Third-Quarter 2024 Earnings Results

NOVEMBER 5, 2024

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 release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and reflect management's expectations about future events and the Company's operating plans and performance and speak only as of the date hereof. Forward-looking statements present our current forecasts and estimates of future events. These statements do not strictly relate to historical or current results and can be identified by words such as "anticipate," "appear," "assume," "believe," "estimate," "expect," "forecast," "intend," "likely," "may," "plan," "project," "seek," "should," "strategy," "will" and other terms of similar meaning or import in connection with any discussion of future operating, financial or other performance. These forward-looking statements are subject to risks, uncertainties and other factors and actual results may differ materially from those results projected in the statements. 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, but are not limited to, a disruption in the availability or supply of, or increases in the price of, EO, Cobalt-60 ("Co-60") or our other direct materials, services and supplies, including as a result of geopolitical instability and/or sanctions against Russia by the United States, Canada, United Kingdom and/or the European Union; fluctuations in foreign currency exchange rates; changes in environmental, health and safety regulations or preferences, and general economic, social and business conditions; health and safety risks associated with the use, storage, transportation and disposal of potentially hazardous materials such as EO and Co-60; the impact and outcome of current and future legal proceedings and liability claims, including litigation related to the use, emissions and releases of EO from our facilities in California, Georgia, Illinois and New Mexico and the possibility that additional claims will be made in the future relating to these or other facilities; allegations of our failure to properly perform services and potential product liability claims, recalls, penalties and reputational harm; compliance with the extensive regulatory requirements to which we are subject, the related costs, and any failures to receive or maintain, or delays in receiving, required clearances or approvals; adverse changes in industry trends; competition we face; market changes, including inflationary trends, that impact our long-term supply contracts with variable price clauses and increase our cost of revenues; business continuity hazards, including supply chain disruptions and other risks associated with our operations; the risks of doing business internationally, including global and regional economic and political instability and compliance with numerous laws and sometimes inconsistent laws and regulations in multiple jurisdictions; 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; severe health events or environmental events; cybersecurity breaches, unauthorized data disclosures, and our dependence on information technology systems; an inability to pursue strategic transactions, find suitable acquisition targets, or integrate strategic acquisitions into our business successfully; our ability to maintain effective internal control over financial reporting; our reliance on intellectual property to maintain our competitive position and the risk of claims from third parties that we have infringed or misappropriated, or are infringing or misappropriating, their intellectual property rights; our ability to comply with rapidly evolving data privacy and security laws and regulations in various jurisdictions and any ineffective compliance efforts with such laws and regulations; our ability to maintain profitability in the future; impairment charges on our goodwill and other intangible assets with indefinite lives, as well as other long-lived assets and intangible assets with definite lives; the effects of unionization efforts and labor regulations in countries in which we operate; adverse changes to our tax positions in U.S. or non-U.S. jurisdictions or the interpretation and application of recent U.S. tax legislation or other changes in U.S. or non-U.S. taxation of our operations; and our significant leverage and how this significant leverage could adversely affect our ability to raise additional capital, limit our ability to react to challenges confronting our Company or broader changes in our industry or the economy, limit our flexibility in operating our business through restrictions contained in our debt agreements and/or prevent us from meeting our obligations under our existing and future indebtedness. 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 EBITDA margin, Tax Rate Applicable to Adjusted Net Income, Adjusted Net Income, Adjusted EPS, Net Debt and Net Leverage Ratio, which are unaudited financial measures that are not based on any standardized methodology prescribed by GAAP. Adjusted EBITDA, Adjusted EBITDA margin, Tax Rate Applicable to Adjusted Net Income, Adjusted Net Income, 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 EBITDA margin, Tax Rate Applicable to Adjusted Net Income, Adjusted Net Income, 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 measures 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 without these measures and their 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 the 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 Tax Rate, Adjusted Net Income and Adjusted EPS 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2023, Quarterly Report on Form 10-Q 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 September 30, 2024, unless otherwise stated.

Sotera Health

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 Q3 2024 Adjusted EBITDA margins**(1) **greater than 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 ("TAM") for in-house and outsourced terminal sterilization and outsourced medical device and pharmaceutical lab testing.

