

# Q2 2022 Earnings Results

August 4, 2022



# Forward Looking Statements and Non-GAAP Financial Measures

Unless expressly indicated or the context requires otherwise, the terms “Sotera Health,” “Company,” “we,” “us,” and “our” in this document refer to Sotera Health Company, a Delaware corporation, and, where appropriate, its subsidiaries on a consolidated basis. This presentation contains forward-looking statements that reflect management’s expectations about future events and the Company’s operating plans and performance and speak only as of the date hereof. You can identify these forward-looking statements by the use of forward-looking words such as “will,” “may,” “plan,” “estimate,” “project,” “believe,” “anticipate,” “expect,” “intend,” “should,” “would,” “could,” “target,” “goal,” “continue to,” “positioned to,” “are confident” or the negative version of those words or other comparable words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, are forward-looking statements. Any forward-looking statements contained in this presentation are based upon our historical performance and on our current plans, estimates and expectations of the Company’s future performance and the future performance of the markets in which the Company operates in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. These forward-looking statements are subject to various risks, uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. These risks and uncertainties include, without limitation, any disruption in the availability or supply of, or increases in the price of, ethylene oxide (“EO”) or cobalt-60 (“Co-60”), including geopolitical risks related to the supply of Co-60 from Russia; changes in industry trends, environmental, health and safety regulations or preferences; the impact of current and future legal proceedings and liability claims, including litigation related to purported exposure to emissions of EO from our facilities in Illinois, Georgia and New Mexico and the possibility that other claims will be made in the future relating to these or other facilities; our ability to increase capacity at existing facilities, renew leases for our leased facilities and build new facilities in a timely and cost-effective manner; competition for qualified employees in the industries in which we operate; the risks of doing business internationally; and any inability to pursue strategic transactions or find suitable acquisition targets. For additional discussion of these risks and uncertainties, please refer to those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, and the Company’s other filings with the SEC, including its Quarterly Reports on Form 10-Q, including under the headings “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements”.

This presentation includes Adjusted EBITDA, Adjusted Net Income, Net Debt and Net Leverage Ratio, which are unaudited financial measures not based on any standardized methodology prescribed by GAAP. Adjusted EBITDA, Adjusted Net Income, Net Debt and Net Leverage Ratio may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Adjusted EBITDA, Adjusted Net Income, Net Debt and Net Leverage Ratio should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. See the Appendix for a reconciliation of net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted Net Income and Adjusted EBITDA, and a reconciliation of total debt, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Net Debt and Net Leverage.

This presentation 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 we use to assess performance excluding the impact of foreign currency exchange rate changes. 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. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other data about the Company’s industry and estimated total and serviceable addressable markets. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified this market data. While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those described under the headings of “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in the Company’s Form 10-K for the year ended December 31, 2021, and in the Company’s other SEC filings. In addition, projections, assumptions and estimates of the Company’s future performance and the future performance of the markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk.

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, 2022, unless otherwise stated.

# Speakers

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**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
- **TTM Q2 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***

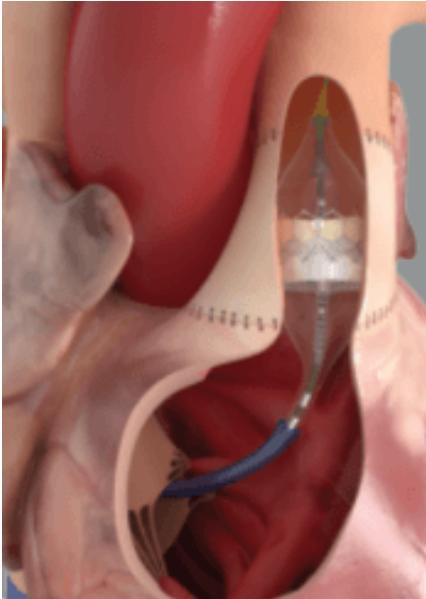
(1) For a reconciliation of GAAP to non-GAAP results, please refer to Non-GAAP Financial Measures provided in the Appendix.

(2) 2019 Management estimated total addressable markets for in-house and outsourced terminal sterilization and outsourced medical device and pharmaceutical lab testing.



# Our Mission: Safeguarding Global Health®

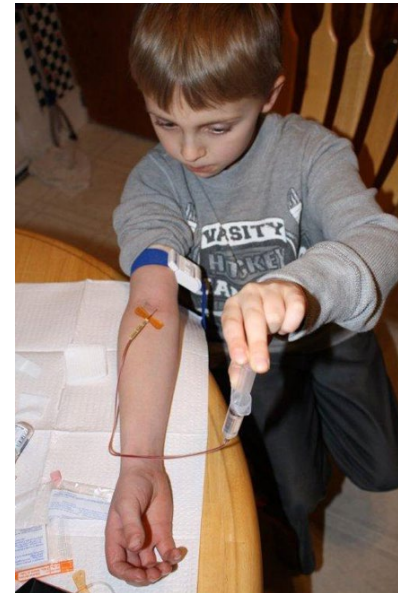
Safeguarding Global Health® is at the heart of our work across Sotera Health.  
Our mission-critical services help to ensure the safety of healthcare and protects the lives of millions worldwide.



