



# Fourth-Quarter and Full-Year 2022 Earnings Results

FEBRUARY 28, 2023



# 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, or increases in the price of, EO or Co-60, including geopolitical risks related to the supply of Co-60 from Russia; foreign currency exchange rates and changes in those rates; changes in industry trends, environmental, health and safety regulations or preferences; satisfaction of conditions to completing the Illinois EO settlement, including the participation by substantially all Illinois plaintiffs in the settlement; 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; adverse judgments against two of our subsidiaries in the EO tort litigation, which if the settlement is not successful may require an appellate bond or alternative form of security to appeal, and plaintiff efforts to enforce judgments against us, any of which may have an adverse impact on our liquidity in the near and long terms, or may cause the need for us to increase our borrowings and, consequently, increase our interest expense; uncertainty in the capital markets and other risks to our ability to raise additional debt financing on reasonable terms or at all, including availability of capital and the impact of future litigation developments on our ability to access capital markets; 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 the Company’s filings with the SEC, such as its annual and quarterly reports, as well as the Current Report on Form 8-K filed by the Company on January 9, 2023, with the SEC disclosing the terms of the Illinois settlement. 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 Net Income, 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 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 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 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 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 December 31, 2022, unless otherwise stated.



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



**Michael F. Biehl**  
*Interim Chief Financial Officer*

# 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
- **FY 2022 Adjusted EBITDA margins<sup>(1)</sup> of >50%**
- **~\$33 billion TAM<sup>(2)</sup>** 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



**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**

<sup>1</sup> Based on revenue as of 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 protects 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.



# 2022 Highlights

## Business & Market Update

- Top- and bottom-line growth despite continued macro-economic pressures
- Sterigenics continues to see solid demand across all modalities
- Nordion successfully mitigated geopolitical risk associated with Russia while supplying cobalt-60
- Nelson Labs grew revenue 4.4% on a constant currency basis in FY'22 as they navigated through supply chain and labor challenges

## Capital Deployment

- Planned capital expenditures increased by ~80% to ~\$182M, driven by capacity expansions, EO facility enhancements and cobalt development projects
- Nelson Labs investing in pharma expansion
- Year-end Net Leverage<sup>(2)</sup> decrease from 3.5x to 3.2x
- Net Leverage<sup>(2)</sup> increases above long-term target range of 2.0x – 4.0x upon closing \$500M term loan in Q1'23; expect to settle into the range by year-end

## 2022 Financial Performance

	<u>Q4 2022 v Q4 2021</u>	<u>FY 2022 vs FY 2021</u>
Net Revenues	↑ 4.3% to \$252M	↑ 7.8% to \$1.004B
Constant currency <sup>(1)(2)</sup>	↑ 7.2%	↑ 10.2%
Adjusted EBITDA <sup>(2)</sup>	↑ 4.0% to \$130M	↑ 5.2% to \$506M
Adjusted EPS <sup>(2)</sup>	↑ \$0.23 to \$0.25	↑ \$0.88 to \$0.96

## Other Activities

- Signed binding term sheets to settle Illinois EO Litigation<sup>(3)</sup>
- Closed \$500M Term Loan to fund the \$408M Illinois EO litigation settlement<sup>(3)</sup>, paydown existing borrowings on revolving credit facility, enhance liquidity and for general corporate purposes
- Launched company-wide Women's Leadership Network and published first Corporate Responsibility report

(1) We calculate constant currency net revenues and Adjusted EBITDA (a non-GAAP financial measure) 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.

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

(3) Subject to the satisfaction or waiver by the Company of the various conditions for the settlement.

