

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): May 30, 2024

SOTERA HEALTH COMPANY

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-39729

(Commission File Number)

47-3531161

(IRS Employer Identification No.)

9100 South Hills Blvd, Suite 300

Broadview Heights, Ohio 44147

(Address of Principal Executive Offices) (Zip Code)

(440) 262-1410

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading Symbol	Name of Exchange on which registered
Common stock, \$0.01 par value per share	SHC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

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.

Item 1.01. Entry into a Material Definitive Agreement.

Credit Agreement

On May 30, 2024, Sotera Health Company (the “Company”), Sotera Health Holdings, LLC (“SHH”), certain subsidiaries of the Company (the “Guarantors”), JPMorgan Chase Bank, N.A., as the 2024 Refinancing Term Lender (the “Refinancing Lender”), the revolving lenders party thereto and JPMorgan Chase Bank, N.A., as first lien Administrative Agent (the “Administrative Agent”) entered into Amendment No. 4 (the “Amendment”) to the First Lien Credit Agreement dated as of December 13, 2019, by and among the Company, SHH, the Administrative Agent and the lenders and issuing banks party thereto (the “Credit Agreement”).

Among other changes, the Amendment provides that the Refinancing Lender will provide term loans (the “Refinancing Term Loans”) to SHH in an aggregate principal amount of \$1,509,350,000. Pursuant to the Amendment, the Refinancing Term Loans shall have an applicable interest rate margin per annum equal to (i) ABR plus 2.25% for ABR Loans (as defined in the Credit Agreement), (ii) daily simple SOFR plus 3.25% for RFR Loans (as defined in the Credit Agreement) and (iii) Term SOFR plus 3.25% for Term Benchmark Loans (as defined in the Credit Agreement), in each case with a 0% applicable floor and the applicable interest rate margin shall be subject to a pricing step-down of 0.25% when the Senior Secured Leverage Ratio (as defined in the Credit Agreement) is less than or equal to 3.30:1.00. The Refinancing Term Loans are also subject to a “soft call” premium of 1.00% for certain repricing transactions with respect to the Refinancing Term Loans that occur within the six-month period after the effective date of the Amendment.

The Refinancing Term Loans amortize at a rate of 1.00% per annum and mature on May 30, 2031.

The foregoing description of certain provisions of the Amendment and the underlying Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Credit Agreement and the Amendment, to be filed with the Securities and Exchange Commission in connection with the Company’s Form 10-Q for the quarter ended June 30, 2024.

Senior Secured Notes

On May 30, 2024, SHH, the Company and the Guarantors, and Wilmington Trust, National Association, as trustee, paying agent, registrar, transfer agent and notes collateral agent, entered into an indenture (the “Indenture”) governing SHH’s newly issued \$750 million aggregate principal amount of 7.375% senior secured notes due 2031 (the “Notes”). The Notes were issued in an aggregate principal amount of \$750 million and will pay interest semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2024, at a rate of 7.375% per year, and will mature on June 1, 2031.

The Notes may be redeemed, at any time or from time to time, in whole or in part, on or after June 1, 2027 at the redemption prices specified in the Indenture, together with accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. At any time or from time to time, prior to June 1, 2027, the Notes may be redeemed, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount thereof plus a make-whole premium, together with accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. In addition, at any time or from time to time, prior to June 1, 2027, SHH may redeem up to 40% of the aggregate principal amount of the Notes (including any additional Notes issued under the Indenture) with an amount not to exceed the net cash proceeds from certain equity offerings at a redemption price equal to 107.375% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. Further, at any time or from time to time, on or before June 1, 2027, SHH may redeem up to 10% of the then outstanding aggregate principal amount of Notes (including any additional Notes issued under the Indenture) during each of the twelve-month periods ending after the issue date, at a redemption price equal to 103% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date.

The Notes are jointly and severally, irrevocably and unconditionally guaranteed by the Company and each of the Guarantors. In addition, each future direct and indirect restricted subsidiary of the Company that guarantees indebtedness under the Credit Agreement, any additional syndicated credit facilities of SHH or any of its restricted subsidiaries or any capital markets debt securities of SHH or each of the Guarantors, will guarantee the Notes.

