



# Second-Quarter 2024 Earnings Results

AUGUST 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 presentation 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. You can identify these forward-looking statements by the use of forward-looking words such as “will,” “may,” “plan,” “estimate,” “project,” “believe,” “anticipate,” “expect,” “intend,” “should,” “would,” “could,” “target,” “goal,” “continue to,” “positioned to,” “are confident” or the negative versions of those words or other comparable words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, are forward-looking statements. Any forward-looking statements contained in this release are based upon our historical performance and on our current plans, estimates and expectations of the Company’s future performance and the future performance of the markets in which the Company operates in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. These forward-looking statements are subject to various risks, uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. These risks and uncertainties include, without limitation, any disruption in the availability or supply of, or increases in the price of, ethylene oxide (“EO”) or Cobalt-60 (“Co-60”), or our other direct materials, services and supplies, including as a result of geopolitical instability and/or sanctions arising 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, 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 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.

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

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

We use these non-GAAP financial measures as the principal measures of our operating performance. Management believes these 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 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 Form 10-K, and in the Company’s other SEC filings. In addition, projections, assumptions and estimates of the Company’s future performance and the future performance of the markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk.

The Sotera Health name, our logo and other trademarks mentioned in this presentation are the property of their respective owners. All Company data and financial information included in this presentation is as of June 30, 2024, unless otherwise stated.





**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



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

- **Annual revenue growth every year** since 2005
- **TTM Q2 2024 Adjusted EBITDA margins<sup>(1)</sup> greater than 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 ("TAM") 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**

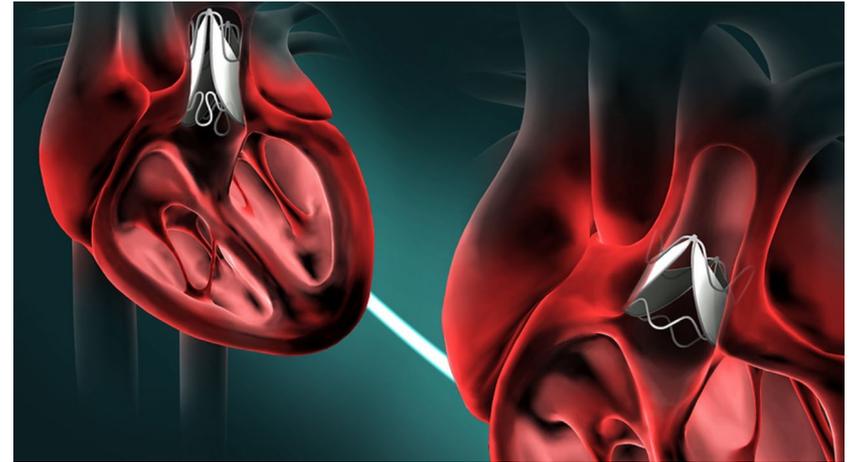
**Comprehensive end-to-end services offered**

**Provide customer peace-of-mind**

**Experienced management team with established track record**

<sup>(1)</sup> Based on revenue for the year ended December 31, 2023.

- Our mission is at the heart of our work
- Nelson Labs is performing critical biosafety testing on the first-ever expandable heart valve for pediatric congenital heart patients
- The Autus Valve grows with the child to reduce the number of heart surgeries needed over their lifetime
- Our industry-leading expertise in science, safety and quality enables us to achieve our mission of Safeguarding Global Health®



# Q2 2024 Highlights

## Business & Market Update

- Total company revenue and Adjusted EBITDA growth compared to Q2 2023
- Sterigenics and Nelson Labs volume improvement vs the prior-year quarter
- Nordion revenue increased due to timing of reactor harvest schedules
- Secured planned Russian Co-60 for 2024 deliveries

## Capital Deployment & Liquidity

- Capital deployment priorities continue to be organic growth, leverage reduction and M&A
- Strong liquidity of \$646M; no outstanding borrowings on the revolving line of credit
- Net Leverage Ratio<sup>(1)</sup> finished at 3.8x, w/in 2.0x - 4.0x target range
- Refinanced \$2.3B term loan, extended maturity to 2031 and reduced expected interest by ~\$5M for 2024