**Sterigenics** sterilizes innovative heart valve catheters that avoid the need for open heart surgery.



**Nelson Labs** is one of the only labs actively testing the effectiveness of surface disinfectants against the Monkeypox virus.

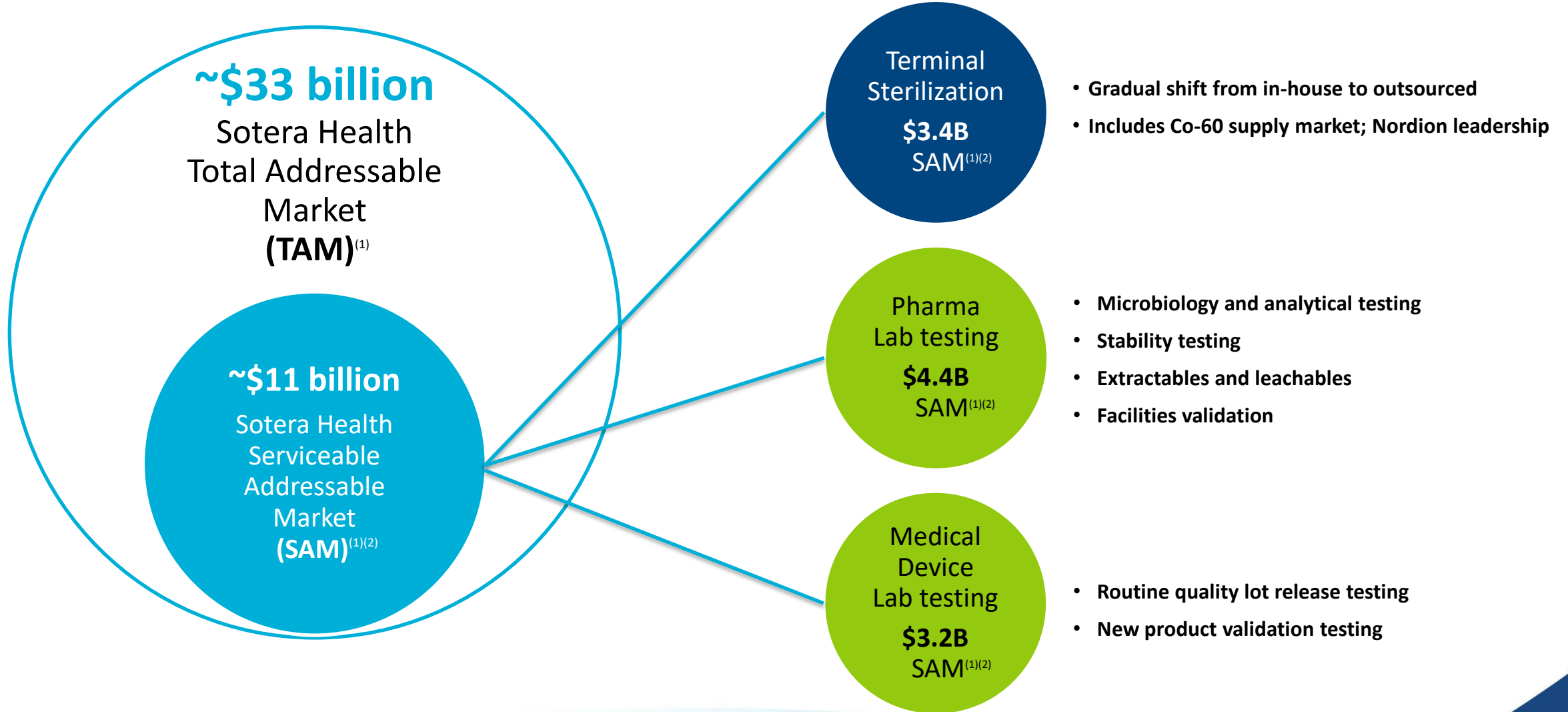


**Nelson Labs** tested gene therapy for patients with severe hemophilia that reduces infusions from 100+/yr. to only 1/yr.



**Sterigenics** sterilizes disposable hospital gowns and operating room garments using **Nordion** cobalt-60.

# Total and Serviceable Addressable Markets (TAM & SAM)



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

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

# Q2 2022 and Recent Highlights

## Business & Market Update

- Revenue growth in all three business units
- Sterigenics and Nordion continued to see sustained demand for sterilization services
- Nelson pandemic-related testing headwinds subsiding and R&D testing near pre-pandemic levels
- Continued macro-economic pressures
- Continuing pricing and other actions to offset inflation

## Financial Performance

Compared to Q2 2021:

- Net revenues: increased 6% to \$267M; 9% increase on a constant currency<sup>(1)</sup> basis
- Adjusted EBITDA<sup>(2)</sup>: increased 1% to \$136M
- Adjusted EPS<sup>(2)</sup>: increased from \$0.26 to \$0.27

## Capital Deployment

- Capital expenditures increased by ~60% vs 1H 2021
- Sterigenics capacity expansions are progressing well for coming on-line in 2022 and beyond
- Net leverage<sup>(2)</sup> of 3.4x and continued strong liquidity

## Other Activities

- Michael Biehl appointed Interim CFO; national CFO search ongoing
- Completed global employee engagement survey with 84% participation
- Launched leadership development program focused on Corporate Responsibility

(1) 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.