Sotera Health

Our Customers Trust and Value Our Expertise

Sotera Health

Safeguarding Global Health®

Deep market focus
Significant industry expertise
End-to-end solutions

- ~5,000 customers
- Customers located in 50+ countries
- Customers include 9 of top 10 pharmaceutical companies[(1)]
- 13 laboratory locations
- 50 sterilization facilities
- Customers include over 40 of top 50 medical device companies[(1)]
- 900+ laboratory tests

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, 2023.

Safeguarding Global Health®

- Our mission is at the heart of our work.
- Nelson Labs and Sterigenics work with leading, global continuous glucose monitor (CGM) manufacturers to address safety with complex technical innovation including batteries and cybersecurity.
- Our integrated services help to provide patients with CGMs that offer better glycemic control, greater convenience, and improved overall diabetes management.
- Our industry-leading expertise in regulatory compliance, quality and safety allow us to deliver on Safeguarding Global Health®.

Sotera Health

Q3 2024 Highlights

Business & Market Update

- Total company revenue and Adjusted EBITDA growth vs the prior year-quarter
- Nordion revenue increased vs the prior year-quarter primarily due to timing of reactor harvest schedules
- Nelson Labs core lab testing volume improved compared to the prior year-quarter
- Sterigenics slight volume improvement vs the prior year-quarter

Financial Performance

	Q3 '24 vs Q3 '23
Net Revenues	⬆ 8.5% to $285M
Adjusted EBITDA(1)	⬆ 9.0% to $146M
Adjusted EBITDA margin(1)	⬆ 23bps to 51.3%
Adjusted EPS(1)	⬆ $0.16 to $0.17

Capital Deployment & Liquidity

- Capital deployment priorities continue to be organic growth, leverage reduction and M&A
- Strong liquidity of $700M+; no outstanding borrowings on the revolving line of credit
- Net Leverage Ratio(1) finished at 3.6x, w/in 2.0x - 4.0x target range

Other Activities

- Completed secondary offering of 25 million shares in September
- One Sterigenics capacity expansion went live during the quarter
- First insertion of cobalt installed into Darlington reactor with first cobalt-60 harvest expected in 2028

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

Sotera Health

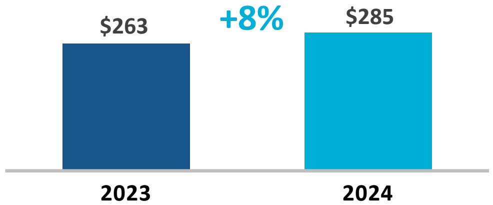
FINANCIAL OVERVIEW

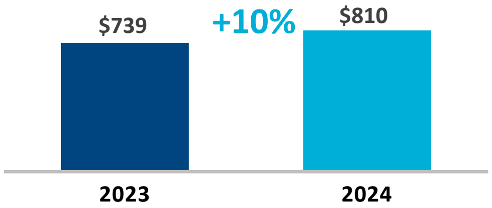
Q3 & YTD 2024 Consolidated Financial Performance

$ In millions, except Adjusted EPS

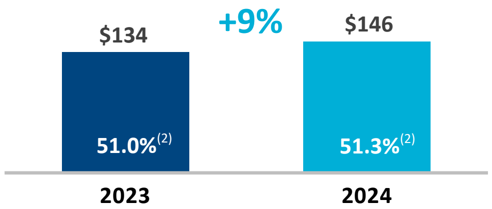
Third Quarter	Year-to-Date

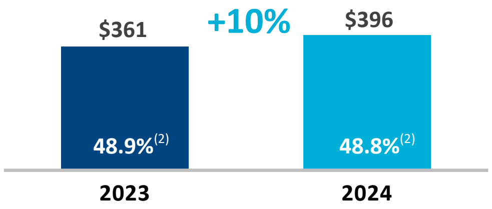
Revenue



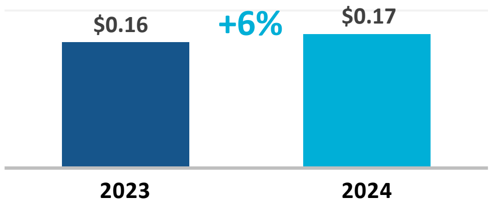


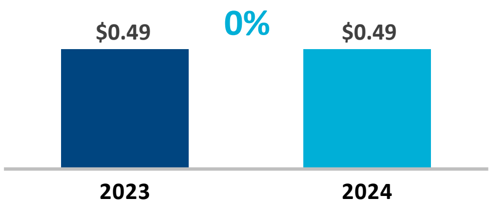
Adjusted EBITDA[1]





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.