## Financial Performance

### Q2 '24 vs Q2 '23

Net Revenues	↑ 8.3% to \$277M
Adjusted EBITDA <sup>(1)</sup>	↑ 6.9% to \$137M
Adjusted EBITDA margin <sup>(1)</sup>	↓ 70bps to 49.7%
Adjusted EPS <sup>(1)</sup>	↓ \$0.20 to \$0.19

## Other Activities

- Added Christopher Simon, CEO of Haemonetics Corporation, to the Board of Directors
- Completed Employee Engagement Survey with 85% participation and improved employee engagement scores
- Canadian Regulatory approval granted for Cobalt-60 production at the requested units at the Darlington Nuclear Facility

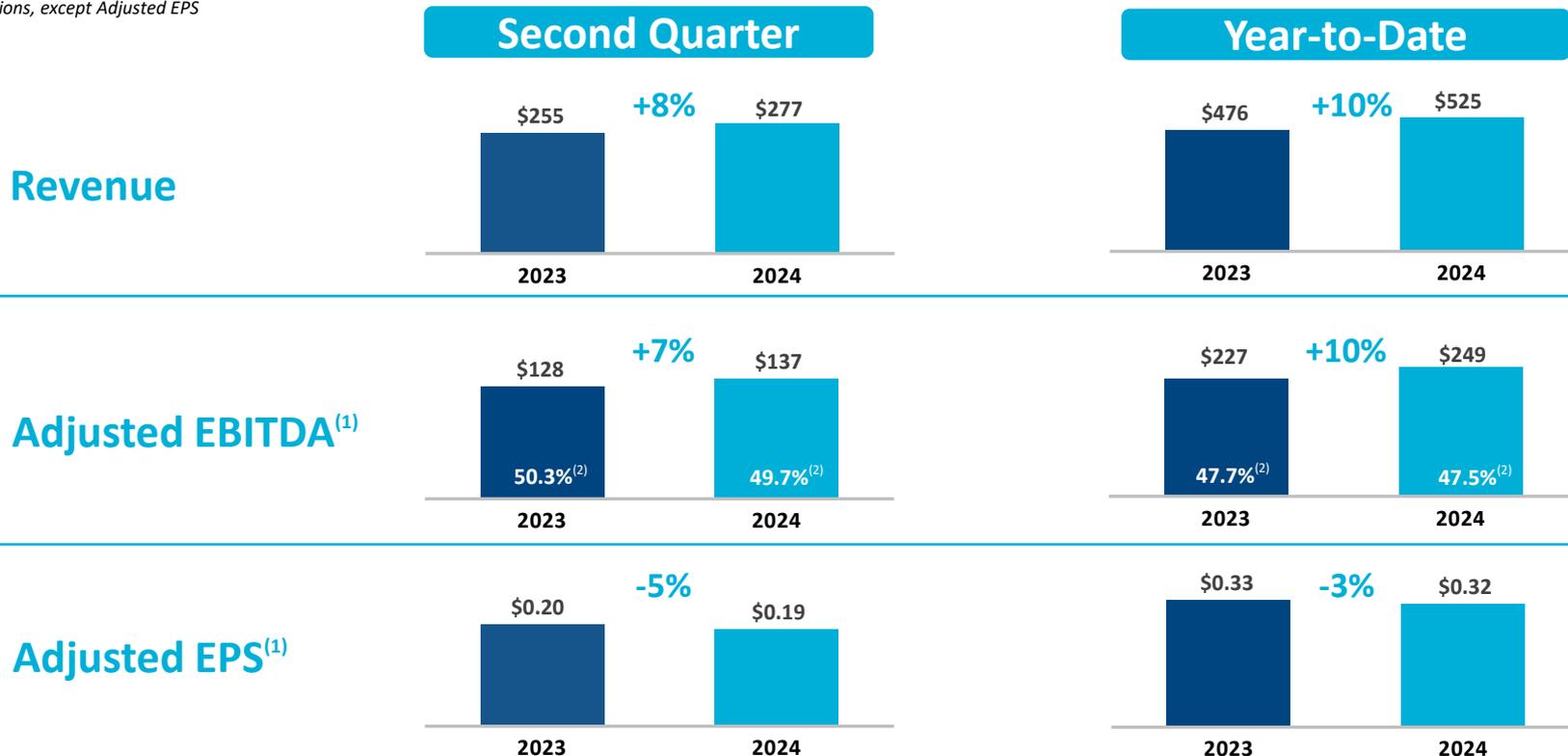
(1) This is a non-GAAP financial measure. Please refer to Non-GAAP Financial Measures provided in the Appendix.

