

Q1 2022 Earnings Results

May 5, 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 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 March 31, 2022, unless otherwise stated.

Speakers



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



Scott J. Leffler
Chief Financial Officer and Treasurer

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
- **Full-year 2021 Adjusted EBITDA margins⁽¹⁾ of >50%**
- **~\$33 billion TAM⁽²⁾ and growing**
- Consistent track record of **cash flow generation**
- **Well-positioned for growth in global healthcare market** without payor reimbursement risk

***Our capabilities, scale and knowhow 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®

We are united each and every day by our mission, Safeguarding Global Health®. Many medical devices and supplies, and pharmaceutical products in a healthcare setting have been sterilized and/or tested by Sotera Health to ensure that healthcare is consistently and reliably safe every day. Recent examples include:



Nelson Labs (Europe) performs testing to ensure the safety of vials and application devices for more than 20 vaccines, from COVID-19 to tetanus, Hepatitis B and influenza.

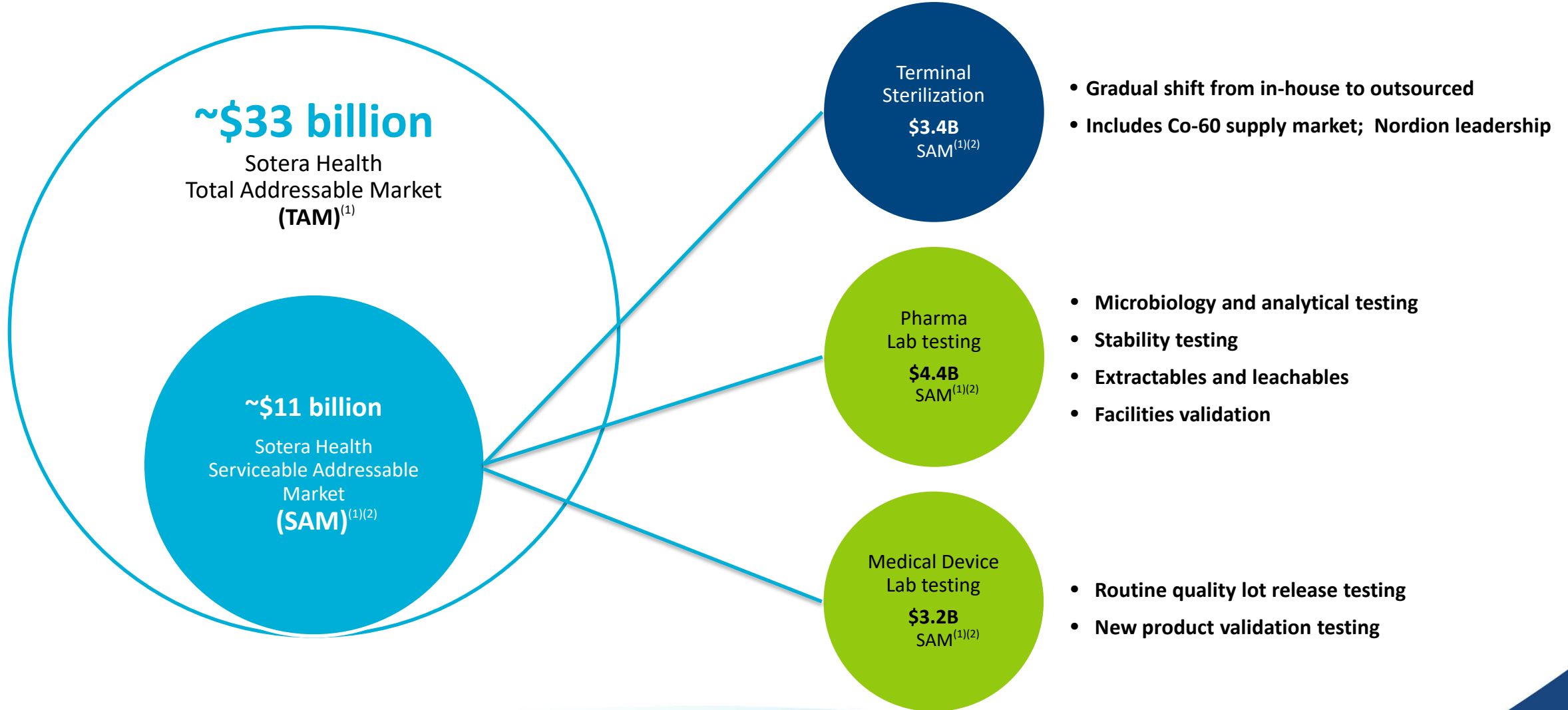


Sterigenics sterilizes the single-use kits and bioreactor collection bags used by bioprocessing customers for producing cell therapy to fight cancer. **Nordion** supplies the Cobalt-60 used for sterilization.



