

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-39729



SOTERA HEALTH COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-3531161

(I.R.S. Employer Identification No.)

9100 South Hills Blvd, Suite 300

Broadview Heights, Ohio 44147

(Address of principal executive offices) (Zip Code)

(440) 262-1410

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	SHC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 25, 2024, there were 283,239,029 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

**SOTERA HEALTH COMPANY
- TABLE OF CONTENTS -**

<u>Part I—FINANCIAL INFORMATION</u>	<u>5</u>
<u>Item 1. Financial Statements</u>	<u>5</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>31</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>45</u>
<u>Item 4. Controls and Procedures</u>	<u>45</u>
<u>Part II—OTHER INFORMATION</u>	<u>46</u>
<u>Item 1. Legal Proceedings.</u>	<u>46</u>
<u>Item 1A. Risk Factors.</u>	<u>46</u>
<u>Item 5. Other Information.</u>	<u>47</u>
<u>Item 6. Exhibits.</u>	<u>48</u>
<u>SIGNATURES</u>	<u>49</u>

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often characterized by the use of words such as “believes,” “estimates,” “expects,” “projects,” “may,” “intends,” “plans” or “anticipates,” or by discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from historical results or any future results, performance or achievements expressed, suggested or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to:

- a disruption in the availability or supply of, or increases in the price of, ethylene oxide (“EO”), Cobalt-60 (“Co-60”) or our other direct materials, services and supplies, including as a result of geopolitical instability and/or sanctions against Russia by the United States, Canada, United Kingdom and/or the European Union;
- fluctuations in foreign currency exchange rates;
- changes in environmental, health and safety regulations or preferences, and general economic, social and business conditions;
- health and safety risks associated with the use, storage, transportation and disposal of potentially hazardous materials such as EO and Co-60;
- the impact and outcome of current and future legal proceedings and liability claims, including litigation related to the use, emissions and releases of EO from our facilities in California, Georgia, Illinois and New Mexico and the possibility that additional claims will be made in the future relating to these or other facilities;
- allegations of our failure to properly perform services and potential product liability claims, recalls, penalties and reputational harm;
- compliance with the extensive regulatory requirements to which we are subject, the related costs, and any failures to receive or maintain, or delays in receiving, required clearances or approvals;
- adverse changes in industry trends;
- competition we face;
- market changes, including inflationary trends, that impact our long-term supply contracts with variable price clauses and increase our cost of revenues;
- business continuity hazards, including supply chain disruptions and other risks associated with our operations;
- the risks of doing business internationally, including global and regional economic and political instability and compliance with numerous laws and sometimes inconsistent laws and regulations in multiple jurisdictions;
- our ability to increase capacity at existing facilities, build new facilities in a timely and cost-effective manner and renew leases for our leased facilities;
- our ability to attract and retain qualified employees;
- severe health events or environmental events;
- cybersecurity breaches, unauthorized data disclosures, and our dependence on information technology systems;
- an inability to pursue strategic transactions, find suitable acquisition targets, or integrate strategic acquisitions into our business successfully;
- our ability to maintain effective internal controls over financial reporting;
- our reliance on intellectual property to maintain our competitive position and the risk of claims from third parties that we have infringed or misappropriated, or are infringing or misappropriating, their intellectual property rights;
- our ability to comply with rapidly evolving data privacy and security laws and regulations in various jurisdictions and any ineffective compliance efforts with such laws and regulations;
- our ability to maintain profitability in the future;
- impairment charges on our goodwill and other intangible assets with indefinite lives, as well as other long-lived assets and intangible assets with definite lives;
- the effects of unionization efforts and labor regulations in countries in which we operate;
- adverse changes to our tax positions in U.S. or non-U.S. jurisdictions or the interpretation and application of recent U.S. tax legislation or other changes in U.S. or non-U.S. taxation of our operations; and
- our significant leverage and how this significant leverage could adversely affect our ability to raise additional capital, limit our ability to react to challenges confronting our Company or broader changes in our industry or the economy, limit our flexibility in operating our business through restrictions contained in our debt agreements and/or prevent us from meeting our obligations under our existing and future indebtedness.

These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them publicly in light of new information or future events, except as required by law. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved.

You should carefully consider the above factors, as well as the factors discussed elsewhere in this Quarterly Report on Form 10-Q, including under Part II, Item 1A, “Risk Factors,” as well as Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 10-K”). If any of these trends, risks or uncertainties actually occur or continue, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline and you could lose all or part of your investment. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

Unless expressly indicated or the context requires otherwise, the terms “Sotera Health,” “Company,” “we,” “us,” and “our” in this Quarterly Report on Form 10-Q refer to Sotera Health Company, a Delaware corporation, and, where appropriate, its subsidiaries on a consolidated basis.

Part I—FINANCIAL INFORMATION

Item 1. Financial Statements

Sotera Health Company
Consolidated Balance Sheets
(in thousands, except per share amounts)

	As of	
	September 30, 2024	December 31, 2023
Assets	<i>(Unaudited)</i>	
Current assets:		
Cash and cash equivalents	\$ 306,738	\$ 296,407
Restricted cash short-term	1,744	5,247
Accounts receivable, net of allowance for uncollectible accounts of \$3,015 and \$4,689, respectively	130,121	147,696
Inventories, net	53,647	48,316
Prepaid expenses and other current assets	57,421	53,846
Income taxes receivable	13,942	5,732
Total current assets	563,613	557,244
Property, plant, and equipment, net	1,026,028	946,914
Operating lease assets	29,266	24,037
Deferred income taxes	4,946	4,993
Post-retirement assets	32,916	28,482
Other assets	35,436	41,242
Other intangible assets, net	351,977	416,318
Goodwill	1,104,555	1,111,190
Total assets	\$ 3,148,737	\$ 3,130,420
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 70,754	\$ 71,039
Accrued liabilities	82,885	122,471
Deferred revenue	10,653	13,492
Current portion of long-term debt	14,795	4,797
Current portion of finance lease obligations	2,822	8,771
Current portion of operating lease obligations	5,287	5,934
Income taxes payable	8,341	4,150
Total current liabilities	195,537	230,654
Long-term debt	2,210,815	2,223,674
Finance lease obligations, less current portion	97,934	63,793
Operating lease obligations, less current portion	25,953	20,087
Noncurrent asset retirement obligations	49,102	47,944
Deferred lease income	17,984	18,762
Post-retirement obligations	8,223	8,439
Noncurrent liabilities	9,285	8,879
Deferred income taxes	63,741	64,454
Total liabilities	2,678,574	2,686,686
See Commitments and contingencies note		
Equity:		
Common stock, with \$0.01 par value, 1,200,000 shares authorized; 286,037 shares issued at September 30, 2024 and December 31, 2023	2,860	2,860
Preferred stock, with \$0.01 par value, 120,000 authorized; no shares issued at September 30, 2024 and December 31, 2023	—	—
Treasury stock, at cost (2,798 and 3,207 shares at September 30, 2024 and December 31, 2023, respectively)	(24,612)	(27,182)
Additional paid-in capital	1,238,899	1,215,178
Retained deficit	(622,365)	(654,440)
Accumulated other comprehensive loss	(124,619)	(92,682)
Total equity	470,163	443,734
Total liabilities and equity	\$ 3,148,737	\$ 3,130,420

See notes to consolidated financial statements.