# 2022 Progress on ESG Initiatives

## Recent Company Accomplishments:



- Established consistent EHS metrics
- Launched global EHS policy
- Added incremental EHS leadership
- Continued investment in state-of-the-art emissions controls



- Completed global employee engagement survey – 84% participation
- Launched Sotera Health Women’s Network
- Launched Careers & Responsibility websites
- Completed 2<sup>nd</sup> Leading For Our Future program focused on ESG



- Board meets Nasdaq diversity standards
- Completed 2022 investor outreach



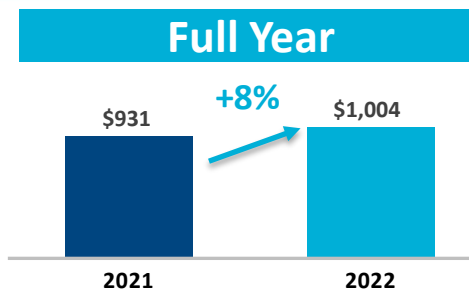
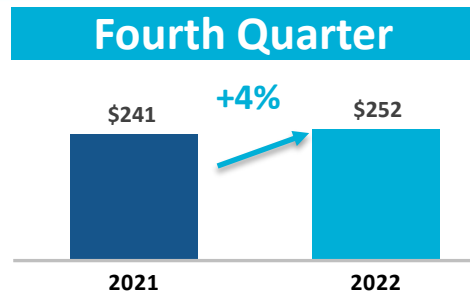
# FINANCIAL OVERVIEW



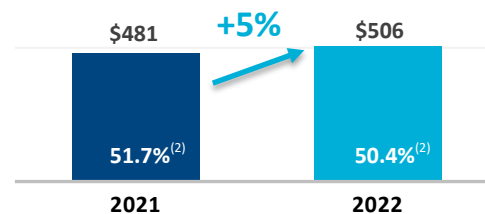
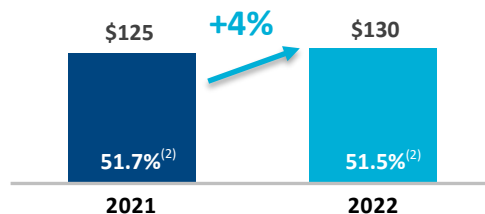
# Consolidated 2022 Financial Performance

In millions, except Adjusted EPS

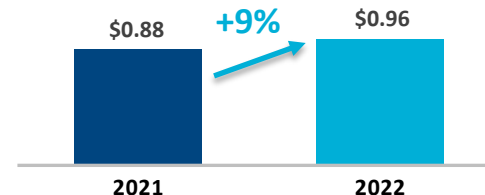
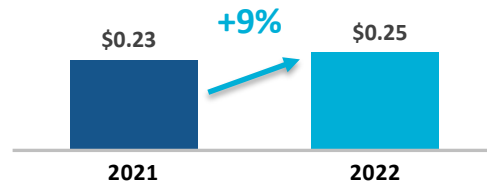
## Revenue



## Adjusted EBITDA<sup>(1)</sup>



## Adjusted EPS<sup>(1)</sup>

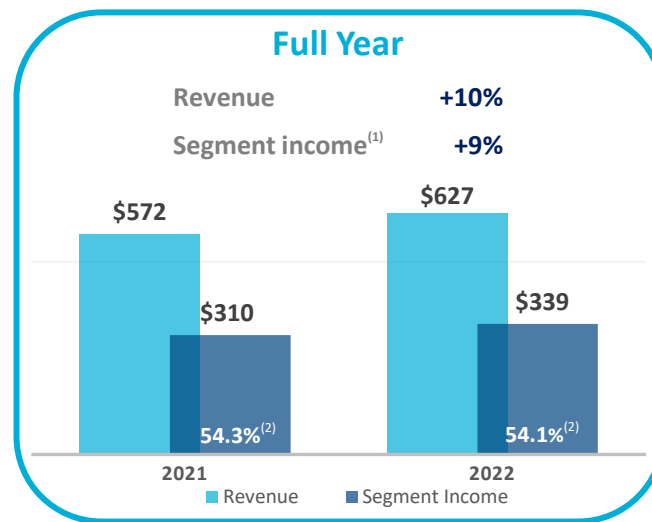
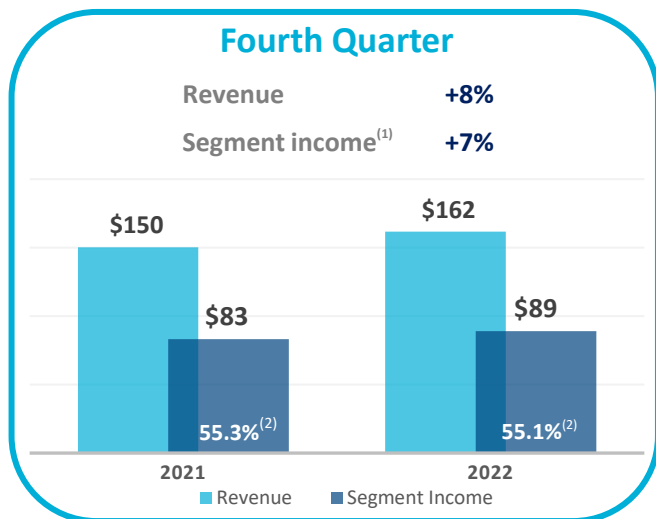