Regulatory Compliance Associates (RCA) provides expertise in shipping design for the effective transport of gene therapy drugs used for clinical trials.

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.

Q1 2022 and Recent Highlights

Business & Market Update

- Another quarter of double-digit top and bottom-line growth as compared to the same prior year quarter
- Continued strength for sterilization services positively impacting Sterigenics and Nordion
- Reduced demand for pandemic-related testing and ongoing labor and supply chain challenges

Financial Performance

Compared to Q1 2021:

- Revenue: increased 12% to \$237M
- Adjusted EBITDA⁽¹⁾: increased 10% to \$115M
- Adjusted EPS⁽¹⁾: increased \$0.04 to \$0.22

Capital Deployment

- Capital expenditures increased by ~70% vs Q1 2021
- Investing in capacity expansions across all three segments
- Net leverage improvement from 3.5x as of Q4 2021 to 3.4x as of Q1 2022

Other Activities

- Published proxy on April 14 and hosting annual shareholder meeting on May 26
- Advancing ESG initiatives and disclosures

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

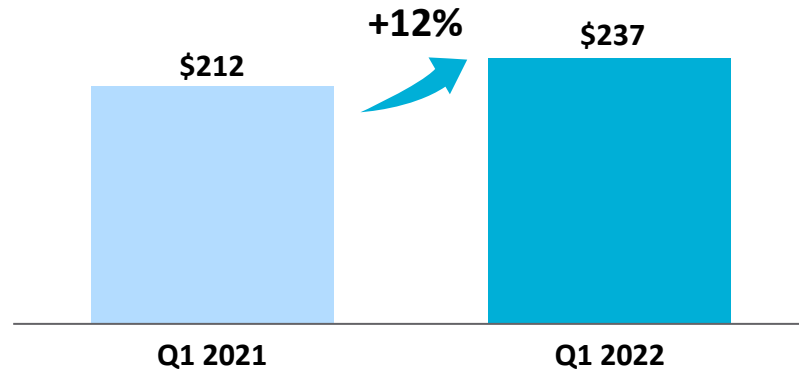
FINANCIAL OVERVIEW



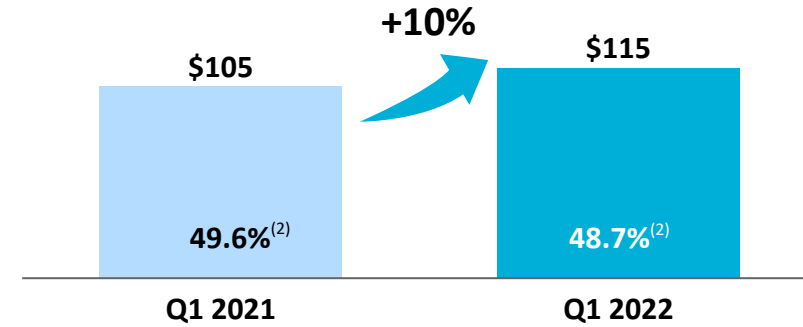
Q1 2022 Financial Results - Consolidated