Sotera Health Company
Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Service	\$ 238,790	\$ 227,120	\$ 703,027	\$ 667,680
Product	46,678	36,057	107,211	71,369
Total net revenues	285,468	263,177	810,238	739,049
Cost of revenues:				
Service	111,080	103,580	331,068	311,690
Product	16,364	13,613	41,240	30,284
Total cost of revenues	127,444	117,193	372,308	341,974
Gross profit	158,024	145,984	437,930	397,075
Operating expenses:				
Selling, general and administrative expenses	62,009	54,112	180,793	176,309
Amortization of intangible assets	15,508	15,774	46,657	48,098
Total operating expenses	77,517	69,886	227,450	224,407
Operating income	80,507	76,098	210,480	172,668
Interest expense, net	41,572	40,627	123,731	100,225
Loss on refinancing of debt	70	—	24,160	—
Georgia EO litigation settlement	—	35,000	—	35,000
Foreign exchange (gain) loss	(1,054)	(426)	(2,237)	386
Other (income) expense, net	(2,835)	427	(4,084)	(3,300)
Income before income taxes	42,754	470	68,910	40,357
Provision for income taxes	25,756	14,130	36,835	27,662
Net income (loss)	16,998	(13,660)	32,075	12,695
Other comprehensive income (loss) net of tax:				
Pension and post-retirement benefits (net of taxes of \$(45), \$(43), \$2, and \$(54), respectively)	(137)	(126)	6	(159)
Interest rate derivatives (net of taxes of \$(1,399), \$(934), \$(2,110) and \$(3,294), respectively)	(4,016)	(1,714)	(6,058)	(6,963)
Foreign currency translation	24,931	(32,996)	(25,885)	(365)
Comprehensive income (loss)	\$ 37,776	\$ (48,496)	\$ 138	\$ 5,208
Earnings (loss) per share:				
Basic	\$ 0.06	\$ (0.05)	\$ 0.11	\$ 0.04
Diluted	0.06	(0.05)	0.11	0.04
Weighted average number of shares outstanding:				
Basic	283,059	281,105	282,624	280,898
Diluted	285,564	281,105	284,660	283,190

See notes to consolidated financial statements.

Sotera Health Company
Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Operating activities:		
Net income	\$ 32,075	\$ 12,695
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	63,588	55,913
Amortization of intangible assets	59,737	61,290
Loss on refinancing of debt	24,160	—
Deferred income taxes	1,891	3,284
Share-based compensation expense	28,633	24,034
Accretion of asset retirement obligations	1,915	1,683
Unrealized foreign exchange (gain) loss	(5,755)	2,444
Unrealized loss on derivatives not designated as hedging instruments	576	1,087
Amortization of debt issuance costs	5,958	6,522
Other	(4,275)	(3,492)
Changes in operating assets and liabilities:		
Accounts receivable	16,242	302
Inventories	(6,223)	(866)
Other current assets	(3,293)	(892)
Accounts payable	884	(17,412)
Accrued liabilities	(3,018)	(11,389)
Illinois EO litigation settlement	—	(407,712)
Georgia EO litigation settlement	(35,000)	35,000
Income taxes payable / receivable, net	(4,254)	(18,366)
Other liabilities	(308)	(809)
Other long-term assets	(5,086)	(4,171)
Net cash provided by (used in) operating activities	<u>168,447</u>	<u>(260,855)</u>
Investing activities:		
Purchases of property, plant and equipment	(113,200)	(150,149)
Other investing activities	74	69
Net cash used in investing activities	<u>(113,126)</u>	<u>(150,080)</u>
Financing activities:		
Proceeds from long-term borrowings	2,259,350	500,000
Payment of revolving credit facility	—	(200,000)
Payment of long-term borrowings	(2,260,600)	(1,250)
Payments of debt issuance costs and debt discount	(32,054)	(25,645)
Buyout of leased facility	(6,736)	—
Other financing activities	(3,976)	(3,353)
Net cash provided by (used in) financing activities	<u>(44,016)</u>	<u>269,752</u>
Effect of exchange rate changes on cash and cash equivalents	(4,477)	(2,577)
Net increase (decrease) in cash and cash equivalents, including restricted cash	<u>6,828</u>	<u>(143,760)</u>
Cash and cash equivalents, including restricted cash, at beginning of period	301,654	396,294
Cash and cash equivalents, including restricted cash, at end of period	<u>\$ 308,482</u>	<u>\$ 252,534</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ 142,779	\$ 150,696
Cash paid during the period for income taxes, net of tax refunds received	42,447	42,587
Purchases of property, plant and equipment included in accounts payable	16,372	16,383

See notes to consolidated financial statements.

Sotera Health Company
Consolidated Statements of Equity
(in thousands)
(Unaudited)

Three Months Ended September 30, 2024

	Common Stock		Treasury Stock	Additional Paid-In Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Shares	Amount					
Balance at June 30, 2024	283,214	\$ 2,860	\$ (24,764)	\$ 1,229,428	\$ (639,363)	\$ (145,397)	\$ 422,764
Share-based compensation plans	25	—	152	9,471	—	—	9,623
Comprehensive income (loss):							
Pension and post-retirement plan adjustments, net of tax	—	—	—	—	—	(137)	(137)
Foreign currency translation	—	—	—	—	—	24,931	24,931
Interest rate derivatives, net of tax	—	—	—	—	—	(4,016)	(4,016)
Net income	—	—	—	—	16,998	—	16,998
Balance at September 30, 2024	283,239	\$ 2,860	\$ (24,612)	\$ 1,238,899	\$ (622,365)	\$ (124,619)	\$ 470,163

Nine Months Ended September 30, 2024

	Common Stock		Treasury Stock	Additional Paid-In Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Shares	Amount					
Balance at December 31, 2023	282,830	\$ 2,860	\$ (27,182)	\$ 1,215,178	\$ (654,440)	\$ (92,682)	\$ 443,734
Share-based compensation plans	409	—	2,570	23,721	—	—	26,291
Comprehensive income (loss):							
Pension and post-retirement plan adjustments, net of tax	—	—	—	—	—	6	6
Foreign currency translation	—	—	—	—	—	(25,885)	(25,885)
Interest rate derivatives, net of tax	—	—	—	—	—	(6,058)	(6,058)
Net income	—	—	—	—	32,075	—	32,075
Balance at September 30, 2024	283,239	\$ 2,860	\$ (24,612)	\$ 1,238,899	\$ (622,365)	\$ (124,619)	\$ 470,163

See notes to consolidated financial statements.

