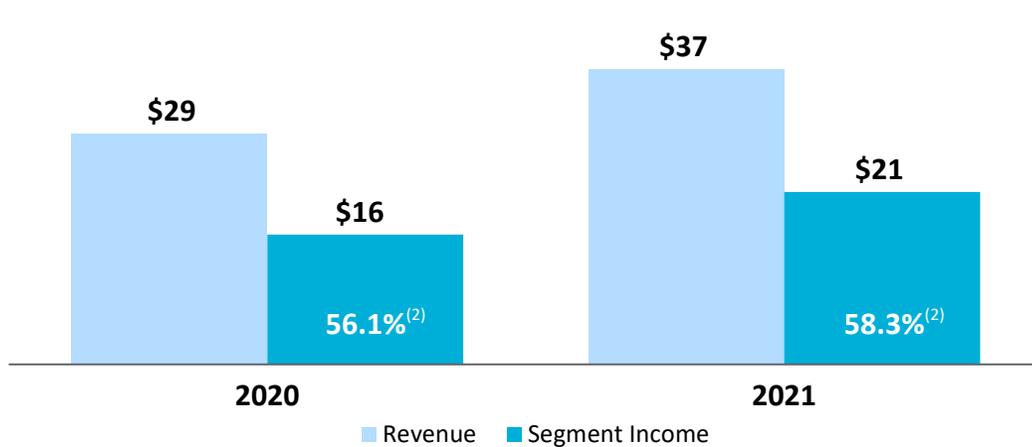
(2) Segment income margin.

Q4 and FY 2021 Financial Results - Nordion

\$ in millions

Fourth Quarter	
Revenue	+27.8%
Segment income ⁽¹⁾	+32.8%

Full Year	
Revenue	+22.5%
Segment income ⁽¹⁾	+23.8%



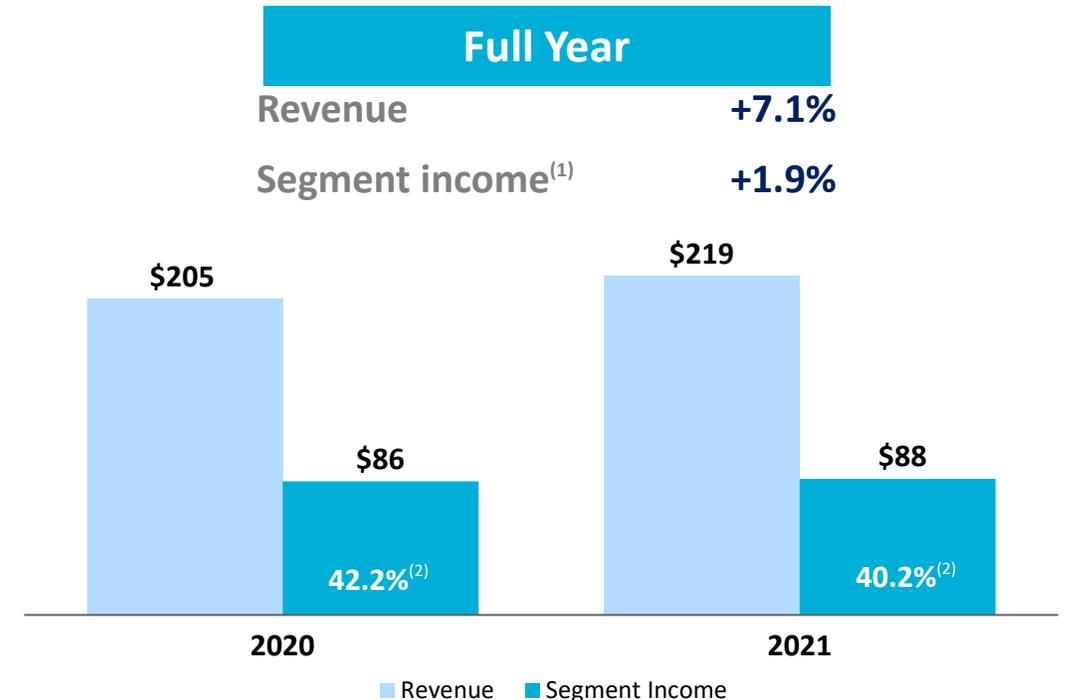
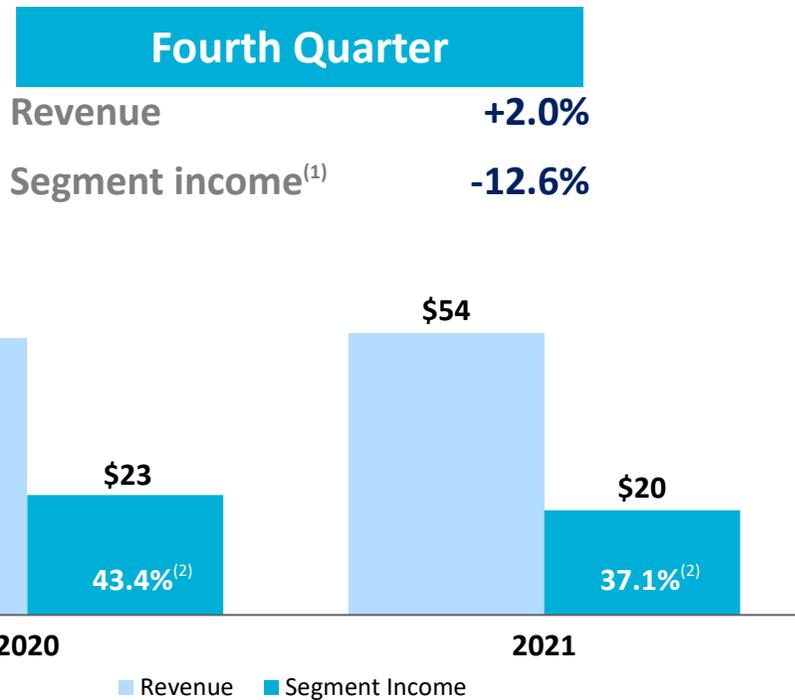
- Q4 2021 and full-year revenue and segment income increases driven by volume growth, favorable pricing and FX
- Segment income margin expansion of approximately 220bps and 60bps for Q4 2021 and full-year, respectively, driven by operating leverage and favorable price