\$ in millions, except Adjusted EPS

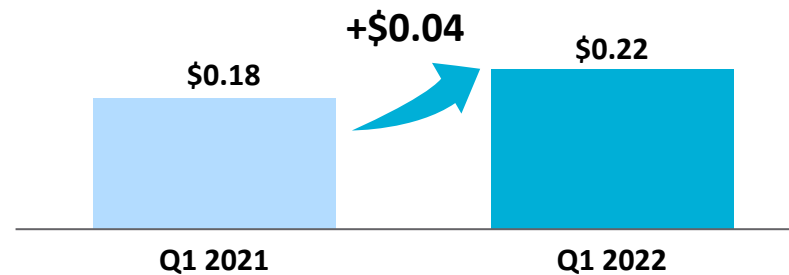
Revenue



Adjusted EBITDA⁽¹⁾



Adjusted EPS⁽¹⁾⁽³⁾



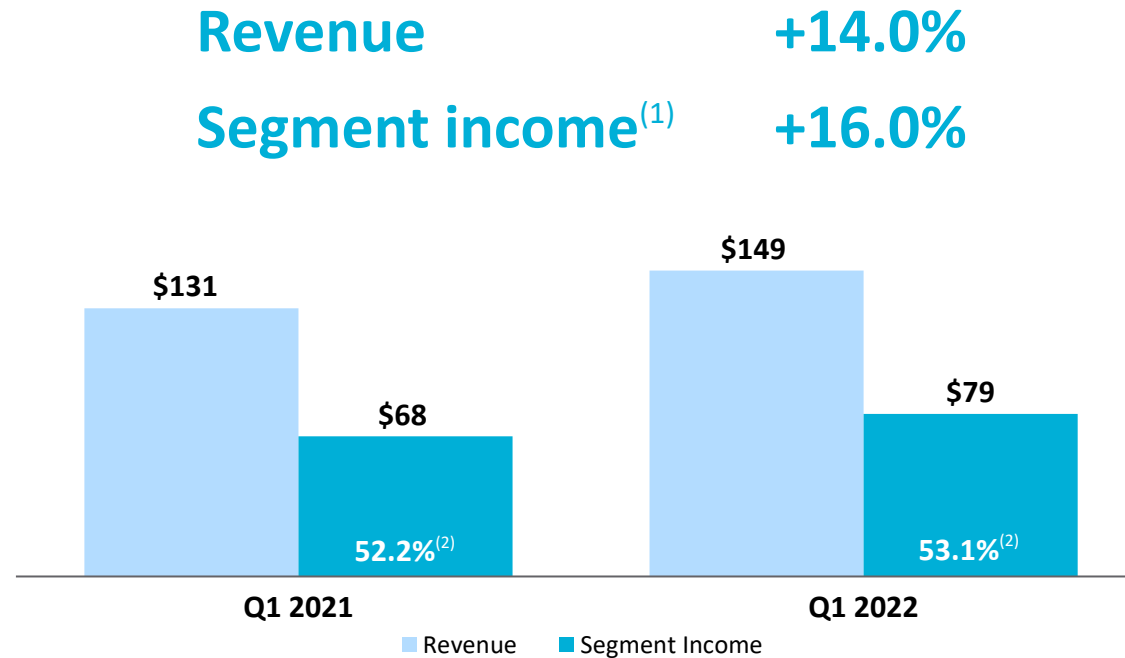
(1) For a reconciliation of GAAP to non-GAAP results, please refer to Non-GAAP Financial Measures provided in the Appendix.

(2) Adjusted EBITDA margin. 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.

Q1 2022 Financial Results - Sterigenics

\$ in millions



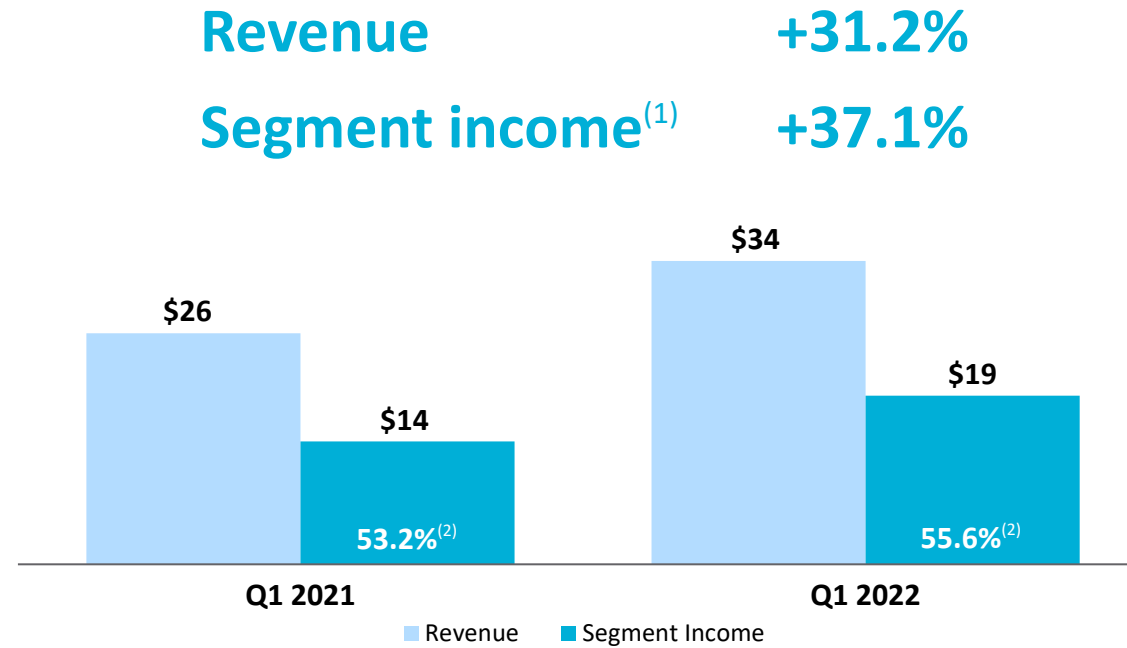
- Q1 2022 performance driven by volume and mix, and pricing, partially offset by FX
- Segment income margins expanded by 90 bps, driven by operating leverage and pricing
- Continued focus on nine in-process capacity expansions and EO facility enhancements