# FINANCIAL OVERVIEW



# Q2 & YTD 2024 Consolidated Financial Performance

\$ In millions, except Adjusted EPS



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

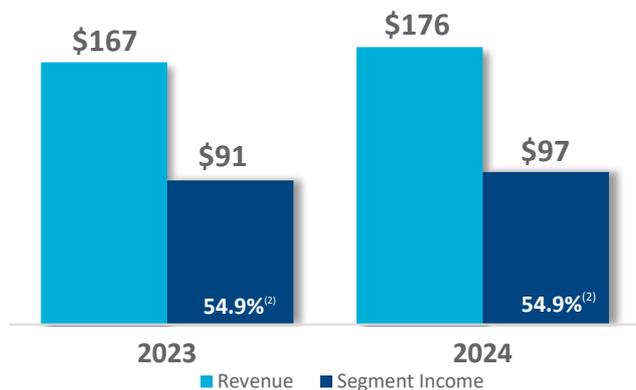
(2) Adjusted EBITDA margin is equal to Adjusted EBITDA divided by net revenues. Please refer to Non-GAAP Financial Measures provided in the Appendix.

# Sterigenics Q2 2024 Financial Performance

\$ In millions

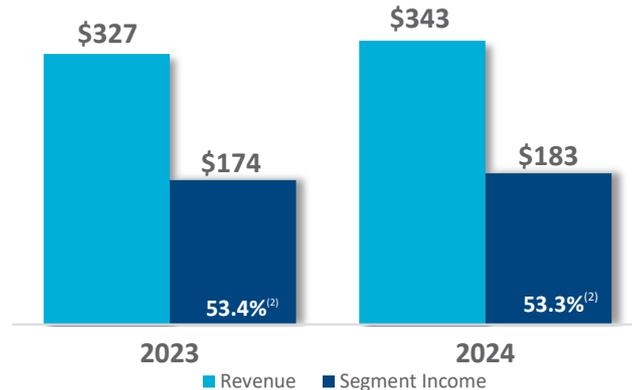
## Second Quarter

Revenue +5.9%  
Segment income<sup>(1)</sup> +5.8%



## Year-to-Date

Revenue +5.0%  
Segment income<sup>(1)</sup> +4.8%



- Revenue growth for the second-quarter 2024 was driven by favorable pricing as well as volume and changes in mix, partially offset by unfavorable changes in foreign currency exchange rates
- The increase in segment income for the second-quarter 2024 was driven by favorable pricing as well as volume and changes in mix, partially offset by inflation

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

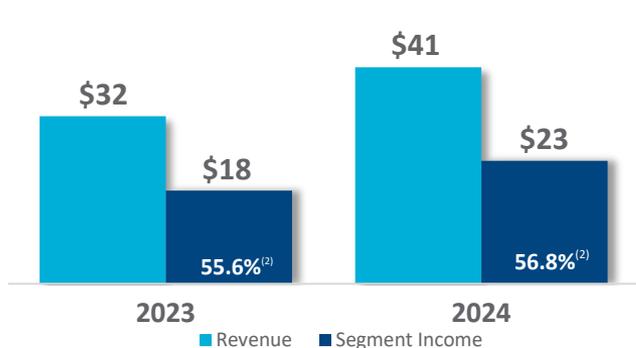
(2) Segment income margin is equal to segment income divided by net revenues. Please refer to Non-GAAP Financial Measures provided in the Appendix.