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

# FINANCIAL OVERVIEW



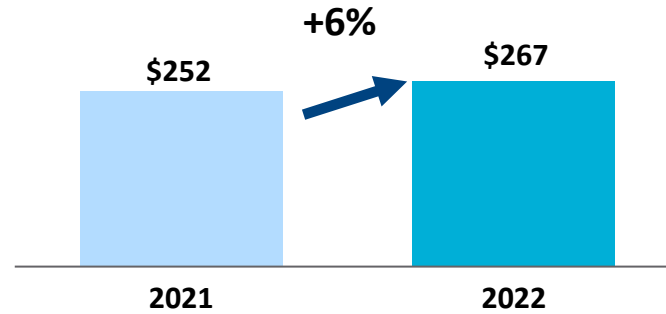


# Q2 & YTD 2022 Financial Performance - Consolidated

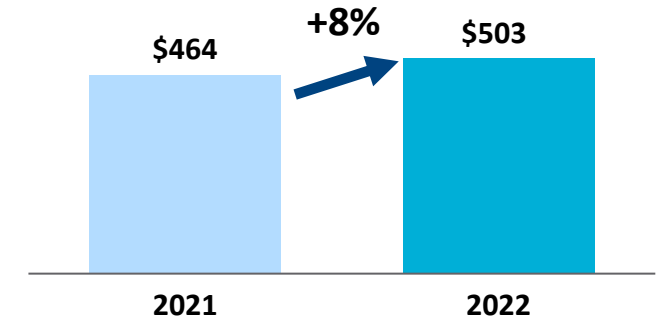
In millions, except Adjusted EPS

## Revenue

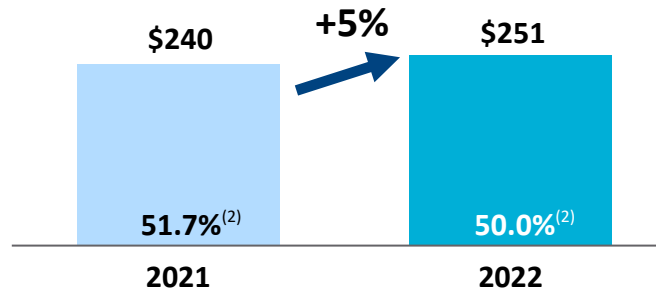
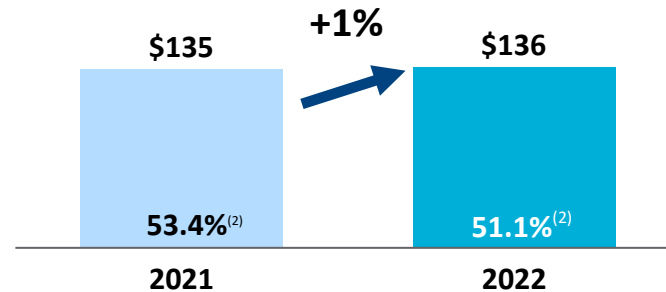
### Second Quarter



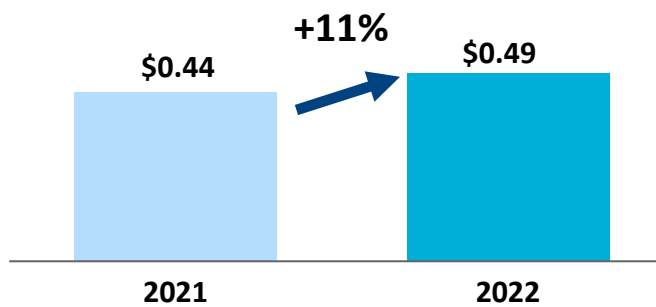
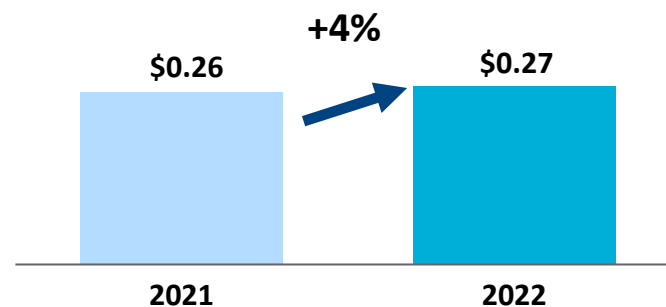
### Year-to-Date