(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.

Q1 2022 Financial Results - Nordion

\$ in millions



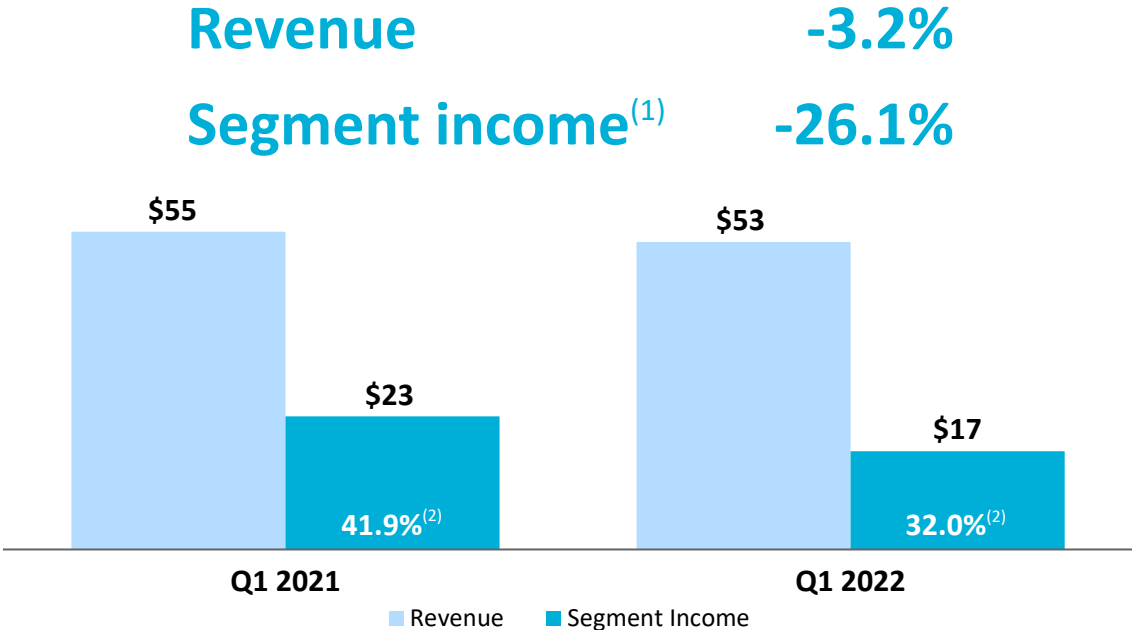
- Q1 2022 performance driven by volume and mix, and pricing
- Segment income margins expanded by 240 bps, driven by operating leverage and pricing

(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.

Q1 2022 Financial Results - Nelson Labs

\$ in millions



- Q1 2022 revenue decline primarily driven by a reduction in pandemic-related testing, partially offset by revenue contribution from recent acquisitions and pricing
- Segment income margin decline driven by unfavorable mix due to a reduction in pandemic-related testing, labor challenges compounded by the Omicron surge, and dilution from recent acquisitions

(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.