# Nordion Q2 2024 Financial Performance

\$ In millions

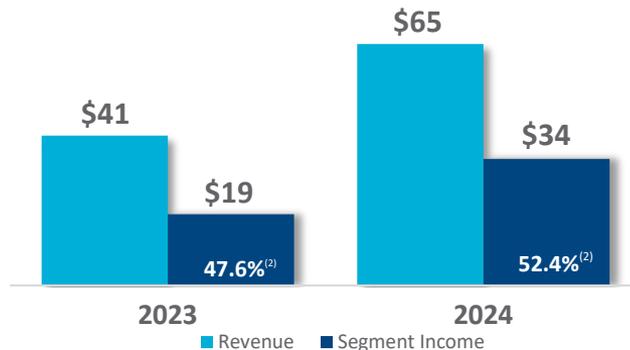
## Second Quarter

Revenue	+29.0%
Segment income <sup>(1)</sup>	+31.7%



## Year-to-Date

Revenue	+61.0%
Segment income <sup>(1)</sup>	+77.1%



- The timing of reactor harvest schedules resulted in the favorable volume and mix increase at Nordion, which was a 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.

(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 Q2 2024 Financial Performance

\$ In millions

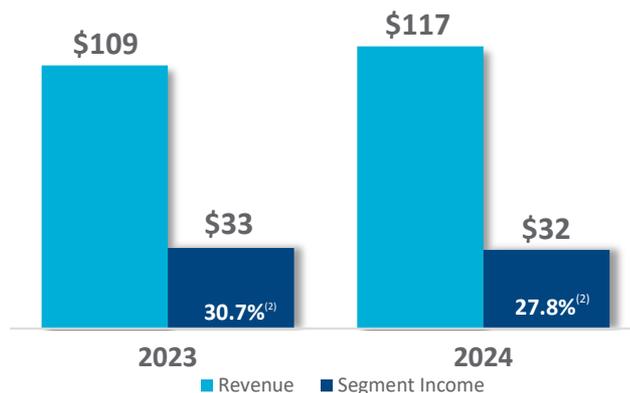
## Second Quarter

Revenue +4.0%  
Segment income<sup>(1)</sup> -11.0%



## Year-to-Date

Revenue +7.3%  
Segment income<sup>(1)</sup> -2.6%



- Revenue growth for the second-quarter 2024 was driven by favorable pricing as well as volume and changes in mix, partially offset by unfavorable changes in foreign currency exchange rates
- Segment income and segment income margin declines for the second-quarter 2024 were driven by the impacts of volume and mix, as well as higher labor costs, partially offset by favorable pricing

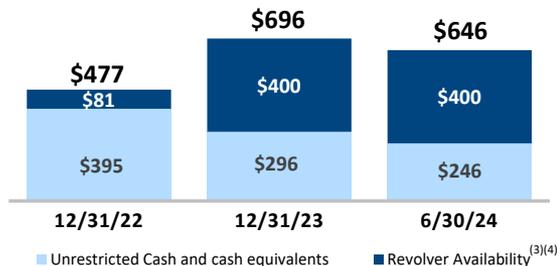
(1) Segment income is defined to exclude, among other things, depreciation and amortization. Please refer to our consolidated financial statements for more information.

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

# Net Leverage, Liquidity and Investments

\$ In millions

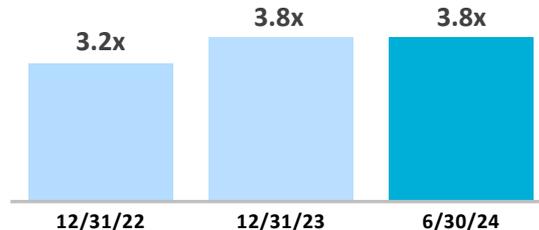
## Liquidity



### Liquidity Position

- Continued strong liquidity position of \$646M as of Q2 2024
- Successfully refinanced debt structure, extending debt maturities to 2031
- No borrowings on revolving credit facility as of Q2 2024

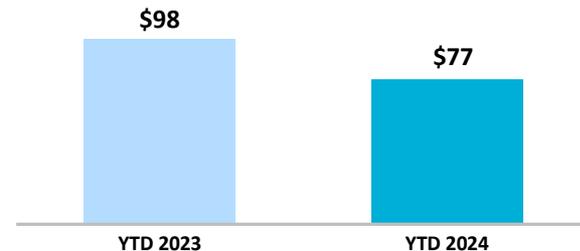
## Net Leverage<sup>(1)</sup>



### Long-range target of 2.0x – 4.0x

- Current Net Leverage Ratio<sup>(1)</sup> of 3.8x
- Debt neutral refinancing of capital structure in Q2 2024

## Capital Expenditures<sup>(2)</sup>



### Investing to Meet Customer Demand

- **Sterigenics:** 3 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.