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



## Adjusted EPS<sup>(1)(3)</sup>



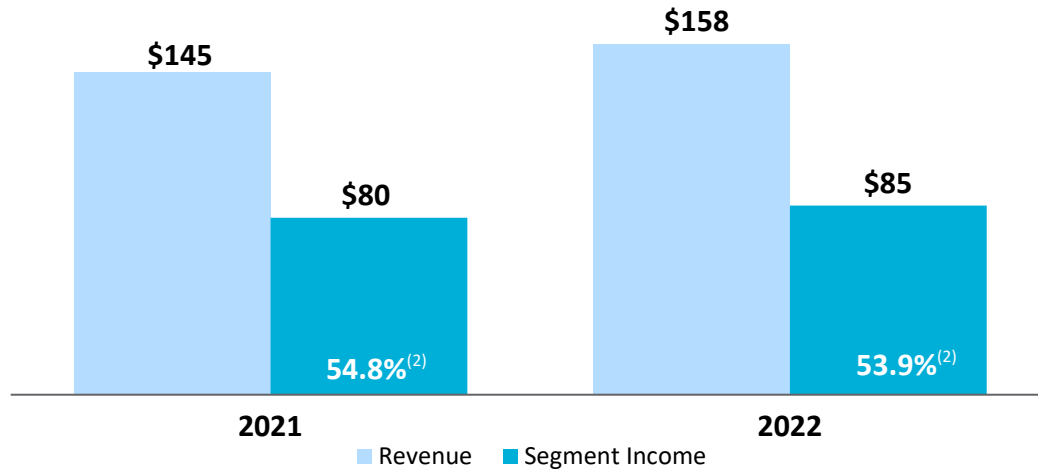
- (1) We define Adjusted EBITDA as Adjusted Net Income before interest expense, net, depreciation (including depreciation of Co-60 used in our operations) and income tax provision applicable to Adjusted Net Income. Please refer to Non-GAAP Financial Measures provided in the Appendix.
- (2) Adjusted EBITDA margin, which is equal to Adjusted EBITDA divided by net revenues. Please refer to Non-GAAP Financial Measures provided in the Appendix.
- (3) Adjusted EPS is defined as Adjusted Net Income divided by the weighted average number of diluted shares outstanding. Please refer to Non-GAAP Financial Measures provided in the Appendix.

# Q2 & YTD 2022 Financial Performance - Sterigenics

In millions

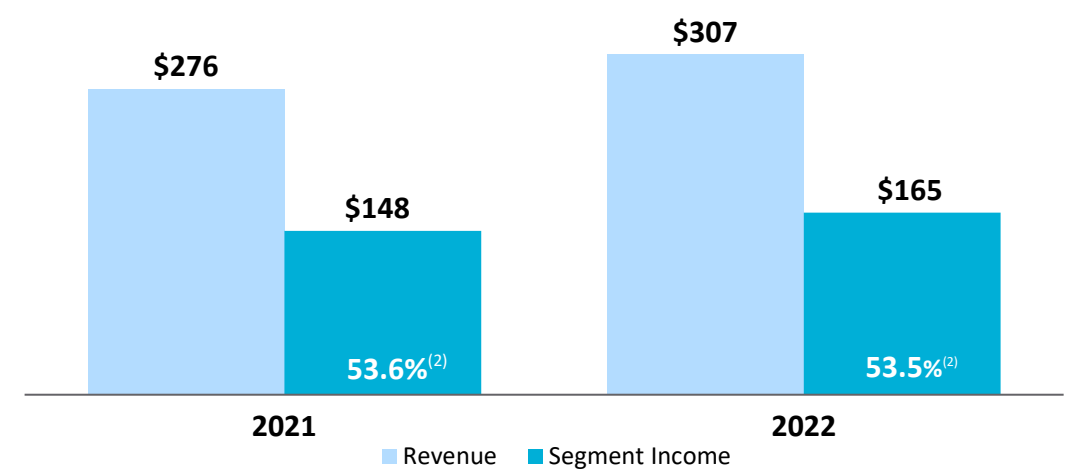
## Second Quarter

Revenue **+9%**  
 Segment income **+7%**



## Year-to-Date

Revenue **+11%**  
 Segment income **+11%**



- Q2 2022 revenue and segment income growth driven by pricing and volume/mix growth, partially offset by unfavorable impact from foreign currency exchange rates
- The decline in segment income margin as compared to Q2 2021 was due to timing of pricing actions versus 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.

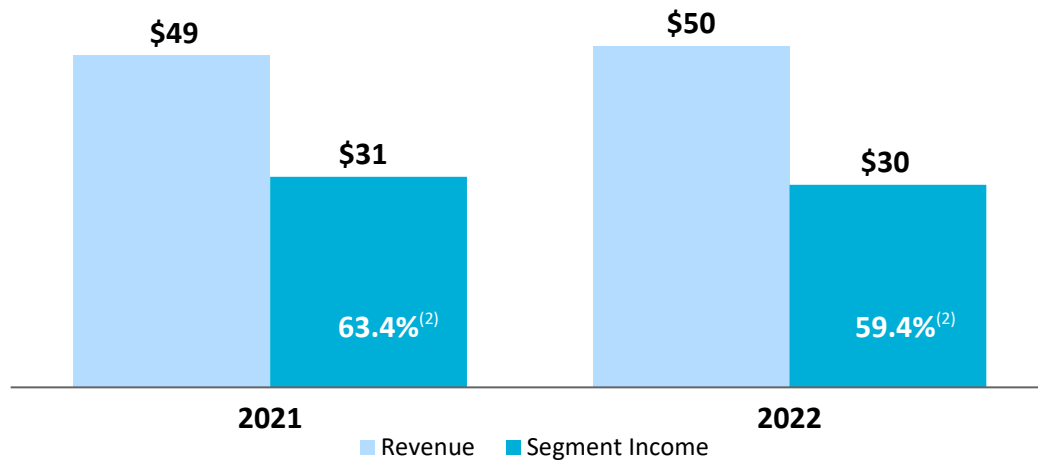
(2) Segment income margin, which is equal to Segment income divided by net revenues.