Sotera Health Company
Consolidated Statements of Equity (continued)
(in thousands)
(Unaudited)

Three Months Ended September 30, 2023

	Common Stock		Treasury Stock	Additional Paid-In Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Shares	Amount					
Balance at June 30, 2023	282,544	\$ 2,860	\$ (28,700)	\$ 1,202,972	\$ (679,461)	\$ (79,304)	\$ 418,367
Share-based compensation plans	79	—	226	7,374	—	—	7,600
Comprehensive income (loss):	—	—	—	—	—	—	—
Pension and post-retirement plan adjustments, net of tax	—	—	—	—	—	(126)	(126)
Foreign currency translation	—	—	—	—	—	(32,996)	(32,996)
Interest rate derivatives, net of tax	—	—	—	—	—	(1,714)	(1,714)
Net loss	—	—	—	—	(13,660)	—	(13,660)
Balance at September 30, 2023	282,623	\$ 2,860	\$ (28,474)	\$ 1,210,346	\$ (693,121)	\$ (114,140)	\$ 377,471

Nine Months Ended September 30, 2023

	Common Stock		Treasury Stock	Additional Paid-In Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Shares	Amount					
Balance at December 31, 2022	282,421	\$ 2,860	\$ (29,775)	\$ 1,189,622	\$ (705,816)	\$ (106,653)	\$ 350,238
Share-based compensation plans	202	—	1,301	20,724	—	—	22,025
Comprehensive income (loss):	—	—	—	—	—	—	—
Pension and post-retirement plan adjustments, net of tax	—	—	—	—	—	(159)	(159)
Foreign currency translation	—	—	—	—	—	(365)	(365)
Interest rate derivatives, net of tax	—	—	—	—	—	(6,963)	(6,963)
Net income	—	—	—	—	12,695	—	12,695
Balance at September 30, 2023	282,623	\$ 2,860	\$ (28,474)	\$ 1,210,346	\$ (693,121)	\$ (114,140)	\$ 377,471

See notes to consolidated financial statements.

Sotera Health Company
Notes to Consolidated Financial Statements

1. Basis of Presentation

Principles of Consolidation – Sotera Health Company (also referred to herein as the “Company,” “we,” “our,” “us” or “its”), is a leading global provider of mission-critical end-to-end sterilization solutions, lab testing and advisory services for the healthcare industry with operations primarily in the Americas, Europe and Asia.

We operate and report in three segments, Sterigenics, Nordion and Nelson Labs. We describe our reportable segments in Note 16, “Segment Information”. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates – In preparing our consolidated financial statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”), we make estimates and assumptions that affect the amounts reported and the accompanying notes. We regularly evaluate the estimates and assumptions used and revise them as new information becomes available. Actual results may vary from those estimates.

Interim Financial Statements – The accompanying consolidated financial statements include the assets, liabilities, operating results, and cash flows of the Company and its wholly owned subsidiaries. These financial statements are prepared in accordance with GAAP for interim financial information, the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. These unaudited interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements and accompanying notes in our 2023 10-K.

2. Recent Accounting Standards

Accounting Standard Updates (“ASU”) Issued But Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-07-Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in ASU 2023-07 require an entity to provide enhanced disclosures about significant segment expenses. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is in the process of evaluating the impact of this standard on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09-Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in this ASU require entities to disclose, on an annual basis, specific categories in the reconciliation of the provision (benefit) for income taxes to the statutory rate and provide additional information for reconciling items that meet a quantitative threshold. Additionally, the update requires entities to disclose a disaggregation of taxes paid by category (federal, state and foreign taxes) as well as individual jurisdictions. For public business entities, the amendments in this ASU are effective for annual periods beginning after December 15, 2024. The Company is in the process of evaluating the impact of this standard on our consolidated financial statements and disclosures.

3. Revenue Recognition

The following table shows disaggregated net revenues from contracts with external customers by timing of revenue and by segment for the three and nine months ended September 30, 2024 and 2023:

(thousands of U.S. dollars)

	Three Months Ended September 30, 2024			
	Sterigenics	Nordion	Nelson Labs	Consolidated
Point in time	\$ 175,574	\$ 51,263	\$ —	\$ 226,837
Over time	—	50	58,581	58,631
Total	\$ 175,574	\$ 51,313	\$ 58,581	\$ 285,468

Sotera Health Company
Notes to Consolidated Financial Statements

(thousands of U.S. dollars)

	Three Months Ended September 30, 2023			
	Sterigenics	Nordion	Nelson Labs	Consolidated
Point in time	\$ 168,347	\$ 37,068	\$ —	\$ 205,415
Over time	—	3,030	54,732	57,762
Total	\$ 168,347	\$ 40,098	\$ 54,732	\$ 263,177

(thousands of U.S. dollars)

	Nine Months Ended September 30, 2024			
	Sterigenics	Nordion	Nelson Labs	Consolidated
Point in time	\$ 518,425	\$ 115,288	\$ —	\$ 633,713
Over time	—	1,276	175,249	176,525
Total	\$ 518,425	\$ 116,564	\$ 175,249	\$ 810,238

(thousands of U.S. dollars)

	Nine Months Ended September 30, 2023			
	Sterigenics	Nordion	Nelson Labs	Consolidated
Point in time	\$ 494,934	\$ 75,309	\$ —	\$ 570,243
Over time	—	5,315	163,491	168,806
Total	\$ 494,934	\$ 80,624	\$ 163,491	\$ 739,049

When we receive consideration from a customer prior to transferring goods or services under the terms of a sales contract, we record deferred revenue, which represents a contract liability. Deferred revenue totaled \$10.7 million and \$13.5 million at September 30, 2024 and December 31, 2023, respectively. We recognize deferred revenue after we have transferred control of the goods or services to the customer and all revenue recognition criteria are met.

4. Inventories

Inventories consisted of the following:

(thousands of U.S. dollars)

	September 30, 2024	December 31, 2023
Raw materials and supplies	\$ 41,523	\$ 43,411
Work-in-process	1,459	471
Finished goods	10,896	4,670
	53,878	48,552
Reserve for excess and obsolete inventory	(231)	(236)
Inventories, net	\$ 53,647	\$ 48,316

Sotera Health Company
Notes to Consolidated Financial Statements

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(thousands of U.S. dollars)

	September 30, 2024	December 31, 2023
Prepaid taxes	\$ 4,394	\$ 4,129
Prepaid business insurance	1,280	7,174
Prepaid rent	1,290	1,150
Customer contract assets	30,417	17,785
Current deposits	651	715
Prepaid maintenance contracts	431	422
Value added tax receivable	2,133	4,306
Prepaid software licensing	2,221	2,503
Stock supplies	4,074	3,669
Embedded derivatives	1,265	1,225
Other	9,265	10,768
Prepaid expenses and other current assets	\$ 57,421	\$ 53,846

6. Goodwill and Other Intangible Assets

Changes to goodwill during the nine months ended September 30, 2024 were as follows:

(thousands of U.S. dollars)