Sotera Health

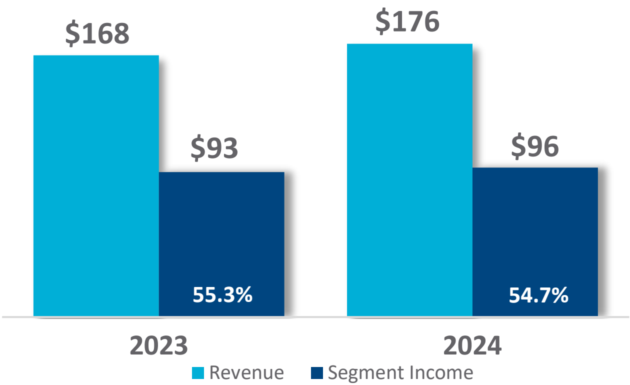
Sterigenics Q3 2024 Financial Performance

$ In millions

Third Quarter

Revenue +4.3%

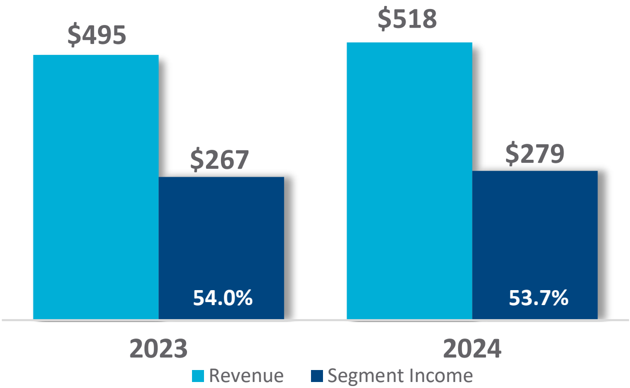
Segment income[1] +3.0%



Year-to-Date

Revenue +4.7%

Segment income[1] +4.2%



- **Net revenue growth for the third-quarter 2024 was driven by favorable pricing, volume and mix, partially offset by unfavorable changes in foreign currency exchange rates.**
- **The increase in segment income for the third-quarter 2024 was driven by favorable customer pricing as well as volume and mix. Increases in employee compensation costs negatively impacted segment income and segment income margin.**

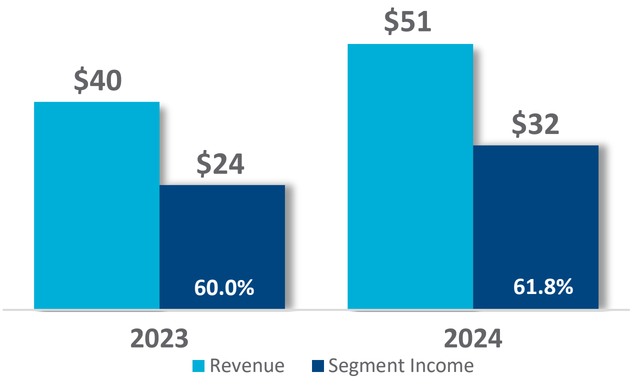
(1) Segment income is defined to exclude, among other things, depreciation and amortization. Please refer to our consolidated financial statements for more information.