(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.

Q4 and FY 2021 Financial Results - Nelson Labs

\$ in millions



- Revenue growth driven by the acquisitions of BioScience Labs and RCA, offset by reduced demand for PPE-related testing
- Segment income margin decline driven by unfavorable mix associated with reduced demand for PPE-related testing and dilution resulting from impact of 2021 Nelson Labs acquisitions

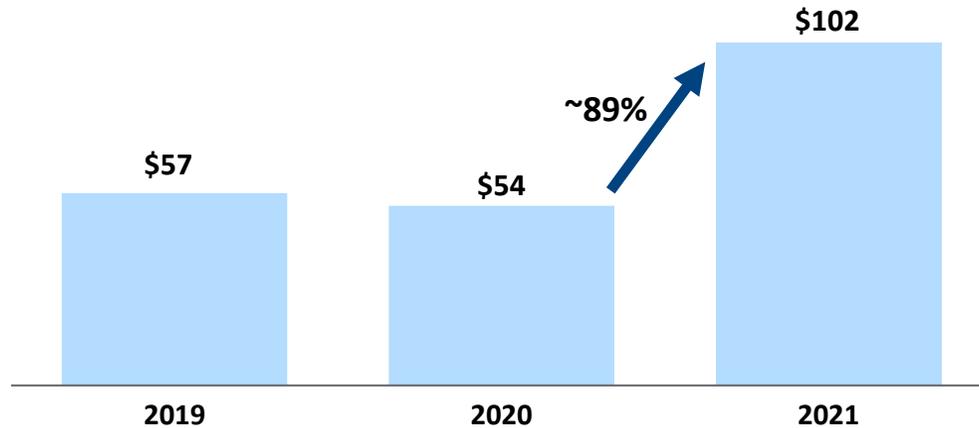
(1) Segment income is defined to exclude, among other things, depreciation and amortization. Please refer to our consolidated financial statements for more information.

(2) Segment income margin.

