

Sotera Health Company
Non-GAAP Financial Measures
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Net loss	\$ (43,386)	\$ (27,746)	\$ (37,491)	\$ (20,425)
Amortization	20,431	20,005	80,255	80,048
Impairment of long-lived assets and intangible assets ^(a)	—	11	—	5,792
Share-based compensation ^(b)	6,968	1,762	10,987	16,882
Capital restructuring bonuses ^(c)	2,702	1,510	2,702	2,040
(Gain) loss on foreign currency and embedded derivatives ^(d)	(3,663)	(5,636)	(8,454)	2,662
Acquisition and divestiture related charges, net ^(e)	962	386	3,932	(318)
Business optimization project expenses ^(f)	40	2,710	2,524	4,195
Plant closure expenses ^(g)	261	567	2,649	1,712
Loss on extinguishment of debt ^(h)	44,262	30,168	44,262	30,168
Professional services relating to EO sterilization facilities ⁽ⁱ⁾	11,301	3,428	36,671	11,216
Accretion of asset retirement obligation ^(j)	470	594	1,946	2,051
COVID-19 expenses ^(k)	314	—	2,677	—
Income tax benefit associated with pre-tax adjustments ^(l)	(18,682)	(15,270)	(43,536)	(35,637)
Adjusted Net Income	21,980	12,489	99,124	100,386
Interest expense, net	48,117	43,251	215,259	157,729
Depreciation ^(m)	15,975	16,586	63,309	66,671
Income tax provision applicable to Adjusted Net Income ⁽ⁿ⁾	26,990	22,149	42,167	55,146
Adjusted EBITDA	\$ 113,062	\$ 94,475	\$ 419,859	\$ 379,932
Net Revenues	\$ 216,845	\$ 193,485	\$ 818,158	\$ 778,327
Adjusted EBITDA Margin	52.1 %	48.8 %	51.3 %	48.8 %
Weighted average number of shares outstanding	253,470	232,400	237,696	232,400
Basic and diluted EPS	\$ (0.17)	\$ (0.12)	\$ (0.16)	\$ (0.09)
Adjusted EPS	\$ 0.09	\$ 0.05	\$ 0.42	\$ 0.43

- (a) Represents impairment charges related to the decision to not reopen the Willowbrook, Illinois facility in September 2019.
- (b) Includes non-cash share-based compensation expense. 2019 also includes \$10.0 million of one-time cash share-based compensation expense related to the pre-IPO Class C Units, which vested in the third quarter of 2019.
- (c) Represents cash bonuses for members of management relating to the November 2020 IPO and the December 2019 refinancing.
- (d) Represents the effects of (i) fluctuations in foreign currency exchange rates, primarily related to remeasurement of intercompany loans denominated in currencies other than subsidiaries' functional currencies, and (ii) non-cash mark-to-fair value of embedded derivatives relating to certain customer and supply contracts at Nordion.
- (e) Represents (i) certain direct and incremental costs related to the acquisitions of Gibraltar Laboratories, Inc. ("Nelson Fairfield") in 2018 and Iotron Industries Canada, Inc. in July 2020, 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.
- (f) 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 Nelson Labs, the Sotera Health rebranding, operating structure realignment and other process enhancement projects.
- (g) 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.
- (h) Represents expenses incurred in connection with the refinancing of our debt capital structure in December 2019 and paydown of debt following the November 2020 IPO, 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.
- (i) Represents professional fees related to litigation associated with our EO sterilization facilities and other related professional fees.
- (j) 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.
- (k) Represents non-recurring costs associated with COVID-19 pandemic, including donations to related charitable causes and special bonuses for front-line personnel working on-site during lockdown periods.
- (l) Represents the tax benefit or provision associated with the reconciling items between net loss and Adjusted Net Income. To determine the aggregate tax effect of the reconciling items, we utilized statutory income tax rates ranging from 0% to 35%, depending upon the applicable jurisdictions of each adjustment.
- (m) Includes depreciation of Co-60 held at gamma irradiation sites.
- (n) 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).

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Non-GAAP Financial Measures
(\$'s in thousands, except Net Leverage)
(unaudited)

	Year Ended December 31,	
	2020	2019
Current portion of long-term debt	\$ —	\$ 16,331
Long-term debt less current portion	1,824,789	2,800,873
Current portion of finance leases	1,173	1,288
Finance leases less current portion	34,939	29,883
Total Debt	\$ 1,860,901	\$ 2,848,375
Add: unamortized debt issuance costs and debt discounts	38,761	73,677
Less: cash and cash equivalents	(102,454)	(63,025)
Total Net Debt	\$ 1,797,208	\$ 2,859,027
Adjusted EBITDA	\$ 419,859	\$ 379,932
Net Leverage	4.3x	7.5x