	Sterigenics	Nordion	Nelson Labs	Total
Goodwill at December 31, 2023	\$ 659,888	\$ 276,929	\$ 174,373	\$ 1,111,190
Changes due to foreign currency exchange rates	(1,641)	(5,376)	382	(6,635)
Goodwill at September 30, 2024	\$ 658,247	\$ 271,553	\$ 174,755	\$ 1,104,555

Other intangible assets consisted of the following:

(thousands of U.S. dollars)

As of September 30, 2024	Gross Carrying Amount	Accumulated Amortization
Finite-lived intangible assets		
Customer relationships	\$ 656,672	\$ 529,784
Proprietary technology	76,318	53,103
Trade names	2,549	1,549
Land-use rights	8,837	2,035
Sealed source and supply agreements	204,837	114,625
Other	4,474	3,547
Total finite-lived intangible assets	953,687	704,643
Indefinite-lived intangible assets		
Regulatory licenses and other ^(a)	77,146	—
Trade names / trademarks	25,787	—
Total indefinite-lived intangible assets	102,933	—
Total	\$ 1,056,620	\$ 704,643

Sotera Health Company
Notes to Consolidated Financial Statements

<u>As of December 31, 2023</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
<i>Finite-lived intangible assets</i>		
Customer relationships	\$ 657,673	\$ 485,188
Proprietary technology	84,918	56,846
Trade names	2,567	1,207
Land-use rights	8,756	1,855
Sealed source and supply agreements	208,919	107,561
Other	4,517	2,905
Total finite-lived intangible assets	967,350	655,562
<i>Indefinite-lived intangible assets</i>		
Regulatory licenses and other ^(a)	78,684	—
Trade names / trademarks	25,846	—
Total indefinite-lived intangible assets	104,530	—
Total	\$ 1,071,880	\$ 655,562

(a) Includes certain transportation certifications, a class 1B nuclear license and other intangibles related to obtaining such licensure. These assets are considered indefinite-lived as the decision for renewal by the Canadian Nuclear Safety Commission is highly based on a licensee's previous assessments, reported incidents, and annual compliance and inspection results. New applications for license can take a significant amount of time and cost; whereas an existing licensee with a historical record of compliance and current operating conditions more than likely ensures renewal for another 10 year license period as Nordion has demonstrated over its 75 years of history.

Amounts include the impact of foreign currency translation. Fully amortized amounts are written off.

Amortization expense for finite-lived intangible assets was \$19.9 million and \$20.2 million for the three months ended September 30, 2024 and 2023, respectively. \$15.5 million and \$15.8 million was included in "Amortization of intangible assets" in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the three months ended September 30, 2024 and 2023, respectively, whereas the remainder was included in "Cost of revenues."

Amortization expense for finite-lived intangible assets was \$59.7 million and \$61.3 million for the nine months ended September 30, 2024 and 2023, respectively. \$46.7 million and \$48.1 million was included in "Amortization of intangible assets" in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the nine months ended September 30, 2024 and September 30, 2023, respectively.

The estimated aggregate amortization expense for finite-lived intangible assets for each of the next five years and thereafter is as follows:

(thousands of U.S. dollars)

For the remainder of 2024	\$ 19,842
2025	42,467
2026	22,260
2027	21,183
2028	20,636
Thereafter	122,656
Total	\$ 249,044

The weighted-average remaining useful life of the finite-lived intangible assets was approximately 9.5 years as of September 30, 2024.

Sotera Health Company
Notes to Consolidated Financial Statements

7. Accrued Liabilities

Accrued liabilities consisted of the following:

(thousands of U.S. dollars)

	September 30, 2024	December 31, 2023
Accrued employee compensation	\$ 34,212	\$ 35,037
Georgia EO litigation settlement reserve	—	35,000
Illinois EO litigation settlement reserve	—	288
Other legal reserves	—	1,480
Accrued interest expense	19,508	26,681
Embedded derivatives	1,037	414
Professional fees	16,090	12,691
Accrued utilities	2,026	2,056
Insurance accrual	2,962	2,922
Accrued taxes	2,484	2,407
Other	4,566	3,495
Accrued liabilities	\$ 82,885	\$ 122,471

8. Long-Term Debt

Long-term debt consisted of the following:

(thousands of U.S. dollars)

As of September 30, 2024	Gross Amount	Unamortized Debt Issuance Costs	Unamortized Debt Discount	Net Amount
Secured notes due 2031	\$ 750,000	\$ (3,851)	\$ —	\$ 746,149
Term loan due 2031	1,509,350	(6,781)	(23,108)	1,479,461
	2,259,350	(10,632)	(23,108)	2,225,610
Less current portion	15,094	(68)	(231)	14,795
Long-term debt	\$ 2,244,256	\$ (10,564)	\$ (22,877)	\$ 2,210,815

(thousands of U.S. dollars)

As of December 31, 2023	Gross Amount	Unamortized Debt Issuance Costs	Unamortized Debt Discount	Net Amount
Term loan, due 2026	\$ 1,763,100	\$ (1,606)	\$ (10,298)	\$ 1,751,196
Term Loan B, due 2026	497,500	(7,616)	(12,609)	477,275
	2,260,600	(9,222)	(22,907)	2,228,471
Less current portion	5,000	(76)	(127)	4,797
Long-term debt	\$ 2,255,600	\$ (9,146)	\$ (22,780)	\$ 2,223,674

Debt Facilities

Senior Secured Credit Facilities

On December 13, 2019, Sotera Health Holdings, LLC (“SHH”), our wholly owned subsidiary, entered into senior secured first lien credit facilities (the “Senior Secured Credit Facilities”), consisting of both a prepayable senior secured first lien term loan (the “Term Loan”) and a senior secured first lien revolving credit facility (the “Revolving Credit Facility”) pursuant to a first lien credit agreement (the “Credit Agreement”). The total borrowing capacity under the Revolving Credit Facility is \$423.8 million. The Senior Secured Credit Facilities also provide SHH the right at any time and under certain conditions to request

Sotera Health Company
Notes to Consolidated Financial Statements

incremental term loans or incremental revolving credit commitments based on a formula defined in the Senior Secured Credit Facilities.

On May 30, 2024, the Company and SHH entered into Amendment No. 4 (“Amendment No. 4”) to the Senior Secured Credit Facilities. Among other changes, Amendment No. 4 provides for term loans (the “Refinancing Term Loans”) to SHH in an aggregate principal amount of \$1,509.4 million. Pursuant to Amendment No. 4, the Refinancing Term Loans shall have an applicable interest rate margin per annum equal to (i) ABR plus 2.25% for ABR Loans (as defined in the Credit Agreement), (ii) daily simple Secured Overnight Financing Rate (“SOFR”) plus 3.25% for RFR Loans (as defined in the Credit Agreement) and (iii) Term SOFR plus 3.25% for Term Benchmark Loans (as defined in the Credit Agreement), in each case with a 0.00% applicable floor and the applicable interest rate margin shall be subject to a pricing step-down of 0.25% when the Senior Secured Leverage Ratio (as defined in the Credit Agreement) is less than or equal to 3.30:1.00. The Refinancing Term Loans are also subject to a “soft call” premium of 1.00% for certain repricing transactions with respect to the Refinancing Term Loans that occur within the six-month period after the effective date of Amendment No. 4. The Refinancing Term Loans amortize at a rate of 1.00% per annum and mature on May 30, 2031. The weighted average interest rate on borrowings under the Refinancing Term Loans for the three and nine months ended September 30, 2024 was 8.56%.