Nordion Q3 2024 Financial Performance

$ In millions

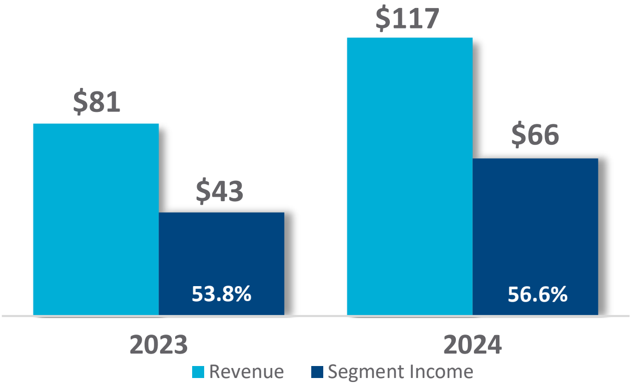
Third Quarter

Revenue	+28.0%
Segment income[(1)]	+31.9%



Year-to-Date

Revenue	+44.6%
Segment income[(1)]	+52.1%



- **The timing of reactor harvest schedules resulted in favorable changes in volume and mix, which was the primary driver for net revenue, segment income and segment income margin growth for the quarter. Favorable pricing also drove improvement, partially offset by unfavorable changes in foreign currency exchange rates.**

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

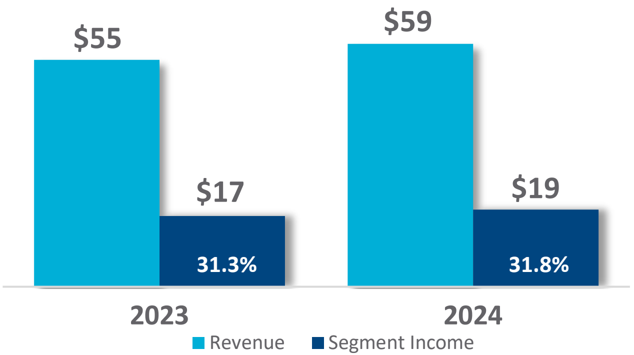
Sotera Health

Nelson Labs Q3 2024 Financial Performance

$ In millions

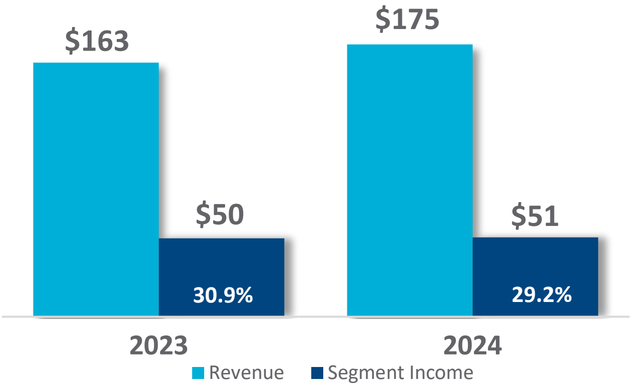
Third Quarter

Revenue	+7.0%
Segment income[1]	+9.0%



Year-to-Date

Revenue	+7.2%
Segment income[1]	+1.3%



- **Net revenue increase for the third-quarter 2024 was driven by favorable changes in volume and mix as well as pricing.**
- **Segment income and segment income margin increases for the third-quarter 2024 were driven by favorable customer pricing, volume and mix, as well as labor productivity improvements, partially offset by increases in employee compensation costs.**

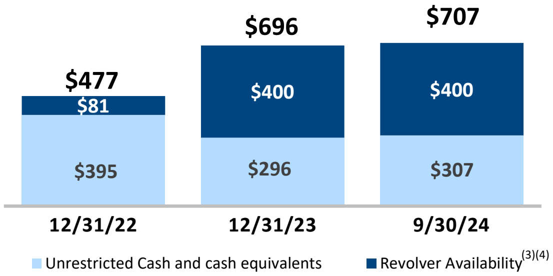
(1) Segment income is defined to exclude, among other things, depreciation and amortization. Please refer to our consolidated financial statements for more information.

Sotera Health

Net Leverage, Liquidity and Investments

$ In millions

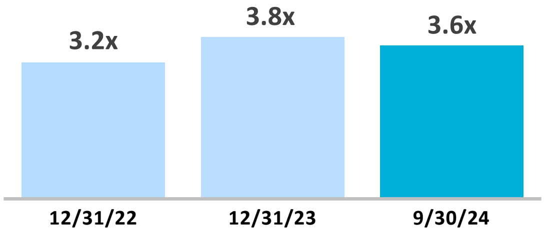
Liquidity



Liquidity Position

- Continued strong liquidity position of $707M as of Q3 2024
- No borrowings on revolving credit facility as of Q3 2024