The Notes and the guarantees are general senior secured obligations of SHH, the Company and each Guarantor, (i) rank equally in right of payment to all existing and future unsubordinated indebtedness of SHH, the Company and the Guarantors, (ii) rank effectively senior to all unsecured indebtedness of SHH, the Company and the Guarantors to the extent of the value of the collateral securing the Notes, which the Notes share pari passu with the Credit Agreement, (iii) are structurally subordinated to all existing and future indebtedness, claims of holders of preferred stock and other liabilities of subsidiaries of SHH that do not guarantee the Notes and (iv) are senior in right of payment to all existing and future subordinated indebtedness of SHH, the Company and the Guarantors. Upon the occurrence of specific kinds of changes of control and certain rating events, the holders of the Notes will have the right to cause SHH to repurchase some or all of the Notes at 101.000% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase.

The Indenture contains covenants that, among other things, limit SHH's ability and the ability of its restricted subsidiaries to:

- incur additional indebtedness or issue disqualified stock or preferred stock of subsidiaries;
- pay dividends or make other distributions on, redeem, defease, repurchase or otherwise retire equity interests;
- create liens on certain assets to secure debt;
- make certain investments;
- sell certain assets;
- place restrictions on the ability of restricted subsidiaries to make payments to SHH or the Company;
- consolidate, merge or sell all or substantially all of their assets; and
- enter into certain transactions with affiliates.

These covenants are subject to important exceptions, limitations and qualifications. These covenants will be suspended and shall not apply at any time during which the Notes have been assigned an investment grade rating.

The Notes and the related guarantees were sold in a private offering to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and to non-U.S. persons in accordance with Regulation S under the Securities Act. The Notes and the related guarantees have not been, and will not be, registered under the Securities Act or any state securities laws.

The foregoing description of the Indenture and the Notes does not purport to be complete and is qualified in its entirety by reference to the full text of the Indenture and the form of the Notes to be filed with the Securities and Exchange Commission in connection with the Company's Form 10-Q for the quarter ended June 30, 2024.

Use of Proceeds – Refinancing

The proceeds from the Refinancing Term Loans and the issuance of the Notes and cash on the balance sheet were used to refinance all of the Company's outstanding existing term loans due December 2026.

Security Agreement

The obligations of SHH, the Company and the Guarantors under the Indenture are secured on a first-lien basis by security interests in substantially all of the assets of SHH, the Company and the Guarantors (other than any excluded assets) that secure the Credit Agreement on a pari passu basis, subject to certain limitations, exceptions and permitted liens. These obligations are secured pursuant to a security agreement, dated as of May 30, 2024, by and among SHH, the Company, the other grantors party thereto, and Wilmington Trust, National Association (the "Security Agreement"), as may be amended from time to time, and related financing statements.

The foregoing description of the Security Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Security Agreement to be filed with the Securities and Exchange Commission in connection with the Company's Form 10-Q for the quarter ended June 30, 2024.

Item 1.02. Termination of a material definitive agreement.

On May 30, 2024, the proceeds from the Refinancing Term Loans and the issuance of the Notes and cash on the balance sheet were used, in part, to refinance all of the Company's outstanding existing term loans under the First Lien Credit Agreement dated as of February 23, 2023, by and among the Company, SHH, JPMorgan Chase Bank, N.A., as First Lien Administrative Agent and the lenders party thereto (the "2023 Credit Agreement"), pursuant to which all of the outstanding obligations under the 2023 Credit Agreement were repaid in full and the 2023 Credit Agreement was terminated.

Item 2.03. Creation of a Direct Financial Obligation or an obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure set forth under Item 1.01 above is incorporated herein by reference.

Item 3.03. Material Modification to Rights of Security Holders.

The Indenture contains covenants that limit, among other things, SHH’s ability to pay dividends on its capital stock, subject to certain exceptions, which may in turn, impact the ability of holders of the Company’s common stock to receive dividends. For more information, see the Indenture, which will be filed with the Securities and Exchange Commission in connection with the Company’s Form 10-Q for the quarter ended June 30, 2024.

Item 7.01. Regulation FD Disclosure.

On May 30, 2024, the Company issued a press release announcing that the Amendment has been entered into and that the private offering of the Notes had been completed. A copy of the press release is furnished with this report as Exhibit 99.1.

The information in this Item 7.01, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liability under that section, and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, unless expressly incorporated by specific reference in such filing.