On May 30, 2024, SHH, the Company and certain subsidiaries of the Company (the “Guarantors”), and Wilmington Trust, National Association, as trustee, paying agent, registrar, transfer agent and notes collateral agent, entered into an indenture (the “Indenture”) governing SHH’s newly issued \$750.0 million aggregate principal amount of 7.375% senior secured notes due 2031 (the “Secured Notes”). The Secured Notes will pay interest semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2024, at a rate of 7.375% per year, and will mature on June 1, 2031. The Secured Notes may be redeemed, at any time or from time to time, in whole or in part, on or after June 1, 2027 at the redemption prices specified in the Indenture, together with accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. At any time or from time to time, prior to June 1, 2027, the Secured Notes may be redeemed, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount thereof plus a make-whole premium, together with accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. In addition, at any time or from time to time, prior to June 1, 2027, SHH may redeem up to 40% of the aggregate principal amount of the Secured Notes (including any additional Secured Notes issued under the Indenture) with an amount not to exceed the net cash proceeds from certain equity offerings at a redemption price equal to 107.375% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. Further, at any time or from time to time, on or before June 1, 2027, SHH may redeem up to 10% of the then outstanding aggregate principal amount of Secured Notes (including any additional Secured Notes issued under the Indenture) during each of the twelve-month periods after the issue date, at a redemption price equal to 103% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date.

The obligations under the Indenture are secured pursuant to a security agreement, dated as of May 30, 2024, by and among SHH, the Company, the other grantors party thereto, and Wilmington Trust, National Association (the “Security Agreement”), as may be amended from time to time, and related financing statements.

The Company used the combined net proceeds from the Refinancing Terms Loans and Secured Notes, along with cash on hand, to refinance its previously outstanding \$1,763.1 million Term Loan due 2026 and \$496.3 million Term Loan B due 2026.

On March 1, 2024, the Company and SHH entered into Amendment No. 3 (“Amendment No. 3”) to the Revolving Credit Facility. Among other changes, Amendment No. 3 provides (i) for new commitments under the existing Revolving Credit Facility to replace the existing revolving commitments in an aggregate principal amount of \$83.0 million, (ii) that certain of the lenders providing revolving credit commitments shall also provide additional commitments for the issuance of letters of credit under the Revolving Credit Facility in an aggregate principal amount of \$37.5 million and (iii) for the extension of the maturity date of the Revolving Credit Facility to March 1, 2029.

Sotera Health Company
Notes to Consolidated Financial Statements

The Senior Secured Credit Facilities and the Indenture contain additional covenants that, among other things, restrict, subject to certain exceptions, limitations and qualifications, our ability and the ability of our restricted subsidiaries to engage in certain activities, such as incur additional indebtedness or permit to exist any lien on any property or asset now owned or hereafter acquired, as specified in the Senior Secured Credit Facilities and the Indenture. The Senior Secured Credit Facilities and the Indenture also contain certain customary affirmative covenants and events of default, including upon a change of control. In addition, an event of default under the Senior Secured Credit Facilities and the Indenture would occur if the Company or certain of its subsidiaries received one or more enforceable judgments for payment in an aggregate amount in excess of the greater of (i) \$162.6 million or (ii) 30.0% of consolidated EBITDA or LTM EBITDA (as defined in the Credit Agreement and the Indenture, respectively) and the judgments were not stayed or remained undischarged for a period of 60 consecutive days. As of September 30, 2024, we were in compliance with all of the covenants under the Senior Secured Credit Facilities and the Indenture.

All of SHH's obligations under the Senior Secured Credit Facilities and the Indenture are unconditionally guaranteed by the Company and each existing and subsequently acquired or organized direct or indirect wholly-owned domestic restricted subsidiary of the Company, with customary exceptions including, among other things, where providing such guarantees is not permitted by law, regulation or contract or would result in material adverse tax consequences. All obligations under the Senior Secured Credit Facilities and the Indenture, and the guarantees of such obligations, are secured by substantially all assets of the borrower and guarantors, subject to permitted liens and other exceptions and exclusions, as outlined in the Senior Secured Credit Facilities, the Indenture and the Security Agreement.

Outstanding letters of credit are collateralized by encumbrances against the Revolving Credit Facility and the collateral pledged thereunder, or by cash placed on deposit with the issuing bank. As of September 30, 2024, the Company had \$23.9 million of letters of credit issued against the Revolving Credit Facility, resulting in total availability under the Revolving Credit Facility of \$399.9 million.

Term Loan Interest Rate Risk Management

The Company utilizes interest rate derivatives to reduce the variability of cash flows in the interest payments associated with our variable rate debt due to changes in SOFR. For additional information on the derivative instruments described above, refer to Note 15, "Financial Instruments and Financial Risk", "Derivative Instruments."

Aggregate maturities of the Company's long-term debt, excluding debt discounts, as of September 30, 2024, are as follows:

(thousands of U.S. dollars)

2024	\$	3,773
2025		15,094
2026		15,094
2027		15,094
2028		15,094
Thereafter		2,195,201
Total	\$	<u>2,259,350</u>

9. Income Taxes

Income tax expense is provided on an interim basis based upon our estimate of the annual effective income tax rate. In determining the estimated annual effective income tax rate, we analyze various factors, including projections of our annual earnings and the taxing jurisdictions where the earnings will occur, the impact of state and local taxes, our ability to utilize tax credits and net operating loss carryforwards and available tax planning alternatives. Our effective tax rates were 60.2% and 53.5% for the three and nine months ended September 30, 2024, respectively.

Income tax expense for the three and nine months ended September 30, 2024 differed from the statutory rate primarily due to a net increase in the valuation allowance attributable to the limitation on the deductibility of interest expense, the impact of the foreign rate differential and global intangible low-tax income ("GILTI"), partially offset by a benefit for state income taxes. Income tax expense for the three months ended September 30, 2023 differed from the statutory rate primarily due to a net

Sotera Health Company
Notes to Consolidated Financial Statements

increase in the valuation allowance attributable to the limitation on the deductibility of interest expense, the impact of the foreign rate differential, and GILTI, partially offset by a benefit for state income taxes. The increase in the valuation allowance was primarily due to the \$35.0 million Georgia EO litigation settlement, as described in the 2023 10-K, which resulted in additional interest limitation. Income tax expense for the nine months ended September 30, 2023 differed from the statutory rate primarily due to a net increase in the valuation allowance attributable to the limitation on the deductibility of interest expense, the foreign rate differential and GILTI, partially offset by a benefit for state income taxes.