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# 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 August 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.*

# Reaffirming Full-Year 2024 Outlook<sup>(1)</sup>

	FY 2024 Outlook
Net Revenues	+4.0% to +6.0%
Adj EBITDA <sup>(2)</sup>	+4.0% to +6.0%
Interest Expense	\$165M to \$175M
Adj NI Tax Rate <sup>(2)</sup>	31.5% to 34.5%
Adj EPS <sup>(2)</sup>	\$0.67 to \$0.75
Weighted Avg. Diluted Shares	283M to 285M
Capital Expenditures	\$205M to \$225M

(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 June 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.

# Other 2024 Guidance Items<sup>(1)</sup>

## Total Company

- FY '24 Adjusted EBITDA margin rates expected to sequentially improve throughout the year; FY '24 Adjusted EBITDA margins approaching 50%
- Assumed foreign exchange rates as of 6/30/24 remain constant for remainder of the year
- No M&A activity assumed

## Business Unit

- **Sterigenics:** slight volume and mix growth versus '23 for the remainder of the year expected
- **Nordion:** slightly >60% FY '24 revenue to occur in 2H; high single-digit year-over-year revenue growth in Q3 '24
- **Nelson Labs:** 2H '24 revenue expected to be similar to 1H; margins expected to improve versus Q2 '24 with full-year margin rates expected to approach 30%

## Capital Deployment & Net Leverage

- Capital deployment priorities continue to be organic growth, leverage reduction and opportunistic M&A
- Expect to reduce Net Leverage Ratio during the year

(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 June 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."

# Appendix

# Non-GAAP Financial Measures

(unaudited)

(dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Net income</b>	\$ 8,754	\$ 23,513	\$ 15,077	\$ 26,355
Amortization of intangible assets	19,755	20,502	39,879	41,109
Share-based compensation <sup>(a)</sup>	10,206	8,409	18,863	15,757
Loss on refinancing of debt <sup>(b)</sup>	23,400	—	24,090	—
(Gain) loss on foreign currency and derivatives not designated as hedging instruments, net <sup>(c)</sup>	(698)	(409)	532	126
Business optimization project expenses <sup>(d)</sup>	593	3,604	647	5,835
Professional services relating to EO sterilization facilities <sup>(e)</sup>	7,818	11,623	14,157	25,595
Secondary offering costs <sup>(f)</sup>	20	—	1,137	—
Accretion of asset retirement obligation <sup>(g)</sup>	636	555	1,278	1,127
Income tax benefit associated with pre-tax adjustments <sup>(h)</sup>	(15,297)	(12,280)	(24,844)	(24,530)
<b>Adjusted Net Income</b>	<b>55,187</b>	<b>55,517</b>	<b>90,816</b>	<b>91,374</b>
Interest expense, net <sup>(i)</sup>	40,388	30,728	82,159	59,598
Depreciation <sup>(j)</sup>	20,075	18,988	40,381	37,919
Income tax provision applicable to Adjusted Net Income <sup>(k)</sup>	21,685	23,252	35,923	38,062
<b>Adjusted EBITDA<sup>(l)</sup></b>	<b>\$ 137,335</b>	<b>\$ 128,485</b>	<b>\$ 249,279</b>	<b>\$ 226,953</b>
<b>Net Revenues</b>	<b>\$ 276,594</b>	<b>\$ 255,282</b>	<b>\$ 524,770</b>	<b>\$ 475,872</b>
<b>Adjusted EBITDA Margin</b>	<b>49.7 %</b>	<b>50.3 %</b>	<b>47.5 %</b>	<b>47.7 %</b>
<b>Weighted average number of shares outstanding:</b>				
Basic	282,894	280,893	282,403	280,793
Diluted	284,541	283,147	284,264	283,040
<b>Earnings per share:</b>				
Basic	\$ 0.03	\$ 0.08	\$ 0.05	\$ 0.09
Diluted	0.03	0.08	0.05	0.09
<b>Adjusted earnings per share:</b>				
Basic	\$ 0.20	\$ 0.20	\$ 0.32	\$ 0.33
Diluted	0.19	0.20	0.32	0.33