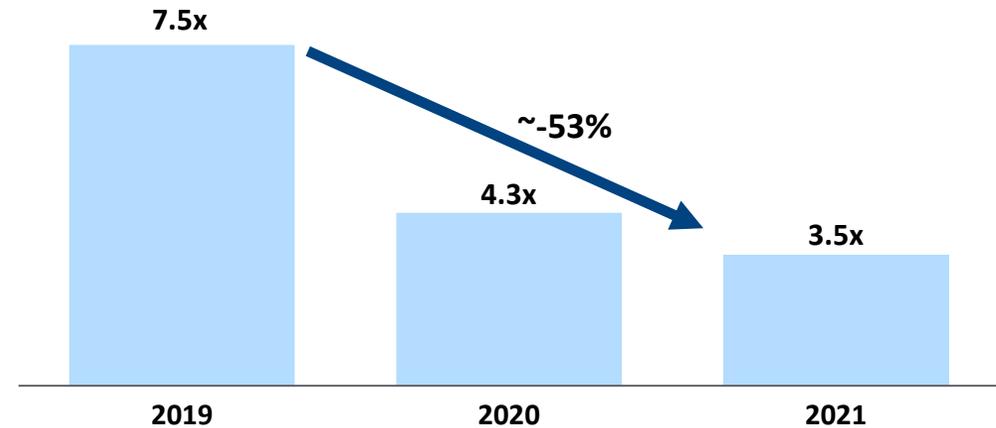
Capital Investments and Leverage

\$ in millions

Capital Expenditures



Net Leverage Reduction



- Significant increase in CapEx spend over previous years
- Investments in capacity expansions for both Sterigenics and Nelson Labs
- Ongoing investment in initiatives related to Nordion long-term Cobalt-60 supply development and Sterigenics EO facility enhancements

- $\frac{3}{4}$ turn⁽¹⁾ net leverage reduction achieved in 2021
- Within long-term target net leverage range of 2.0x - 4.0x⁽²⁾, providing more flexibility for strategic acquisitions and other capital deployment priorities

(1) One turn is equivalent to 12-months of Adjusted EBITDA.

(2) Long-term target is forward-looking and reflects expectations as of March 1, 2022. Sotera Health assumes no obligation to update this statement. Results may be materially different and are affected by many factors detailed in Sotera Health's SEC filings, including Sotera Health's current Form 10-K.

2022 Outlook

On the following slides, Sotera Health presents an overview of its full-year 2022 outlook, including certain non-GAAP measures. As outlined in the Company's March 1, 2022 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.

Full-year 2022 Outlook⁽¹⁾

	Outlook	YoY%
Revenue	\$1,000M to \$1,030M	+7% to +11%
Adj EBITDA	\$515M to \$535M	+7% to +11%
Adj NI Tax Rate	29% to 30%	~+100bps to ~+200bps
Adj EPS	\$0.93 to \$0.99	+6% to +13%
Weighted Avg. Diluted Shares	280M to 283M	+0% to +1%
Capital Expenditures	\$140M - \$170M	+37% to +66%
Net Leverage	Approximately ½ turn ⁽²⁾ of deleveraging	

(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, Co-60 and gamma irradiation, the impact of inflationary trends including the impact on the supply of labor, the impact of the COVID-19 pandemic including the rate of recoveries of elective procedures and new product development testing and the expectation that exchange rates as of Q1 2022 remain constant for the remainder of 2022. The information presented here is forward-looking and reflects expectations as of March 1, 2022. Sotera Health assumes no obligation to update this statement. Results may be materially different and are affected by many factors detailed in Sotera Health's SEC filings, including Sotera Health's current Form 10-K.

(2) One turn is equivalent to trailing 12-months of Adjusted EBITDA.

2022 Increase in Investments to Meet Long-Term Customer Demand

Facility investments across all modalities

- New capacity coming on-line through 2024 across technologies and major geographies
- 7 capacity expansion projects at existing facilities
- Kicking off 2 new greenfields scheduled to go live by 2024