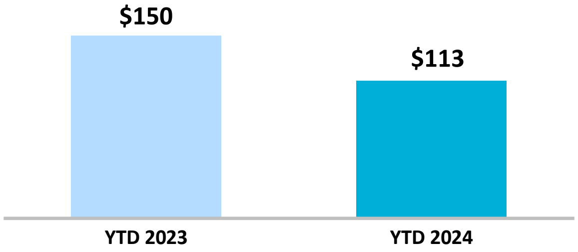
Net Leverage[1]



Long-range target of 2.0x – 4.0x

- Current Net Leverage Ratio[1] of 3.6x
- Adjusted EBITDA growth and cash generation driving Net Leverage Ratio improvement

Capital Expenditures[2]



Investing to Meet Customer Demand

- **Sterigenics:** 2 active capacity expansions; continued EO facility investments
- **Nordion:** Cobalt-60 development projects
- **Nelson Labs:** Pharma expansion & lab information management system

(1) This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.
(2) Excludes any Capital Expenditures included in accounts payable or accruals at the end of the applicable period.
(3) Revolving availability is calculated as maximum facility size less letters of credit.
(4) Maximum facility size was $347.5M as of December 31, 2022 and increased to $423.8M in March 2023.

Sotera Health

2024 Outlook

On the following slides, Sotera Health presents an overview of its full-year 2024 outlook, including certain non-GAAP financial measures. As outlined in the Company's November 5, 2024 press release, Sotera Health does not provide a reconciliation of the forward-looking Adjusted EBITDA, Adjusted Net Income Tax Rate, Adjusted Net Income and Adjusted EPS 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 forward-looking items could have a potentially unpredictable, and a potentially significant, impact on our future GAAP results.

Sotera Health

Full-Year 2024 Outlook[(1)]

	FY 2024 Outlook
Net Revenues	+4.0% to +6.0%
Adj EBITDA[(2)]	+4.0% to +6.0%
Interest Expense	$165M to $175M
Adj NI Tax Rate[(2)]	31.5% to 34.5%
Adj EPS[(2)]	$0.67 to $0.75
Weighted Avg. Diluted Shares	283M to 285M
Capital Expenditures	$175M to $185M

(1) The outlook provided on this slide 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 September 30, 2024 remain constant for the remainder of 2024. Our outlook is based on current plans and expectations and is subject to several known and unknown risks and uncertainties, including those set forth on the slide titled "Cautionary Note Regarding Forward-Looking Statements and Non-GAAP Financial Measures."

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

Sotera Health

Other 2024 Guidance Items[1]

Total Company

- FY '24 Adjusted EBITDA margin rates expected to approach 50%
- Assumed foreign exchange rates as of 9/30/24 remain constant for remainder of the year
- No M&A activity assumed

Business Unit

- **Sterigenics:** expect slight Q4 YoY volume and mix growth, similar to Q3 '24
- **Nordion:** slightly more than 60% FY '24 revenue to occur in 2H
- **Nelson Labs:** Q4 '24 revenue expected to decline mid-single digits versus Q4 '23 with a decline of Expert Advisory Services revenue; FY margins expected to approach 30%

Capital Deployment & Net Leverage

- Capital deployment priorities continue to be organic growth, leverage reduction and opportunistic M&A
- Net Leverage Ratio expected to decline compared to Q4 '23
- Interest expense expected to finish at the lower half of the $165M - $175M range
- Weighted average fully diluted share count expected to finish at the upper end of the 283M - 285M range

(1) The outlook provided on this slide 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 September 30, 2024 remain constant for the remainder of 2024. 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 and Non-GAAP Financial Measures."