# Q2 & YTD 2022 Financial Performance - Nordion

In millions

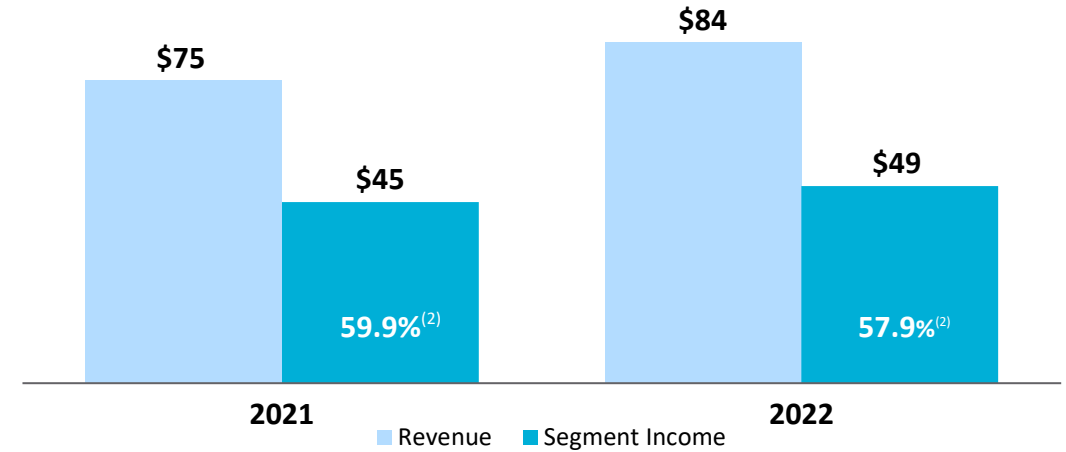
## Second Quarter

Revenue **+3%**  
Segment income **-4%**



## Year-to-Date

Revenue **+13%**  
Segment income **+9%**



- Q2 2022 revenue growth driven by pricing, partially offset by an unfavorable impact from foreign currency exchange rates
- Segment income and margin decline in Q2 2022 driven by less favorable product mix and unfavorable changes from 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.

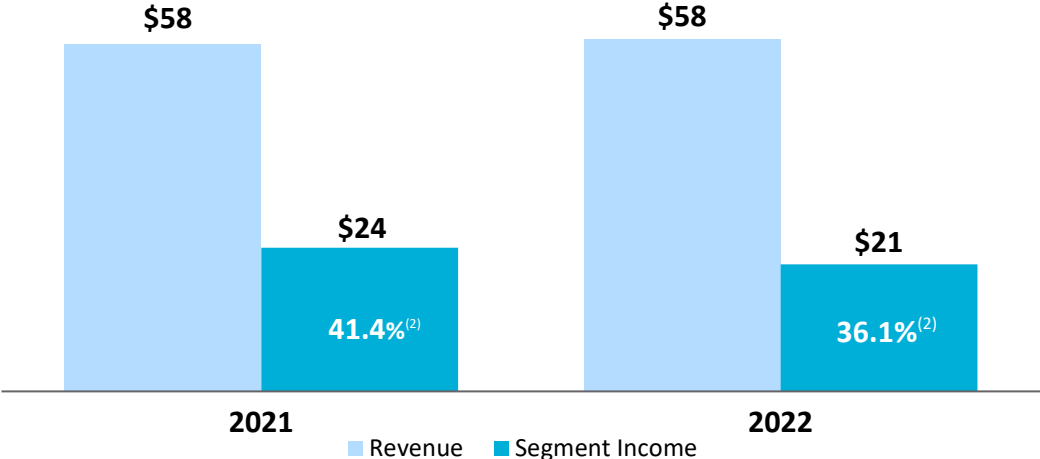
(2) Segment income margin, which is equal to Segment income divided by net revenues.