(1) This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.

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

# Sterigenics 2022 Financial Performance

In millions



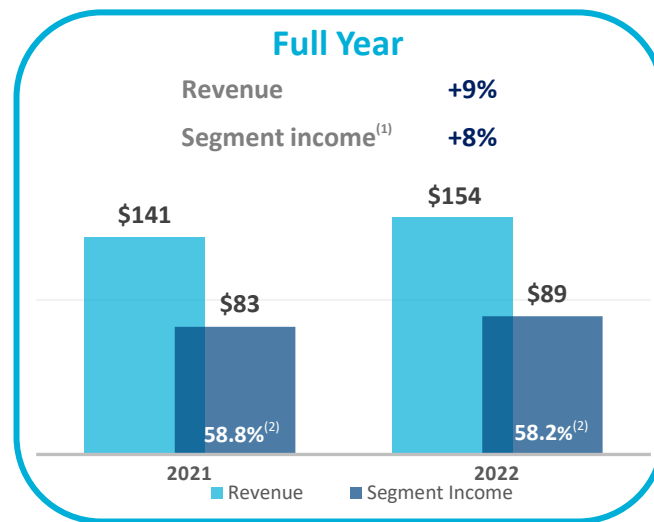
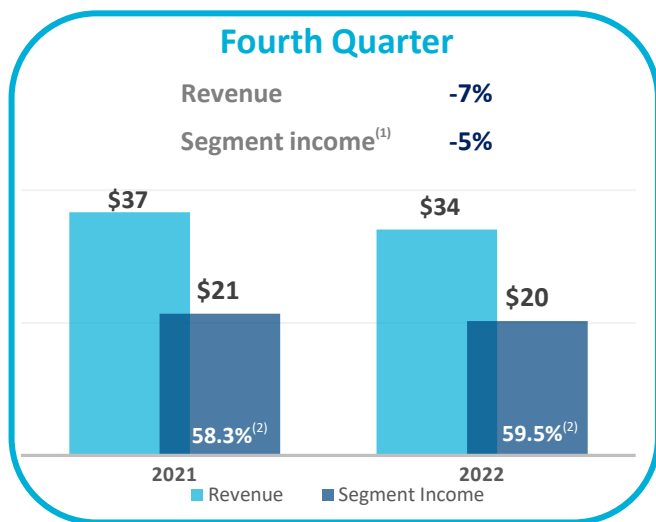
- Q4 2022 revenue and segment income increases driven by favorable pricing and organic volume growth, partially offset by unfavorable impacts from foreign currency exchange rate changes
- Q4 2022 Segment income margin decline due to timing of pricing actions compared to realized inflation

(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 2022 Financial Performance