2022 Increase in Investments to Meet Long-Term Customer Demand

Facility investments across all modalities

- 9 capacity expansions in process across all technologies and major geographies:
 - 7 capacity expansion projects at existing facilities
 - 2 new greenfields scheduled to go live in 2024

Sterigenics

Cobalt-60 supply development

- Accelerating spend to increase and further diversify supply chain

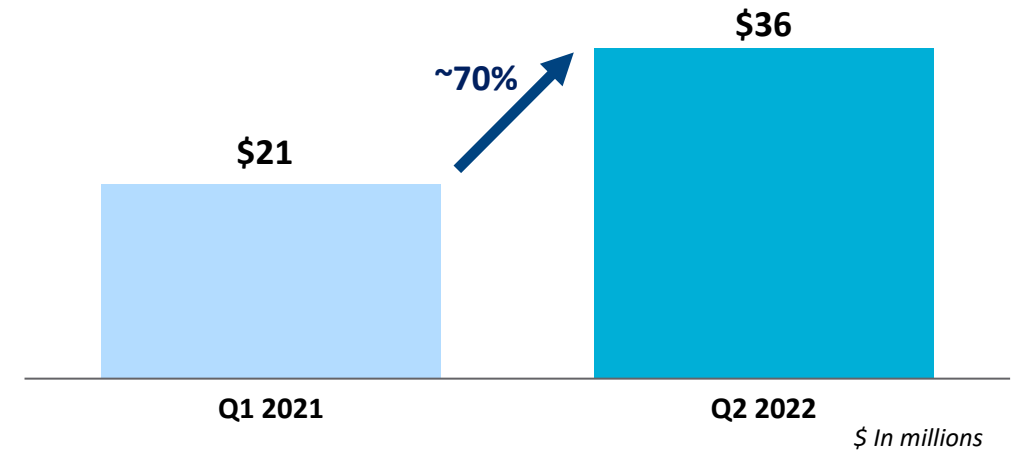
Nordion

Investments in testing capacity

- Implementing global Lab Information Management System
- Investing in incremental pharma and medical device testing capacity

Nelson Labs

Capital Expenditures



~60% of 2022 planned spend directed toward growth investments

2022 Outlook

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 May 5, 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.

Reaffirming full-year 2022 Outlook⁽¹⁾

	FY 2022 Outlook	YoY%
Revenue	\$1,000M to \$1,030M	+7% to +11%
Adj EBITDA	\$515M to \$535M	+7% to +11%
Adj NI Tax Rate	29% to 30%	~+100bps to ~+200bps
Adj EPS	\$0.93 to \$0.99	+6% to +13%
Weighted Avg. Diluted Shares	280M to 282M	+0% to +1%
Capital Expenditures	\$140M - \$170M	+37% to +66%
Net Leverage	Approximately ½ turn ⁽²⁾ 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, Co-60 and gamma irradiation, the impact of inflationary trends including the impact on 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 Q1 2022 remain constant for the remainder of 2022. The information presented here is forward-looking and reflects expectations as of May 5, 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

<i>(unaudited)</i> <i>(in thousands)</i>	Twelve Months Ended March 31,	Twelve Months Ended December 31,
	2022	2021
Net income	\$ 136,697	\$ 117,121
Amortization of intangible assets	84,642	86,742
Share-based compensation ^(a)	14,959	13,870
Gain on foreign currency and derivatives not designated as hedging instruments, net ^(b)	(6,274)	(58)
Acquisition and divestiture related charges, net ^(c)	(5,993)	(6,018)
Business optimization project expenses ^(d)	791	948
Plant closure expenses ^(e)	2,456	2,327
Loss on extinguishment of debt ^(f)	6,369	20,681
Professional services relating to EO sterilization facilities ^(g)	50,316	45,656
Accretion of asset retirement obligation ^(h)	2,221	2,252
COVID-19 expenses ⁽ⁱ⁾	565	761
Income tax benefit associated with pre-tax adjustments ^(j)	(32,219)	(38,500)
Adjusted Net Income	254,530	245,782
Interest expense, net ^(k)	69,660	74,192
Depreciation ^(l)	64,648	64,160
Income tax provision applicable to Adjusted Net Income ^(m)	102,423	97,095
Adjusted EBITDA⁽ⁿ⁾	\$ 491,261	\$ 481,229
Net Revenues	\$ 956,084	\$ 931,478
Adjusted EBITDA Margin	51.4%	51.7%