Sterigenics

Cobalt-60 supply development

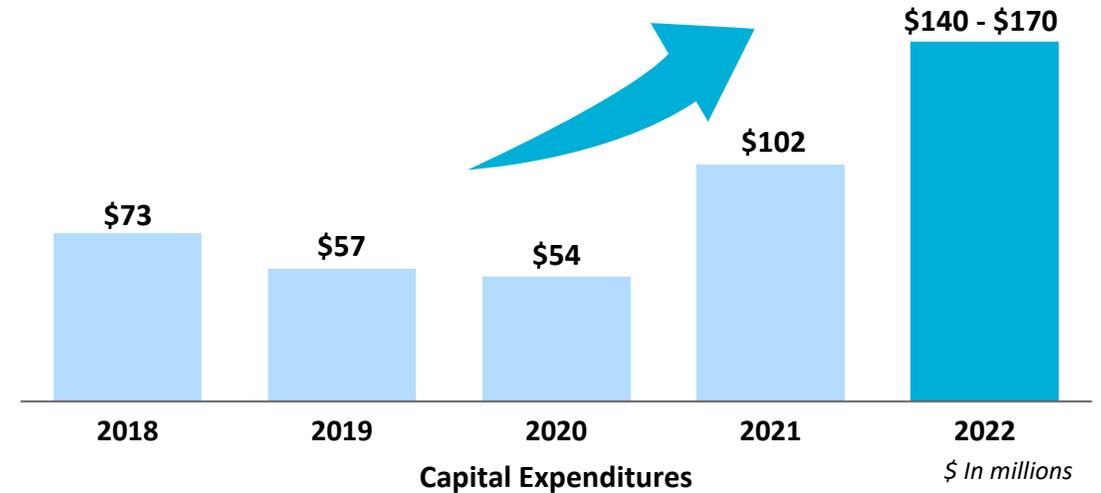
- Accelerated spend to increase and further diversify supply chain

Nordion

Investments in testing capacity

- Implementing global Lab Information Management System
- Investing in incremental pharma and med device testing capacity

Nelson Labs



~60% of planned spend directed toward growth investments

Full-year 2022 Assumptions⁽¹⁾

Pandemic and Market

- Labor and inflation pressures expected to have modest impact in first half of the year
- Continued direct and indirect risk from labor market and supply chain disruptions
- Assumes uninterrupted supply of Co-60 from Russia

Quarterly Rhythm

- Sterigenics expects strong top-line growth and margin performance in 1H'22 before realizing full benefit from recent expansions and pricing initiatives in 2H'22
- Nordion sales growth fairly balanced between 1H'22 and 2H'22 with variability between quarters
- Nelson Labs expects 1H'22 YoY sales slightly down and significant margin compression before sales acceleration and margin recovery in 2H'22

FX Impact

- Outlook reflects a ~1% headwind based on current FX rates
- Outlook assumes FX rates as of Q1'22 are constant for the remainder of 2022

Capital Deployment

- Prioritizing organic growth and strategic M&A
- Outlook does not assume incremental M&A

(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, Co-60 and gamma irradiation, the impact of inflationary trends including the impact on the supply of labor, the impact of the COVID-19 pandemic including the rate of recoveries of elective procedures and new product development testing and the expectation that exchange rates as of Q1 2022 remain constant for the remainder of 2022. The information presented here is forward-looking and reflects expectations as of March 1, 2022. Sotera Health assumes no obligation to update this statement. Results may be materially different and are affected by many factors detailed in Sotera Health's SEC filings, including Sotera Health's 2021 Form 10-K.

Appendix



Non-GAAP Financial Measures

<i>(unaudited)</i> <i>(in thousands, except per share amounts)</i>	Three Months Ended		Year Ended December 31,	
	December 31,		2021	2020
	2021	2020	2021	2020
Net income (loss)	\$ 35,997	\$ (43,386)	\$ 117,121	\$ (37,491)
Amortization of intangible assets	21,443	20,431	86,742	80,255
Share-based compensation ^(a)	3,381	6,968	13,870	10,987
Capital restructuring bonuses ^(b)	—	2,702	—	2,702
Gain on foreign currency and embedded derivatives ^(c)	(943)	(3,663)	(58)	(8,454)
Acquisition and divestiture related charges, net ^(d)	(4,015)	962	(6,018)	3,932
Business optimization project expenses ^(e)	168	40	948	2,524
Plant closure expenses ^(f)	763	261	2,327	2,649
Loss on extinguishment of debt ^(g)	4	44,262	20,681	44,262
Professional services relating to EO sterilization facilities ^(h)	12,164	11,301	45,656	36,671
Accretion of asset retirement obligations ⁽ⁱ⁾	501	470	2,252	1,946
COVID-19 expenses ^(j)	165	314	761	2,677
Income tax benefit associated with pre-tax adjustments ^(k)	(5,728)	(18,682)	(38,500)	(43,536)
Adjusted Net Income	63,900	21,980	245,782	99,124
Interest expense, net	15,607	48,117	74,192	215,259
Depreciation ^(l)	16,703	15,975	64,160	63,309
Income tax provision applicable to Adjusted Net Income ^(m)	28,465	26,990	97,095	42,167
Adjusted EBITDA⁽ⁿ⁾	\$ 124,675	\$ 113,062	\$ 481,229	\$ 419,859
Net Revenues	\$ 241,249	\$ 216,845	\$ 931,478	\$ 818,158
Adjusted EBITDA Margin	51.7 %	52.1 %	51.7 %	51.3 %
Weighted average number of shares outstanding				
Basic	279,616	253,470	279,228	237,696
Diluted	279,774	253,470	279,382	237,696
Earnings (loss) per share				
Basic	\$ 0.13	\$ (0.17)	\$ 0.41	\$ (0.16)
Diluted	0.13	(0.17)	0.41	(0.16)
Adjusted earnings per share				
Basic	\$ 0.23	\$ 0.09	\$ 0.88	\$ 0.42
Diluted	0.23	0.09	0.88	0.42