10. Employee Benefits

The Company sponsors various post-employment benefit plans including, in certain countries outside the U.S., defined benefit and defined contribution pension plans, retirement compensation arrangements, and plans that provide extended health care coverage to retired employees, the majority of which relate to Nordion.

Defined benefit pension plans

The following defined benefit pension plan disclosure relates to Nordion. Certain immaterial foreign defined benefit pension plans have been excluded from the table below. The interest cost, expected return on plan assets and amortization of net actuarial gain are recorded in "Other (income) expense, net" and the service cost component is included in the same financial statement line item as the applicable employee's wages in the Consolidated Statements of Operations and Comprehensive Income (Loss). The components of net periodic pension benefit for the defined benefit plans for the three and nine months ended September 30, 2024 and 2023 were as follows:

<i>(thousands of U.S. dollars)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service cost	\$ 143	\$ 132	\$ 430	\$ 395
Interest cost	2,619	2,745	7,882	8,211
Expected return on plan assets	(3,972)	(4,050)	(11,952)	(12,115)
Net periodic benefit	\$ (1,210)	\$ (1,173)	\$ (3,640)	\$ (3,509)

Other benefit plans

Other benefit plans disclosed below relate to Nordion and include a supplemental retirement arrangement, a retirement and termination allowance, and post-retirement benefit plans, which include contributory health and dental care benefits and contributory life insurance coverage. Certain immaterial other foreign benefit plans have been excluded from the table below. All but one non-pension post-employment benefit plans are unfunded. The components of net periodic pension cost for the other benefit plans for the three and nine months ended September 30, 2024 and 2023 were as follows:

<i>(thousands of U.S. dollars)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service cost	\$ 3	\$ 2	\$ 8	\$ 6
Interest cost	84	91	255	271
Amortization of net actuarial gain	(33)	(44)	(99)	(132)
Net periodic cost	\$ 54	\$ 49	\$ 164	\$ 145

The Company currently has no funding requirements as the Nordion pension plan has a going concern surplus as defined by Canadian federal regulation, which requires solvency testing on defined benefit pension plans on an annual basis.

The Company may obtain a qualifying letter of credit for solvency payments, up to 15% of the market value of solvency liabilities as determined on the valuation date, instead of paying cash into the pension fund. As of September 30, 2024 and December 31, 2023, we had letters of credit outstanding relating to the defined benefit plans totaling \$16.1 million and \$16.0 million, respectively. The actual funding requirements over the five-year period will be dependent on subsequent annual actuarial valuations. These amounts are estimates, which may change with actual investment performance, changes in interest rates, any pertinent changes in Canadian government regulations and any voluntary contributions.

Sotera Health Company
Notes to Consolidated Financial Statements

11. Other Comprehensive Income (Loss)

Amounts in accumulated other comprehensive income (loss) are presented net of the related tax. Foreign currency translation is not adjusted for income taxes.

Changes in our accumulated other comprehensive income (loss) balances, net of applicable tax, were as follows:

<i>(thousands of U.S. dollars)</i>	Defined Benefit Plans	Foreign Currency Translation	Interest Rate Derivatives	Total
Beginning balance – July 1, 2024	\$ (7,154)	\$ (141,847)	\$ 3,604	\$ (145,397)
Other comprehensive income (loss) before reclassifications	(104)	24,931	(2,044)	22,783
Amounts reclassified from accumulated other comprehensive income (loss)	(33) ^(a)	—	(1,972) ^(b)	(2,005)
Net current-period other comprehensive income (loss)	(137)	24,931	(4,016)	20,778
Ending balance – September 30, 2024	\$ (7,291)	\$ (116,916)	\$ (412)	\$ (124,619)
Beginning balance – January 1, 2024	\$ (7,297)	\$ (91,031)	\$ 5,646	\$ (92,682)
Other comprehensive income (loss) before reclassifications	105	(25,885)	3,185	(22,595)
Amounts reclassified from accumulated other comprehensive income (loss)	(99) ^(a)	—	(9,243) ^(b)	(9,342)
Net current-period other comprehensive income (loss)	6	(25,885)	(6,058)	(31,937)
Ending balance – September 30, 2024	\$ (7,291)	\$ (116,916)	\$ (412)	\$ (124,619)

<i>(thousands of U.S. dollars)</i>	Defined Benefit Plans	Foreign Currency Translation	Interest Rate Derivatives	Total
Beginning balance – July 1, 2023	\$ 3,176	\$ (98,574)	\$ 16,094	\$ (79,304)
Other comprehensive income (loss) before reclassifications	(82)	(32,996)	2,976	(30,102)
Amounts reclassified from accumulated other comprehensive income (loss)	(44) ^(a)	—	(4,690)	(4,734)
Net current-period other comprehensive income (loss)	(126)	(32,996)	(1,714)	(34,836)
Ending balance – September 30, 2023	\$ 3,050	\$ (131,570)	\$ 14,380	\$ (114,140)
Beginning balance – January 1, 2023	\$ 3,209	\$ (131,205)	\$ 21,343	\$ (106,653)
Other comprehensive income (loss) before reclassifications	(27)	(365)	11,531	11,139
Amounts reclassified from accumulated other comprehensive income (loss)	(132) ^(a)	—	(18,494)	(18,626)
Net current-period other comprehensive income (loss)	(159)	(365)	(6,963)	(7,487)
Ending balance – September 30, 2023	\$ 3,050	\$ (131,570)	\$ 14,380	\$ (114,140)

(a) For defined benefit pension plans, amounts reclassified from accumulated other comprehensive income (loss) are recorded to “Other expense (income), net” within the Consolidated Statements of Operations and Comprehensive Income (Loss).

(b) For interest rate derivatives, amounts reclassified from accumulated other comprehensive income (loss) are recorded to “Interest expense, net” within the Consolidated Statements of Operations and Comprehensive Income (Loss).

Sotera Health Company
Notes to Consolidated Financial Statements

12. Share-Based Compensation

Pre-IPO Awards

Restricted stock distributed in respect of pre-IPO Class B-1 time vesting units vests on a daily basis pro rata over a five-year vesting period (20% per year) beginning on the original vesting commencement date of the corresponding Class B-1 time vesting units, subject to the grantee's continued services through each vesting date. Upon the occurrence of a change in control of the Company, all then outstanding unvested shares of our common stock distributed in respect of Class B-1 Units will vest as of the date of consummation of such change in control, subject to the grantee's continued services through the consummation of the change in control.