## 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 six months ended June 30, 2024 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 six months ended June 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 six months ended June 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 the \$408.0 million Illinois EO litigation settlement.
- (f) Represents expenses incurred in connection with the secondary offering of our common stock that closed on March 4, 2024.
- (g) 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.
- (h) 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.
- (i) Interest expense, net presented in this reconciliation for the three and six months ended June 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.
- (j) Includes depreciation of Co-60 held at gamma irradiation sites.
- (k) Represents the difference between income tax provision or benefit as determined under U.S. GAAP and the income tax provision or benefit associated with pre-tax adjustments described in footnote (h).
- (l) \$23.4 million and \$24.4 million of the adjustments for the three months ended June 30, 2024 and 2023, respectively, and \$47.2 million of the adjustments for the six months ended June 30, 2024 and 2023 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)

	As of December 31,		As of June 30,
	2022	2023	2024
Current portion of long-term debt	\$ 197,119	\$ 4,797	11,092
Long-term debt less current portion	1,747,115	2,223,674	2,213,518
Current portion of finance leases	1,722	8,771	2,767
Finance leases less current portion	56,955	63,793	93,518
<b>Total Debt</b>	<b>2,002,911</b>	<b>2,301,035</b>	<b>2,320,895</b>
Less: cash and cash equivalents	(395,214)	(296,407)	(246,084)
<b>Total Net Debt</b>	<b>\$ 1,607,697</b>	<b>\$ 2,004,628</b>	<b>\$ 2,074,811</b>
<b>Adjusted EBITDA<sup>(a)</sup></b>	<b>\$ 506,249</b>	<b>\$ 528,029</b>	<b>\$ 550,355</b>
<b>Net Leverage</b>	<b>3.2x</b>	<b>3.8x</b>	<b>3.8x</b>

(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.

## Non-GAAP Financial Measures (continued)

	Twelve months ended December 31,		Twelve months ended June 30,
	2022	2023	2024
<b>Net income (loss)</b>	<b>\$ (233,570)</b>	<b>\$ 51,376</b>	<b>\$ 40,098</b>
Amortization of intangible assets	81,554	81,348	80,118
Share-based compensation <sup>(a)</sup>	21,211	32,364	35,470
Loss on refinancing of debt <sup>(b)</sup>	—	—	24,090
Loss (gain) on foreign currency and derivatives not designated as hedging instruments, net <sup>(c)</sup>	3,150	(1,552)	(1,146)
Business optimization expenses <sup>(d)</sup>	8,354	7,662	2,474
Impairment of investment in unconsolidated affiliate <sup>(e)</sup>	9,613	—	—
Secondary offering costs <sup>(f)</sup>	—	—	1,137
Professional services relating to EO sterilization facilities <sup>(g)</sup>	72,639	45,312	33,874
Illinois EO litigation settlement <sup>(h)</sup>	408,000	—	—
Georgia EO litigation settlement <sup>(i)</sup>	—	35,000	35,000
Accretion of asset retirement obligations <sup>(j)</sup>	2,194	2,413	2,564
COVID-19 expenses <sup>(k)</sup>	155	—	—
Income tax benefit associated with pre-tax adjustments <sup>(l)</sup>	(103,081)	(49,597)	(49,911)
<b>Adjusted Net Income</b>	<b>270,219</b>	<b>204,326</b>	<b>203,768</b>
Interest expense, net <sup>(m)</sup>	78,490	142,878	165,439
Depreciation <sup>(n)</sup>	64,000	76,577	79,039
Income tax provision applicable to Adjusted Net Income <sup>(o)</sup>	93,540	104,248	102,109
<b>Adjusted EBITDA<sup>(p)</sup></b>	<b>\$ 506,249</b>	<b>\$ 528,029</b>	<b>\$ 550,355</b>

## 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 June 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.
- (g) Represents litigation and other professional fees associated with our EO sterilization facilities. Amounts presented for the twelve months ended June 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 against Sterigenics U.S., LLC and Sotera Health LLC (“the Defendant Subsidiaries”) in Illinois pursuant to Settlement Agreements entered into on March 28, 2023.
- (i) Represents the cost to settle 79 pending EO claims against Sterigenics U.S., LLC and Sotera Health LLC 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 June 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.
- (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 \$94.1 million of the adjustments for the twelve months ended December 31, 2022 and 2023 and June 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.