# Q2 & YTD 2022 Financial Performance – Nelson Labs

In millions

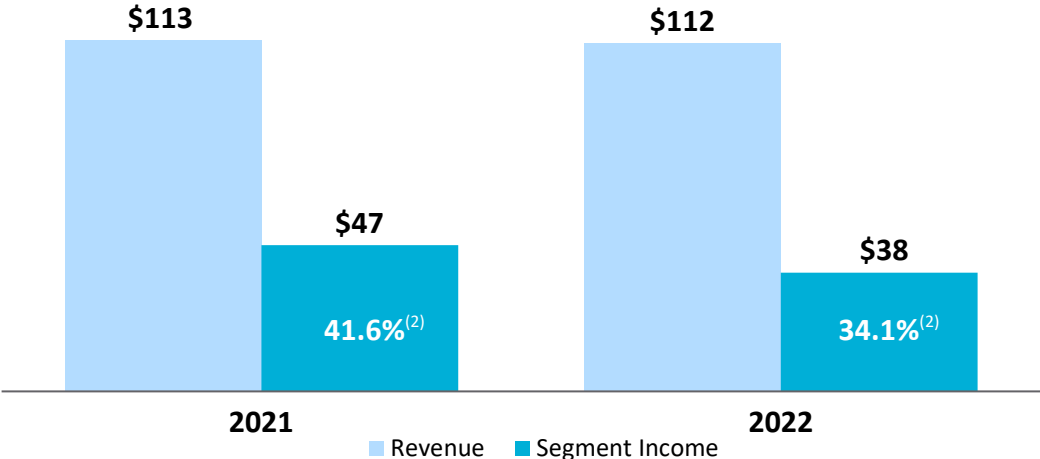
## Second Quarter

Revenue **+1%**  
 Segment income **-12%**



## Year-to-Date

Revenue **-1%**  
 Segment income **-19%**



- Q2 revenue growth driven by the RCA acquisition and favorable pricing, offset by a reduction in demand for pandemic-related testing volumes and unfavorable impact from foreign currency exchange rates
- Q2 segment income margin decline driven by dilution from recent acquisitions and less favorable mix due to a reduction in demand for pandemic-related testing
- More than 400bps of incremental margin improvement versus Q1 2022 as Omicron-related capacity constraints diminished and volume from high-value testing services, other than pandemic-related testing, was favorable

(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, which is equal to Segment income divided by net revenues.





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

## Facility investments across all modalities

- 7 capacity expansions in process; on-line in 2022-2023
- 2 new greenfields scheduled to come on-line in 2024

**Sterigenics**

## Cobalt-60 supply development

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

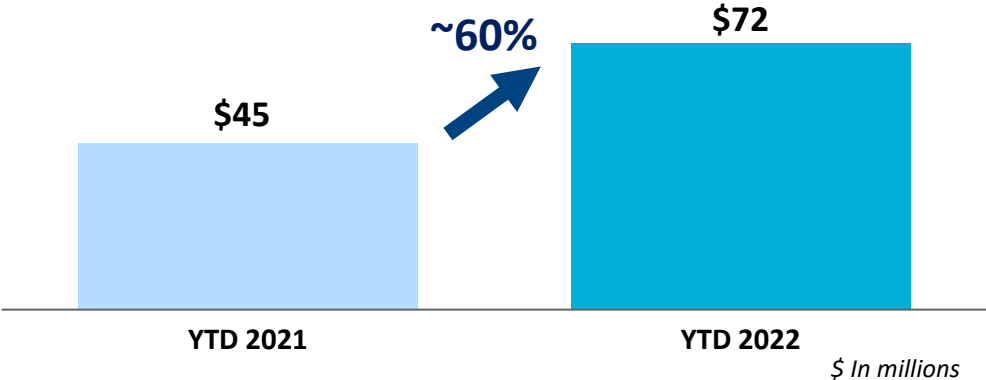
**Nordion**

## Investments in testing capacity

- Implementing global Lab Information Management System
- Expanding pharma testing capacity
- Virology testing expansion completed Q2 '22

**Nelson Labs**

## Capital Expenditures



*Investments focused on growth initiatives and facility enhancements*

# 2022 Outlook

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*On the following slide, Sotera Health presents an overview of its full-year 2022 outlook, including certain non-GAAP measures. As outlined in the Company's August 4, 2022 press release, Sotera Health does not provide a reconciliation of the forward-looking Adjusted EBITDA, Adjusted Net Income, Adjusted EPS and Net Leverage Ratio outlook to the most directly comparable GAAP measure, as this cannot be done without unreasonable effort due to the variability and low visibility with respect to certain costs.*

# Full-year 2022 Outlook<sup>(1)</sup>

	Initial Guidance		Guidance Narrowed	
	03/01/2022	YoY%	08/04/2022	YoY%
Revenue	\$1,000M to \$1,030M	+7% to +11%	\$1,000M to \$1,022M	+7% to +10%
Adj EBITDA	\$515M to \$535M	+7% to +11%	\$515M to \$525M	+7% to +9%
Adj NI Tax Rate	29% to 30%	~+100bps to ~+200bps	29% to 30%	~+100bps to ~+200bps
Adj EPS	\$0.93 to \$0.99	+6% to +13%	\$0.93 to \$0.97	+6% to +10%
Weighted Avg. Diluted Shares	280M to 282M	+0% to ~+1%	280M to 282M	+0% to ~+1%
Capital Expenditures	\$140M to \$170M	+37% to +66%	\$140M to \$170M	+37% to +66%
Net Leverage	Approximately ½ turn <sup>(2)</sup> of deleveraging		Approximately ½ turn <sup>(2)</sup> of deleveraging	

(1) The outlook provided above contains a number of assumptions, including, among others, the Company's current expectations regarding supply chain continuity, particularly for the supply of EO and Co-60, the impact of inflationary trends including their impact on energy prices and the supply of labor, the impact of the COVID-19 pandemic including the rate of recoveries of elective procedures and new product development testing and the expectation that exchange rates as of Q2 2022 remain constant for the remainder of 2022. The information presented here is forward-looking and reflects expectations as of August 4, 2022. Sotera Health assumes no obligation to update this statement. Results may be materially different and are affected by many factors detailed in Sotera Health's SEC filings, including Sotera Health's current Form 10-K.