Restricted stock distributed in respect of pre-IPO Class B-2 Units were considered performance vesting units. The required performance threshold for the vesting of B-2 restricted stock is the first date on which (i) our Sponsors have received actual cash proceeds in an amount equal to or in excess of at least two and one-half times their invested capital in Sotera Health Topco Parent, L.P. (of which the Company was a direct wholly owned subsidiary prior to the IPO) and (ii) the Sponsors' internal rate of return exceeds 20%, subject to such grantee's continued services through such date. Both performance thresholds were satisfied on March 4, 2024 and, as a result, all outstanding B-2 Units fully vested as of that date. Share-based compensation expense attributed to the pre-IPO Class B-2 awards was recorded in the fourth quarter of 2020 as the related performance conditions were considered probable of achievement and the implied service conditions were met.

We recognized \$0.4 million and \$0.5 million of share-based compensation expense related to the pre-IPO Class B-1 awards for the three months ended September 30, 2024 and 2023, respectively, and \$1.3 million and \$1.5 million for the nine months ended September 30, 2024 and 2023, respectively.

A summary of the activity for the nine months ended September 30, 2024 related to the restricted stock awards distributed in respect of the pre-IPO awards (Class B-1 and B-2 Units) is presented below:

	Restricted Stock - Pre- IPO B-1	Restricted Stock - Pre- IPO B-2
Unvested at December 31, 2023	352,447	987,111
Forfeited	(2,651)	—
Vested	(214,723)	(987,111)
Unvested at September 30, 2024	135,073	—

2020 Omnibus Incentive Plan

We maintain a long-term incentive plan (the "2020 Omnibus Incentive Plan" or the "2020 Plan") that allows for grants of incentive stock options to employees (including employees of any of our subsidiaries), nonstatutory stock options, restricted stock awards ("RSAs"), restricted stock units ("RSUs") and other cash-based, equity-based or equity-related awards to employees, directors, and consultants, including employees or consultants of our subsidiaries.

We recognized \$9.4 million (\$4.5 million for stock options and \$4.9 million for RSUs) and \$7.9 million (\$3.8 million for stock options and \$4.1 million for RSUs) of share-based compensation expense for these awards for the three months ended September 30, 2024 and 2023, respectively. We recognized \$27.5 million (\$13.1 million for stock options and \$14.4 million for RSUs) and \$22.7 million (\$10.7 million for stock options and \$12.0 million for RSUs) for the nine months ended September 30, 2024 and 2023, respectively, in our Consolidated Statements of Operations and Comprehensive Income (Loss), in "Selling, general and administrative expenses."

Stock Options

Stock options generally vest ratably over a period of two to four years. They have an exercise price equal to the fair market value of a share of common stock on the date of grant, and a contractual term of 10 years. The following table summarizes our stock option activity for the nine months ended September 30, 2024:

Sotera Health Company
Notes to Consolidated Financial Statements

	Number of Shares	Weighted Average Exercise Price
At December 31, 2023	6,972,661	\$ 15.17
Granted	1,594,921	14.55
Forfeited	(165,235)	18.71
At September 30, 2024	8,402,347	\$ 14.99

As of September 30, 2024, there were 4.2 million stock options vested and exercisable.

RSUs

RSUs generally vest ratably over a period of one to four years and are valued based on our market price on the date of grant. The following table summarizes our unvested RSUs activity for the nine months ended September 30, 2024:

	Number of Shares	Weighted-average Grant Date Fair Value
Unvested at December 31, 2023	2,298,836	\$ 13.81
Granted	1,195,243	13.99
Forfeited	(141,859)	12.36
Vested	(575,248)	17.52
Unvested at September 30, 2024	2,776,972	\$ 13.19

13. Earnings (Loss) Per Share

Basic earnings per share represents the amount of income attributable to each common share outstanding. Diluted earnings per share represents the amount of income attributable to each common share outstanding adjusted for the effects of potentially dilutive common shares. Potentially dilutive common shares include stock options and other stock-based awards. In the periods where the effect would be antidilutive, potentially dilutive common shares are excluded from the calculation of diluted earnings per share.

In periods in which the Company has net income, earnings per share is calculated using the two-class method. This method is required as unvested restricted stock distributed in respect of pre-IPO Class B-1 and B-2 awards have the right to receive non-forfeitable dividends or dividend equivalents if the Company were to declare dividends on its common stock. Pursuant to the two-class method, earnings for each period are allocated on a pro-rata basis to common stockholders and unvested pre-IPO Class B-1 and B-2 restricted stock awards. As of March 4, 2024, the performance threshold applicable to all Class B-2 restricted stock awards were fully satisfied, thereby releasing the vesting and forfeiture restrictions on these common shares. Beginning on that date, B-2 restricted stock was not included in the earnings allocation. Diluted earnings per share is computed using the more dilutive of (a) the two-class method or (b) treasury stock method, as applicable, to the potentially dilutive instruments.

Our basic and diluted earnings per common share are calculated as follows:

Sotera Health Company
Notes to Consolidated Financial Statements

<i>in thousands of U.S. dollars and share amounts (except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Earnings:				
Net income (loss)	\$ 16,998	\$ (13,660)	\$ 32,075	\$ 12,695
Less: Allocation to participating securities	10	—	53	74
Net income (loss) attributable to Sotera Health Company common shareholders	\$ 16,988	\$ (13,660)	\$ 32,022	\$ 12,621
Weighted Average Common Shares:				
Weighted-average common shares outstanding - basic	283,059	281,105	282,624	280,898
Dilutive effect of potential common shares ^(a)	2,505	—	2,036	2,292
Weighted-average common shares outstanding - diluted	285,564	281,105	284,660	283,190
Earnings per Common Share:				
Net income (loss) per common share attributable to Sotera Health Company common shareholders - basic	\$ 0.06	\$ (0.05)	\$ 0.11	\$ 0.04
Net income (loss) per common share attributable to Sotera Health Company common shareholders - diluted	0.06	(0.05)	0.11	0.04

(a) As the Company reported a net loss for the three months ended September 30, 2023, the calculation of diluted weighted average common shares outstanding is not applicable because the effect of including the potential common shares would be anti-dilutive.

Diluted earnings per share does not consider the following potential common shares as the effect would be anti-dilutive:

<i>in thousands of share amounts</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	5,718	7,001	5,406	4,049
RSUs	8	3,315	477	303
Total anti-dilutive securities	5,726	10,316	5,883	4,352

14. Commitments and Contingencies

From time to time, we may be subject to various lawsuits and other claims, as well as gain contingencies, in the ordinary course of our business. In addition, from time to time, we receive communications from government or regulatory agencies concerning investigations or allegations of noncompliance with laws or regulations in jurisdictions in which we operate. We assess these regulatory and legal actions to determine if a contingent liability should be recorded. In making these determinations, we may, depending on the nature of the matter, consult with internal and external legal counsel and technical experts.