*See accompanying footnotes on the following slide

Non-GAAP Financial Measures (continued)

- (a) Includes non-cash share-based compensation expense.
- (b) Represents cash bonuses for members of management primarily relating to the IPO.
- (c) 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.
- (d) Represents (i) certain direct and incremental costs related to the acquisitions of RCA, the noncontrolling interests in our China subsidiaries, and BioScience Labs in 2021; Iotron in July 2020; Nelson Labs Fairfield in 2018 (including the first quarter 2021 gain on the mandatorily redeemable noncontrolling interest), 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, (iii) transition services income and non-cash deferred lease income associated with the terms of the divestiture of the Medical Isotopes business in 2018, (iv) a \$3.4 million gain recognized in the third quarter of 2021 related to the settlement of an insurance claim for Nordion, and (v) a \$5.1 million non-cash gain arising from the derecognition of an ARO liability no longer attributable to Nordion pursuant to the terms of the sale of the Medical Isotopes business in 2018.
- (e) Represents professional fees, contract termination and exit costs, severance and other payroll costs, and other costs associated with business optimization and cost savings projects relating to the integration of acquisitions, the Sotera Health rebranding, operating structure realignment and other process enhancement projects.
- (f) 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.
- (g) Represents expenses incurred in connection with the repricing of our Term Loan in January 2021, full redemption of the First Lien Notes in August 2021, and paydown of debt following the November 2020 IPO, including accelerated amortization of prior debt issuance and discount costs, premiums paid in connection with early extinguishment and debt issuance and discount costs incurred for the new debt.
- (h) Represents professional fees related to litigation associated with our EO sterilization facilities and other related professional fees.
- (i) 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.
- (j) Represents non-recurring costs associated with the COVID-19 pandemic, including incremental costs to implement workplace health and safety measures. For the year ended December 31, 2020, costs also included donations to related charitable causes and special bonuses for front-line personnel working on-site during lockdown periods.
- (k) Represents the income tax impact of adjustments calculated based on the tax rate applicable to each item. We eliminate the effect of significant changes to income tax valuation allowances, tax rate changes as applied to tax assets and liabilities, and unusual items from our presentation of adjusted net income.
- (l) Includes depreciation of Co-60 held at gamma irradiation sites.
- (m) 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).
- (n) \$22.0 million and \$20.6 million of the adjustments for the three months ended December 31, 2021 and 2020, respectively, and \$85.3 million and \$82.6 million of the adjustments for the year ended December 31, 2021 and 2020, respectively, are included in cost of revenues, primarily consisting of amortization of intangible assets, depreciation, and accretion of asset retirement obligations.

Non-GAAP Financial Measures (continued)

<i>(unaudited)</i> <i>(\$'s in thousands)</i>	Year Ended December 31,	
	2021	2020
Long-term debt	\$ 1,743,534	\$ 1,824,789
Current portion of finance leases	1,160	1,173
Finance leases less current portion	40,877	34,939
Total Debt	\$ 1,785,571	\$ 1,860,901
Add: unamortized debt issuance costs and debt discounts	20,016	38,761
Less: cash and cash equivalents	(106,924)	(102,454)
Net Debt	\$ 1,698,663	\$ 1,797,208
Adjusted EBITDA	\$ 481,229	\$ 419,859
Net Leverage	3.5x	4.3x

(1) For a reconciliation of GAAP to non-GAAP results, please refer to Non-GAAP Financial Measures provided in this Appendix.