Sotera Health

Appendix

Non-GAAP Financial Measures

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	**$ 16,998**	$ (13,660)	**$ 32,075**	$ 12,695
Amortization of intangibles	**19,858**	20,181	**59,737**	61,290
Share-based compensation[a]	**9,860**	8,378	**28,723**	24,135
Loss on refinancing of debt[b]	**70**	—	**24,160**	—
(Gain) loss on foreign currency and derivatives not designated as hedging instruments, net[c]	**(2,231)**	1,333	**(1,699)**	1,459
Business optimization project expenses[d]	**2,387**	1,435	**3,034**	7,270
Professional services relating to EO sterilization facilities[e]	**8,200**	8,355	**22,357**	33,950
Georgia EO litigation settlement[f]	**—**	35,000	**—**	35,000
Secondary offering costs[g]	**562**	—	**1,699**	—
Accretion of asset retirement obligation[h]	**636**	555	**1,914**	1,682
Income tax benefit associated with pre-tax adjustments[i]	**(7,397)**	(15,010)	**(32,241)**	(39,540)
Adjusted Net Income	**48,943**	46,567	**139,759**	137,941
Interest expense, net[j]	**41,572**	40,627	**123,731**	100,225
Depreciation[k]	**22,693**	17,994	**63,074**	55,913
Income tax provision applicable to Adjusted Net Income[l]	**33,153**	29,140	**69,076**	67,202
Adjusted EBITDA[m]	**$ 146,361**	$ 134,328	**$ 395,640**	$ 361,281
Net Revenues	**$ 285,468**	$ 263,177	**$ 810,238**	$ 739,049
Adjusted EBITDA Margin	51.3 %	51.0 %	48.8 %	48.9 %
Weighted average number of shares outstanding:				
Basic	**283,059**	281,105	**282,624**	280,898
Diluted	**285,564**	281,105	**284,660**	283,190
Earnings (loss) per share:				
Basic	**$ 0.06**	$ (0.05)	**$ 0.11**	$ 0.04
Diluted	**0.06**	(0.05)	**0.11**	0.04
Adjusted earnings per share:				
Basic	**$ 0.17**	$ 0.16	**$ 0.49**	$ 0.49
Diluted	**0.17**	0.16	**0.49**	0.49

Sotera Health

Non-GAAP Financial Measures (continued)

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

(b) Represents the write-off of unamortized debt issuance costs and discounts, as well as certain other costs incurred related to the Refinancing Term Loans and the Secured Notes. The nine months ended September 30, 2024 also includes $0.7 million of debt refinancing costs related to Amendment No. 3 to the Senior Secured Credit Facilities.

(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 costs related to acquisitions and the integration of recent 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) professional fees and other costs associated with business optimization, cost saving and other process enhancement projects, and (v) professional fees, payroll costs, and other costs, including ongoing lease and utility expenses associated with the closure of the Willowbrook, Illinois facility. The nine months ended September 30, 2023 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.

(e) Represents litigation and other professional fees associated with our EO sterilization facilities. Amounts presented for the three and nine months ended September 30, 2023 have been adjusted to exclude interest expense, net associated with Term Loan B due 2026 attributable to the loan proceeds that were used to fund a $408.0 million Illinois EO litigation settlement.

(f) Represents the cost to settle 79 pending EO claims in Georgia under a settlement term sheet entered into on December 21, 2023.

(g) Represents expenses incurred in connection with secondary offerings of our common stock that closed on March 4, 2024 and September 6, 2024, respectively.

(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 and are accreted over the life of the asset.

(i) 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.

(j) Interest expense, net presented in this reconciliation for the three and nine months ended September 30, 2023 has been adjusted to conform to the current year presentation to include interest expense, net on Term Loan B due 2026 attributable to the loan proceeds that were used to fund the $408.0 million Illinois EO litigation settlement.

(k) Includes depreciation of Co-60 held at gamma irradiation sites. The three and nine months ended September 30, 2024 excludes accelerated depreciation associated with business optimization activities.

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

(m) $25.8 million and $22.4 million of the adjustments for the three months ended September 30, 2024 and 2023, respectively, and $73.0 million and $69.7 million of the adjustments for the nine months ended September 30, 2024 and 2023, 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)

(unaudited)
(dollars in thousands, except Net Leverage)

	As of December 31,		As of September 30,
	2022	2023	2024
Current portion of long-term debt	$ 197,119	$ 4,797	14,795
Long-term debt less current portion	1,747,115	2,223,674	2,210,815
Current portion of finance leases	1,722	8,771	2,822
Finance leases less current portion	56,955	63,793	97,934
Total Debt	**2,002,911**	**2,301,035**	**2,326,366**
Less: cash and cash equivalents	(395,214)	(296,407)	(306,738)
Total Net Debt	**$ 1,607,697**	**$ 2,004,628**	**$ 2,019,628**
Adjusted EBITDA[(a)]	$ 506,249	$ 528,029	$ 562,388
Net Leverage	3.2x	3.8x	3.6x

(a) Represents Adjusted EBITDA for the years ended December 31, 2022, December 31, 2023 and the twelve months ended June 30, 2024, respectively. Refer to the reconciliations of Adjusted EBITDA to net income (loss) for additional detail.