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

# Appendix



# Non-GAAP Financial Measures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<i>(unaudited)</i> <i>(in thousands, except per share amounts)</i>				
<b>Net income</b>	\$ 30,418	\$ 42,615	\$ 61,059	\$ 53,680
Amortization of intangibles	21,195	21,778	41,377	44,060
Share-based compensation <sup>(a)</sup>	5,801	3,493	10,339	6,942
Gain on foreign currency and derivatives not designated as hedging instruments, net <sup>(b)</sup>	(1,430)	(660)	(7,982)	(996)
Acquisition and divestiture related charges, net <sup>(c)</sup>	691	844	531	659
Business optimization project expenses <sup>(d)</sup>	470	275	574	536
Plant closure expenses <sup>(e)</sup>	478	756	1,149	1,298
Impairment of investment in unconsolidated affiliate <sup>(f)</sup>	9,613	—	9,613	—
Loss on extinguishment of debt <sup>(g)</sup>	—	—	—	14,312
Professional services relating to EO sterilization facilities <sup>(h)</sup>	17,678	10,644	35,737	24,043
Accretion of asset retirement obligation <sup>(i)</sup>	598	602	1,118	1,153
COVID-19 expenses <sup>(j)</sup>	45	188	148	487
Income tax benefit associated with pre-tax adjustments <sup>(k)</sup>	(9,732)	(8,863)	(17,584)	(22,996)
<b>Adjusted Net Income</b>	<b>75,825</b>	<b>71,672</b>	<b>136,079</b>	<b>123,178</b>
Interest expense, net <sup>(l)</sup>	17,144	19,163	33,894	40,445
Depreciation <sup>(m)</sup>	15,744	15,683	31,611	31,062
Income tax provision applicable to Adjusted Net Income <sup>(n)</sup>	27,422	28,045	49,900	45,195
<b>Adjusted EBITDA<sup>(o)</sup></b>	<b>\$ 136,135</b>	<b>\$ 134,563</b>	<b>\$ 251,484</b>	<b>\$ 239,880</b>
<b>Net Revenues</b>	<b>\$ 266,639</b>	<b>\$ 251,917</b>	<b>\$ 503,393</b>	<b>\$ 464,065</b>
<b>Adjusted EBITDA Margin</b>	<b>51.1 %</b>	<b>53.4 %</b>	<b>50.0 %</b>	<b>51.7 %</b>
<b>Weighted average number of shares outstanding:</b>				
Basic	279,990	279,078	279,910	278,953
Diluted	280,171	279,214	280,038	279,078
<b>Earnings per share:</b>				
Basic	\$ 0.11	\$ 0.15	\$ 0.22	\$ 0.19
Diluted	0.11	0.15	0.22	0.19
<b>Adjusted earnings per share:</b>				
Basic	\$ 0.27	\$ 0.26	\$ 0.49	\$ 0.44
Diluted	0.27	0.26	0.49	0.44

\*See accompanying footnotes on the following slide

## 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 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, 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, and (iii) transition services income and non-cash deferred lease income associated with the terms of the divestiture 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 acquisitions, operating structure realignment and other process enhancement projects.
- e) Represents professional fees, severance and other payroll costs, and other costs including ongoing lease and utility expenses associated with the closure of the Willowbrook, Illinois facility.
- f) Represents an impairment charge on our equity method investment in Auralux.
- g) Represents expenses incurred in connection with the repricing of our Term Loan in January 2021, including accelerated amortization of prior debt issuance and discount costs.
- h) Represents litigation and other professional fees associated with our EO sterilization facilities.
- i) Represents non-cash accretion of asset retirement obligations related to Co-60 and gamma processing facilities, which are based on estimated site remediation costs for any future decommissioning of these facilities (without regard for whether the decommissioning services would be performed by employees of Nordion, instead of by a third party) and are accreted over the life of the asset.
- j) Represents non-recurring costs associated with the COVID-19 pandemic, including incremental costs to implement workplace health and safety measures.
- k) 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.
- l) The three and six months ended June 30, 2022 excludes \$3.1 million and \$9.4 million, respectively, of unrealized gains on interest rate derivatives not designated as hedging instruments.
- m) Includes depreciation of Co-60 held at gamma irradiation sites.
- n) Represents the difference between the income tax provision or benefit as determined under U.S. GAAP and the income tax benefit associated with pre-tax adjustments described in footnote (k).
- o) \$20.9 million and \$21.8 million of the adjustments for the three months ended June 30, 2022 and 2021, respectively, and \$40.7 million and \$42.5 million of the adjustments for the six months ended June 30, 2022 and 2021, respectively, are included in cost of revenues, primarily consisting of amortization of intangibles, depreciation, and accretion of asset retirement obligations.