*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 Regulatory Compliance Associates Inc., the noncontrolling interests in our China subsidiaries, and 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, (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 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.
- (g) Represents professional fees related to litigation associated with our EO sterilization facilities and other related professional fees.
- (h) Represents non-cash accretion of asset retirement obligations related to Co-60 and gamma processing facilities, which are based on estimated site remediation costs for any future decommissioning of these facilities (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.
- (i) Represents non-recurring costs associated with the COVID-19 pandemic, including incremental costs to implement workplace health and safety measures.
- (j) 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.
- (k) The twelve months ended March 31, 2022 excludes \$6.3 million of unrealized gains on interest rate derivatives not designated as hedging instruments.
- (l) Includes depreciation of Co-60 held at gamma irradiation sites.
- (m) 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 (j).
- (n) \$84.4 million and \$85.3 million of the adjustments for the twelve months ended March 31, 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>(in thousands, except per share amounts)</i>	Three Months Ended March 31,	
	2022	2021
Net income	\$ 30,641	\$ 11,065
Amortization of intangible assets	20,182	22,282
Share-based compensation ^(a)	4,538	3,449
Gain on foreign currency and derivatives not designated as hedging instruments, net ^(b)	(6,552)	(336)
Acquisition and divestiture related charges, net ^(c)	(160)	(185)
Business optimization project expenses ^(d)	104	261
Plant closure expenses ^(e)	671	542
Loss on extinguishment of debt ^(f)	—	14,312
Professional services relating to EO sterilization facilities ^(g)	18,059	13,399
Accretion of asset retirement obligation ^(h)	520	551
COVID-19 expenses ⁽ⁱ⁾	103	299
Income tax benefit associated with pre-tax adjustments ^(j)	(7,852)	(14,133)
Adjusted Net Income	60,254	51,506
Interest expense, net ^(k)	16,750	21,282
Depreciation ^(l)	15,867	15,379
Income tax provision applicable to Adjusted Net Income ^(m)	22,478	17,150
Adjusted EBITDA⁽ⁿ⁾	\$ 115,349	\$ 105,317
Net Revenues	\$ 236,754	\$ 212,148
Adjusted EBITDA Margin	48.7%	49.6%
Weighted average number of shares outstanding		
Basic	279,829	278,827
Diluted	279,908	278,968
Earnings per share:		
Basic	\$ 0.11	\$ 0.04
Diluted	0.11	0.04
Adjusted earnings per share:		
Basic	\$ 0.22	\$ 0.18
Diluted	0.22	0.18

*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 Regulatory Compliance Associates Inc., the noncontrolling interests in our China subsidiaries, and 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 expenses incurred in connection with the repricing of our Term Loan in January 2021 including accelerated amortization of prior debt issuance and discount costs.
- (g) Represents professional fees related to litigation associated with our EO sterilization facilities and other related professional fees.
- (h) Represents non-cash accretion of asset retirement obligations related to Co-60 and gamma processing facilities, which are based on estimated site remediation costs for any future decommissioning of these facilities (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.
- (i) Represents non-recurring costs associated with the COVID-19 pandemic, including incremental costs to implement workplace health and safety measures.
- (j) 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.
- (k) The three months ended March 31, 2022 excludes \$6.3 million of unrealized gains on interest rate derivatives not designated as hedging instruments.
- (l) Includes depreciation of Co-60 held at gamma irradiation sites.
- (m) 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 (j).
- (n) \$19.8 million and \$20.7 million of the adjustments for the three months ended March 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)

<i>(unaudited)</i> <i>(\$'s in thousands)</i>	<u>As of March 31,</u> <u>2022</u>	<u>As of December 31,</u> <u>2021</u>
Long-term debt	\$ 1,744,541	\$ 1,743,534
Current portion of finance leases	1,342	1,160
Finance leases less current portion	<u>40,014</u>	<u>40,877</u>
Total Debt	<u>1,785,897</u>	<u>1,785,571</u>
Add: unamortized debt issuance costs and debt discounts	19,009	20,016
Less: cash and cash equivalents	<u>(121,446)</u>	<u>(106,924)</u>
Total Net Debt	<u>\$ 1,683,460</u>	<u>\$ 1,698,663</u>
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ 491,261	\$ 481,229
Net Leverage	3.4x	3.5x

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

(2) Represents Adjusted EBITDA for the twelve months ended March 31, 2022 and December 31, 2021, respectively.