Sotera Health

Non-GAAP Financial Measures (continued)

(unaudited)
(dollars in thousands)

	Twelve months ended December 31,		Twelve months ended September 30,
	2022	2023	2024
Net income (loss)	**$ (233,570)**	**$ 51,376**	**$ 70,756**
Amortization of intangible assets	81,554	81,348	79,795
Share-based compensation[a]	21,211	32,364	36,952
Loss on refinancing of debt[b]	—	—	24,160
Loss (gain) on foreign currency and derivatives not designated as hedging instruments, net[c]	3,150	(1,552)	(4,710)
Business optimization expenses[d]	8,354	7,662	3,576
Impairment of investment in unconsolidated affiliate[e]	9,613	—	—
Secondary offering costs[f]	—	—	1,699
Professional services relating to EO sterilization facilities[g]	72,639	45,312	33,569
Illinois EO litigation settlement[h]	408,000	—	—
Georgia EO litigation settlement[i]	—	35,000	—
Accretion of asset retirement obligations[j]	2,194	2,413	2,645
COVID-19 expenses[k]	155	—	—
Income tax benefit associated with pre-tax adjustments[l]	(103,081)	(49,597)	(42,298)
Adjusted Net Income	**270,219**	**204,326**	**206,144**
Interest expense, net[m]	78,490	142,878	166,384
Depreciation[n]	64,000	76,577	83,738
Income tax provision applicable to Adjusted Net Income[o]	93,540	104,248	106,122
Adjusted EBITDA[p]	**$ 506,249**	**$ 528,029**	**$ 562,388**

Sotera Health

Non-GAAP Financial Measures (continued)

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

(b) Represents the write-off of unamortized debt issuance costs and discounts, as well as certain other costs incurred related to the Refinancing Term Loans and the Secured Notes. The twelve months ended September 30, 2024 includes $0.7 million of debt refinancing costs related to Amendment No. 3 to the Senior Credit Facilities.

(c) 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 and losses on interest rate derivatives not designated as hedging instruments.

(d) Represents (i) certain costs related to acquisitions and the integration of recent 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) professional fees and other costs associated with business optimization, cost saving and other process enhancement projects, and (v) professional fees, payroll costs, and other costs, including ongoing lease and utility expenses associated with the closure of the Willowbrook, Illinois facility. The twelve months ended December 31, 2023 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.

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

(f) Represents expenses incurred in connection with the secondary offering of our common stock that closed on March 4, 2024 and September 6, 2024, respectively.

(g) Represents litigation and other professional fees associated with our EO sterilization facilities. Amounts presented for the twelve months ended September 30, 2024 and December 31, 2023 have been adjusted to exclude interest expense, net associated with Term Loan B attributable to the loan proceeds that were used to fund the $408.0 million Illinois EO litigation settlement.

(h) Represents the cost to settle 880 pending and threatened EO claims in Illinois pursuant to Settlement Agreements entered into on January 9, 2023 and finalized on March 28, 2023.

(i) Represents the cost to settle 79 pending EO claims in Georgia under a Settlement Term Sheet entered into on December 21, 2023.

(j) Represents non-cash accretion of asset retirement obligations related to Co-60 gamma and EO processing facilities, which are based on estimated site remediation costs for any future decommissioning of these facilities and are accreted over the life of the asset.

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

(l) 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.

(m) Interest expense, net presented in this reconciliation for the twelve months ended September 30, 2024 and December 31, 2023 has been adjusted to conform to the current year presentation to include 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 year 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.

(n) Includes depreciation of Co-60 held at gamma irradiation sites. The twelve months ended September 30, 2024 excludes accelerated depreciation associated with business optimization activities.

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

(p) $83.6 million, $94.1 million, and $97.4 million of the adjustments for the twelve months ended December 31, 2022 and 2023 and September 30, 2024, 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 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 net of 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