In millions



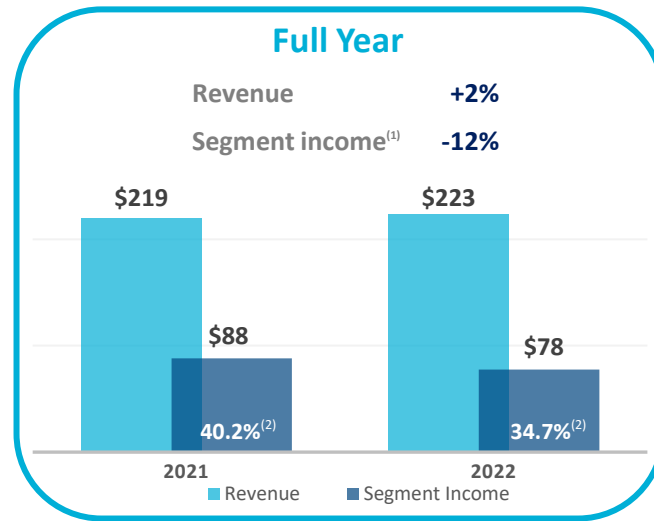
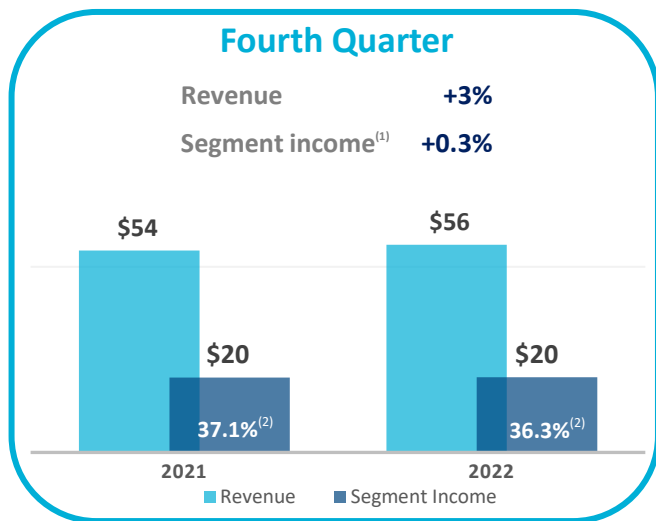
- Q4 2022 revenue and segment income decline driven by the timing of Cobalt-60 harvest schedules and an unfavorable impact from foreign exchange rates, partially offset by favorable pricing
- Q4 2022 segment income margin increase driven by pricing contributions, partially offset by mix

(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.

# Nelson Labs 2022 Financial Performance

In millions



- Q4 2022 revenue and segment income increase primarily driven by favorable pricing, partially offset by an unfavorable impact from foreign exchange rates
- Q4 2022 segment income margin decline driven by inflation and increased staffing in anticipation of incremental volume, partially offset by pricing improvements
- Q4 2022 was the highest margin for the year, as it expanded by 180 basis points compared to Q3 2022

(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.

# 2022 Increase in Investments to Meet Long-Term Customer Demand

## Sterigenics

### Facility investments across all modalities

- 3 completed capacity expansions during 2022
- 7 active expansions in progress
- Continued momentum on EO emission control enhancements

## Nordion

### Cobalt-60 supply development

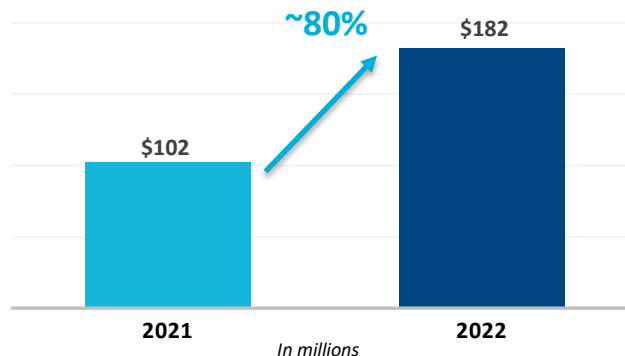
- Accelerating investment to increase and further diversify supply
- Establishing industry's only U.S. supply network

## Nelson Labs

### Investments in testing capacity

- Pharma lab expansion underway in Itasca, IL
- Progressing on Lab Information Management system implementation

## Capital Expenditures



*Investments focused on growth initiatives, facility enhancements and supply diversification*

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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 measures. As outlined in the Company's February 28, 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.*