## Non-GAAP Financial Measures (continued)

<i>(unaudited)</i> <i>(in thousands)</i>	Twelve Months Ended June 30,	Twelve Months Ended December 31,
	2022	2021
<b>Net income</b>	\$ 124,500	\$ 117,121
Amortization of intangibles	84,059	86,742
Share-based compensation <sup>(a)</sup>	17,267	13,870
Gain on foreign currency and derivatives not designated as hedging instruments <sup>(b)</sup>	(7,044)	(58)
Acquisition and divestiture related charges, net <sup>(c)</sup>	(6,146)	(6,018)
Business optimization project expenses <sup>(d)</sup>	986	948
Plant closure expenses <sup>(e)</sup>	2,178	2,327
Impairment of investment in unconsolidated affiliate <sup>(f)</sup>	9,613	—
Loss on extinguishment of debt <sup>(g)</sup>	6,369	20,681
Professional services relating to EO sterilization facilities <sup>(h)</sup>	57,350	45,656
Accretion of asset retirement obligation <sup>(i)</sup>	2,217	2,252
COVID-19 expenses <sup>(j)</sup>	422	761
Income tax benefit associated with pre-tax adjustments <sup>(k)</sup>	(33,088)	(38,500)
<b>Adjusted Net Income</b>	<b>258,683</b>	<b>245,782</b>
Interest expense, net <sup>(l)</sup>	67,641	74,192
Depreciation <sup>(m)</sup>	64,709	64,160
Income tax provision applicable to Adjusted Net Income <sup>(n)</sup>	101,800	97,095
<b>Adjusted EBITDA<sup>(o)</sup></b>	<b>\$ 492,833</b>	<b>\$ 481,229</b>
<b>Net Revenues</b>	<b>\$ 970,806</b>	<b>\$ 931,478</b>
<b>Adjusted EBITDA Margin</b>	<b>50.8%</b>	<b>51.7%</b>

\*See accompanying footnotes on the following slide

## 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 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, 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, and (iii) transition services income and non-cash deferred lease income associated with the terms of the divestiture of the Medical Isotopes business in 2018, (iv) a \$3.4 million gain recognized in the third quarter of 2021 related to the settlement of an insurance claim for Nordion, and (v) a \$5.1 million non-cash gain 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 acquisitions, operating structure realignment and other process enhancement projects.
- e) Represents professional fees, severance and other payroll costs, and other costs including ongoing lease and utility expenses associated with the closure of the Willowbrook, Illinois facility.
- f) Represents an impairment charge on our equity method investment in Auralux.
- g) Represents expenses incurred in connection with the January 2021 Term Loan repricing and full redemption of the First Lien Notes in August 2021, including accelerated amortization of prior debt issuance and discount costs, premiums paid in connection with early extinguishment and debt issuance and discount costs incurred for the new debt.
- h) Represents litigation and other professional fees associated with our EO sterilization facilities.
- i) Represents non-cash accretion of asset retirement obligations related to Co-60 and gamma processing facilities, which are based on estimated site remediation costs for any future decommissioning of these facilities (without regard for whether the decommissioning services would be performed by employees of Nordion, instead of by a third party) and are accreted over the life of the asset.
- j) Represents non-recurring costs associated with the COVID-19 pandemic, including incremental costs to implement workplace health and safety measures.
- k) 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.
- l) The twelve months ended June 30, 2022 excludes \$9.4 million of unrealized gains on interest rate derivatives not designated as hedging instruments.
- m) Includes depreciation of Co-60 held at gamma irradiation sites.
- n) 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 (k).
- o) \$83.5 million and \$85.3 million of the adjustments for the twelve months ended June 30, 2022 and December 31, 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)

<i>(unaudited)</i> <i>(\$'s in thousands)</i>	<b>As of June 30,</b> <b>2022</b>	<b>As of December 31,</b> <b>2021</b>
Long-term debt	\$ 1,745,548	\$ 1,743,534
Current portion of finance leases	1,615	1,160
Finance leases less current portion	<u>57,140</u>	<u>40,877</u>
<b>Total Debt</b>	<b><u>1,804,303</u></b>	<b><u>1,785,571</u></b>
Add: unamortized debt issuance costs and debt discounts	18,002	20,016
Less: cash and cash equivalents	<u>(139,564)</u>	<u>(106,924)</u>
<b>Total Net Debt</b>	<b><u>\$ 1,682,741</u></b>	<b><u>\$ 1,698,663</u></b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$ 492,833</b>	<b>\$ 481,229</b>
<b>Net Leverage</b>	<b>3.4x</b>	<b>3.5x</b>

(1) Represents Adjusted EBITDA for the twelve months ended June 30, 2022 and December 31, 2021, respectively. Refer to the reconciliations of Adjusted EBITDA to net income for additional detail.