Item 8.01. Other Events.

On May 23, 2024, SHH, the Company and the Guarantors entered into a purchase agreement with J.P. Morgan Securities LLC, as representative of the several initial purchasers listed in Schedule I to such purchase agreement, relating to the Notes offering.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press Release dated May 30, 2024.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sotera Health Company
(Registrant)

Date: May 30, 2024

By: /s/ Jonathan M. Lyons

Jonathan M. Lyons

Senior Vice President and Chief Financial Officer



Sotera Health Announces Closing of \$1.5 Billion Term Loan B and \$750 Million Senior Secured Note Financings

CLEVELAND, OH, May 30, 2024 – Sotera Health Company (“Sotera Health” or the “Company”) (Nasdaq: SHC), a leading global provider of mission-critical end-to-end sterilization solutions and lab testing and advisory services for the healthcare industry, today announced that its direct subsidiary has successfully closed a new senior secured Term Loan B facility in an aggregate principal amount of \$1.51 billion (the “TLB”) as well as an issuance of senior secured notes in an aggregate principal amount of \$750.0 million (the “Notes”) (collectively, the “Financings”), both of which mature in 2031. The Company used the net proceeds from the Financings, along with cash on hand, to refinance its existing \$1.76 billion Term Loan B and \$496.3 million Term Loan B facilities.

“We are pleased to announce the successful refinancing of our capital structure with a \$1.5 billion Term Loan B and \$750M of Senior Secured Notes at terms that are favorable to the Company,” said Chairman and Chief Executive Officer, Michael B. Petras, Jr. “The strong market reception for this financing is a testament to the strength of our business. This financing is expected to result in approximately \$5 million of interest expense savings for 2024, reducing our interest expense outlook to a range of \$165M - \$175M.”

The TLB was issued in connection with an amendment to the Company’s existing First Lien Credit Agreement and will bear interest at a variable rate per annum plus an applicable margin, at the Company’s option, of either 3.25% for SOFR-based loans or 2.25% for alternate base rate loans (in each case, subject to a 0% floor), in any case payable in arrears. The TLB is prepayable without premium or penalty at any time six months after the closing date, and includes a 1.00% premium for certain repricing transactions that occur in the first six months after the closing date. The TLB is required to be paid down at 1.00% of the aggregate principal amount (\$15.1 million) per year, with the balance due in 2031. The covenants applicable to the TLB are substantially the same as those in the Company’s existing First Lien Credit Agreement.

The Notes will bear interest at a fixed rate of 7.375% per annum payable semi-annually in arrears. The Notes will be guaranteed by the Company and each of the other entities that guarantees the existing First Lien Credit Agreement. The Notes and the related guarantees will be secured on a first lien basis by substantially all assets of the issuer and the guarantors (other than any excluded assets and subject to certain other exceptions).

About Sotera Health

Sotera Health Company is a leading global provider of mission-critical end-to-end sterilization solutions and lab testing and advisory services for the healthcare industry. Sotera Health goes to market through three businesses – Sterigenics®, Nordion® and Nelson Labs®. Sotera Health is committed to its mission, Safeguarding Global Health®.

Updates can be found from time to time on recent developments in matters relevant to investors on the Investor Relations section of the Company’s website at [Investor Relations | Sotera Health](https://www.soterahealth.com/investor-relations).

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Cautionary Note Regarding Forward-Looking Statements

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 release 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, or our other direct materials, services and supplies, including as a result of geopolitical instability and/or sanctions against Russia; fluctuations in foreign currency exchange rates; changes in industry trends, environmental, health and safety regulations or preferences, and general economic, social and business conditions; the impact and outcome of current and future legal proceedings and liability claims, including litigation related to use of EO and/or emission and releases of EO from our facilities in California, Georgia, Illinois 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, build new facilities in a timely and cost-effective manner and renew leases for our leased facilities; our ability to attract and retain qualified employees; the risks of doing business internationally, including global and regional economic and political instability and compliance with numerous and sometimes inconsistent laws and regulations in multiple jurisdictions; and an inability to pursue strategic transactions, find suitable acquisition targets, or integrate strategic acquisitions into our business successfully. 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.

INVESTOR RELATIONS CONTACTS:

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Source: Sotera Health Company

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