# Full-year 2023 Outlook<sup>(1)</sup>

	FY 2023 Outlook	YoY%
Revenue	\$1.055B to \$1.090B	+5% to +9%
Adj EBITDA <sup>(2)</sup>	\$530M to \$550M	+5% to +9%
Adj NI Tax Rate <sup>(2)(3)</sup>	30% to 33%	~+400bps to ~+700bps
Adj EPS <sup>(2)</sup>	\$0.78 to \$0.86	-10% to -19%
Weighted Avg. Diluted Shares	283M to 285M	+1% to +2%
Capital Expenditures	\$185M - \$215M	+1% to +18%
Net Leverage <sup>(2)</sup>	2023 year-end net leverage ratio within long-term range of 2.0x – 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 ethylene oxide and cobalt-60, the impact of inflationary trends including their impact on energy prices and the supply of labor and the expectation that exchange rates as December 31, 2022 remain relatively 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 below under "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.



# Full-year 2023 Assumptions

## Market Update

- Anticipating labor market and inflationary pressures to persist into 2023
- Expecting Russia to face more sanctions, but assuming ongoing supply of cobalt 60 from Russia
  - Russian cobalt-60 supply disruption would impact total Sotera Health revenue between 0% and 3%
- Expecting continued recovery in certain testing categories at Nelson Labs

## Quarterly Rhythm

- As typical, Sterigenics will have lower margins in Q1'23, gradually realizing margin expansion through the rest of the year as volume ramps
- Almost all of Nordion's 1H'23 revenues and Adj EBITDA in Q2'23; ~75% of revenue and ~80% of Segment Income during 2H'23
- Returning to pre-pandemic quarterly cadence, Nelson Labs will have lower margins Q1'23 and are expected to expand throughout the year

## FX Impact/Leverage

- Outlook assumes FX rates as of YE'22 are relatively constant for the remainder of 2023
- \$500M new term loan will result in net leverage slightly above long-term target range of 2.0x - 4.0x, with leverage settling back into the range by year-end

## Capital Deployment

- Prioritizing:
- Growth initiatives
  - Deleveraging our balance sheet
  - Long-term strategic M&A
    - No M&A assumed in our guidance

# Appendix

# Non-GAAP Financial Measures

(unaudited)

(\$'s in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
<b>Net income (loss)</b>	\$ (319,719)	\$ 35,997	\$ (233,570)	\$ 117,121
Amortization of intangible assets	19,958	21,443	81,554	86,742
Share-based compensation <sup>(a)</sup>	6,256	3,381	21,211	13,870
Loss (gain) on foreign currency and derivatives not designated as hedging instruments, net <sup>(b)</sup>	7,938	(943)	3,150	(58)
Acquisition and divestiture related charges, net <sup>(c)</sup>	420	(4,015)	1,398	(6,018)
Business optimization project expenses <sup>(d)</sup>	617	168	2,226	948
Plant closure expenses <sup>(e)</sup>	954	763	4,730	2,327
Impairment on investment in unconsolidated affiliate <sup>(f)</sup>	—	—	9,613	—
Loss on extinguishment of debt <sup>(g)</sup>	—	4	—	20,681
Professional services relating to EO sterilization facilities <sup>(h)</sup>	22,401	12,164	72,639	45,656
Illinois EO litigation settlement <sup>(i)</sup>	408,000	—	408,000	—
Accretion of asset retirement obligations <sup>(j)</sup>	550	501	2,194	2,252
COVID-19 expenses <sup>(k)</sup>	1	165	155	761
Income tax benefit associated with pre-tax adjustments <sup>(l)</sup>	(77,744)	(5,728)	(103,081)	(38,500)
<b>Adjusted Net Income</b>	<b>69,632</b>	<b>63,900</b>	<b>270,219</b>	<b>245,782</b>
Interest expense, net <sup>(m)</sup>	24,516	15,607	78,490	74,192
Depreciation <sup>(n)</sup>	16,504	16,703	64,000	64,160
Income tax provision applicable to Adjusted Net Income <sup>(o)</sup>	18,961	28,465	93,540	97,095
<b>Adjusted EBITDA<sup>(p)</sup></b>	<b>\$ 129,613</b>	<b>\$ 124,675</b>	<b>\$ 506,249</b>	<b>\$ 481,229</b>
<b>Net Revenues</b>	<b>\$ 251,590</b>	<b>\$ 241,249</b>	<b>\$ 1,003,687</b>	<b>\$ 931,478</b>
<b>Adjusted EBITDA Margin</b>	<b>51.5 %</b>	<b>51.7 %</b>	<b>50.4 %</b>	<b>51.7 %</b>
<b>Weighted average number of shares outstanding</b>				
Basic	280,417	279,616	280,096	279,228
Diluted	280,417	279,774	280,096	279,382
<b>Earnings (loss) per share</b>				
Basic	\$ (1.14)	\$ 0.13	\$ (0.83)	\$ 0.41
Diluted	(1.14)	0.13	(0.83)	0.41
<b>Adjusted earnings per share</b>				
Basic	\$ 0.25	\$ 0.23	\$ 0.96	\$ 0.88
Diluted	0.25	0.23	0.96	0.88

## Non-GAAP Financial Measures (continued)

- (a) Represents non-cash share-based compensation expense.
- (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 and losses on interest rate caps not designated as hedging instruments.
- (c) Represents (i) certain direct and incremental costs related to the acquisitions of RCA, the noncontrolling interests in our China subsidiaries, BioScience Labs in 2021, Iotron in July 2020, the first quarter 2021 gain on the mandatorily redeemable noncontrolling interest in Nelson Labs Fairfield, 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 that existed at the time of our acquisition of the business in 2014, and (v) a \$5.1 million non-cash gain recognized in the fourth quarter of 2021 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.
- (d) 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 recent acquisitions, 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.
- (f) Represents an impairment charge on our equity method investment in a joint venture.
- (g) Represents expenses incurred in connection with the repricing of our Term Loan in January 2021 and the full redemption of the First Lien Notes in August 2021, including a prepayment premium and accelerated amortization of prior debt issuance and discount costs.
- (h) Represents litigation and other professional fees associated with our EO sterilization facilities.
- (i) Represents the cost to settle 870+ pending and threatened EO claims against our subsidiaries Sterigenics US, LLC and Sotera Health LLC (the “Defendant Subsidiaries”) in Illinois under settlement term sheets entered into on January 9, 2023, subject to substantially all of the plaintiffs providing opt-in consents to their individual settlement allocations and dismissing their claims with prejudice.
- (j) 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.
- (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) The three months and year ended December 31, 2022 exclude a \$7.8 million and \$1.7 million net decrease, respectively, 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.
- (o) 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 (l).
- (p) \$20.9 million and \$22.0 million of the adjustments for the three months ended December 31, 2022 and 2021, respectively, and \$83.6 million and \$85.3 million of the adjustments for the year ended December 31, 2022 and 2021, 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)

(unaudited)  
(in thousands except Net Leverage)

	Year Ended December 31,	
	2022	2021
Current portion of long-term debt	\$ 197,119	\$ —
Long-term debt	\$ 1,747,115	\$ 1,743,534
Current portion of finance leases	1,722	1,160
Finance leases less current portion	56,955	40,877
<b>Total Debt</b>	<b>\$ 2,002,911</b>	<b>\$ 1,785,571</b>
Add: unamortized debt issuance costs and debt discounts	19,316	20,016
Less: cash and cash equivalents	(396,294)	(106,924)
<b>Net Debt</b>	<b>\$ 1,625,933</b>	<b>\$ 1,698,663</b>
<b>Adjusted EBITDA</b>	<b>\$ 506,249</b>	<b>\$ 481,229</b>
<b>Net Leverage</b>	<b>3.2x</b>	<b>3.5x</b>

# Non-GAAP Financial Measures Definitions

- We define Adjusted Net Income 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.
- We define Adjusted EBITDA 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.
- We define Adjusted EPS 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.