We establish reserves for specific liabilities in connection with regulatory and legal actions that we determine to be both probable and reasonably estimable. The outcomes of regulatory and legal actions can be difficult to predict and are often resolved over long periods of time, making our probability and estimability determinations highly judgmental. Probability determinations require the analysis of various possible outcomes, assessments of potential damages and the impact of multiple factors beyond our control, including potential actions by others, interpretations of the law, and changes and developments in relevant facts, circumstances, regulations and other laws. If a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability is disclosed, together with an estimate of the range of possible loss if the range is determinable and material. In certain of the matters described below, we are not able to estimate potential liability because of the uncertainties related to the outcome(s) and/or the amount(s) or range(s) of loss. The ultimate resolution of pending regulatory and legal matters in future periods, including the matters described below, may have a material adverse effect on our financial condition, results of operations and/or liquidity. The Company may also incur material defense and settlement costs, diversion of management resources and other adverse effects on our business, financial condition, and/or results of operations.

Sotera Health Company
Notes to Consolidated Financial Statements

Ethylene Oxide Tort Litigation

Sterigenics U.S., LLC (“Sterigenics”) and other medical supply sterilization companies have been subjected to tort lawsuits alleging various injuries caused by low-level environmental exposure to EO used at or emitted from sterilization facilities. Those lawsuits, as detailed further below, are individual claims, as opposed to class actions.

Illinois

As of September 30, 2024, subsidiaries of the Company and other parties were defendants in 64 lawsuits in Illinois in which plaintiffs allege personal injuries or wrongful death resulting from purported emissions and releases of EO from Sterigenics’ former Willowbrook facility (the “Willowbrook Cases”). The Willowbrook Cases are pending in the Circuit Court of Cook County and have been assigned to a single judge for coordinated discovery and pretrial proceedings. Two of the cases are set for trial in April 2025.

We intend to vigorously defend the Willowbrook Cases.

Georgia

Subsidiaries of the Company and other parties are defendants in lawsuits in Georgia in which plaintiffs allege personal injuries, wrongful death and property devaluation resulting from use, emissions and releases of EO from or at Sterigenics’ Atlanta facility (the “Atlanta Cases”).

As of September 30, 2024, subsidiaries of the Company and other parties were defendants in 290 personal injury and wrongful death claims in the State Court of Cobb County. 288 of the claims have been consolidated for pretrial purposes (the “Consolidated Personal Injury Cases”). The Consolidated Personal Injury Cases are proceeding under a case management order pursuant to which a “pool” of eight cases will proceed to judicial determination of general causation issues in Phase 1 and specific causation issues in Phase 2; the first trial of any “pool” case that survives Phases 1 and 2 is not expected to begin before September 2025. The remaining Consolidated Personal Injury Cases (including nine cases that include both personal injury and property claims) are stayed. Two additional personal injury lawsuits pending in Cobb County have not been consolidated. The parties have jointly asked the court to stay one of these cases along with the stayed cases in the Consolidated Personal Injury Cases. In the other case, employees of a sterilization customer of Sterigenics allege they were injured while working at the customer’s distribution facility by exposure to residual EO allegedly emanating from products of the customer that had been sterilized at Sterigenics’ Atlanta facility; discovery is underway and, pursuant to the customer’s contract with Sterigenics, the customer is indemnifying Sterigenics against this lawsuit.

As of September 30, 2024, subsidiaries of the Company were also defendants in 365 property devaluation lawsuits pending in the State Court of Cobb County that have been consolidated for pretrial purposes (the “Consolidated Property Cases”). Seven of the Consolidated Property Cases are proceeding under case management orders and the remaining cases are stayed.

We intend to vigorously defend the Atlanta Cases.

California

Subsidiaries of the Company and other parties are defendants in two lawsuits in Los Angeles County Superior Court in which the plaintiffs are asserting eighteen claims for personal injuries and wrongful death allegedly resulting from emissions and releases of EO from Sterigenics’ Vernon facilities (the “Vernon Cases”). The lawsuits remain in preliminary stages.

We intend to vigorously defend the Vernon Cases.

New Mexico

A lawsuit against the Company, Sterigenics and certain other subsidiaries that was pending in the United States District Court for the District of New Mexico alleging wrongful death resulting from purported exposure to EO from Sterigenics’ facility in Santa Teresa has been resolved.

Sotera Health Company
Notes to Consolidated Financial Statements

The Company and certain subsidiaries are defendants in a lawsuit in the Third Judicial District Court, Doña Ana County, New Mexico in which the New Mexico Attorney General (“NMAG”) alleges that emissions and releases of EO from Sterigenics’ facility in Santa Teresa have deteriorated the air quality in surrounding communities and materially contributed to increased health risks for residents of those communities. In April 2024, the Court of Appeals of the State of New Mexico denied the NMAG’s petition for leave to file an interlocutory appeal of the August 2023 order granting Sterigenics’ motion for summary judgment on strict liability, the Unfair Practices Act claim, and the claims for decreased property values, increased healthcare costs and medical monitoring costs. The case has been remanded to the District Court of Doña Ana County for further proceedings on the remaining claims. The case is set for trial in July 2026.

We intend to vigorously defend the NMAG’s remaining claims relating to the Santa Teresa facility.

* * *

Additional EO tort lawsuits may be filed in the future against the Company and/or its subsidiaries relating to Sterigenics’ Willowbrook, Atlanta, Santa Teresa, Vernon or other EO facilities. Based on our view of the strength of the science and related evidence that emissions of EO from Sterigenics’ operations have not caused and could not have caused the harms alleged in such lawsuits, we believe that losses in the remaining or future EO cases through trials and any appeals that may prove necessary are not probable. Although the Company intends to defend itself vigorously on the merits, future settlements of EO tort lawsuits are reasonably possible. The Willowbrook and Atlanta Settlements (as previously defined in Note 20, Commitments and Contingencies of our 2023 10-K) were driven by dynamics unique to the cases that were settled and thus should not give rise to presumptions that the Company will settle additional EO tort lawsuits and/or that any such settlements will be for comparable amounts.

Potential trial and settlement outcomes can vary widely based a host of factors. EO tort lawsuits will be presided over by different judges, tried by different counsel presenting different evidence and decided by different juries. The substantive and procedural laws of jurisdictions vary and can meaningfully impact the litigation process and outcome of a case. Each plaintiff’s claim involves unique facts and evidence including the circumstances of the plaintiff’s alleged exposure, the type and severity of the plaintiff’s disease, the plaintiff’s medical history and course of treatment, the location of and other factors related to the plaintiff’s real property, and other circumstances. The outcomes of trials before juries are rarely certain and a judgment rendered or settlement reached in one case is not necessarily representative of potential outcomes of other seemingly comparable cases. As a result, it is not possible to estimate a reasonably possible loss or range of loss with respect to any future EO tort lawsuit, trial or settlement.

Insurance Coverage for Environmental Liabilities

An environmental liability insurance policy under which we have received coverage for the EO tort lawsuits in Illinois, Georgia and New Mexico described above had limits of \$10.0 million per occurrence and \$20.0 million in the aggregate. Those per occurrence and aggregate limits were fully utilized in the defense of the Illinois, Georgia and New Mexico litigation. Our insurance for future alleged environmental liabilities excludes coverage for EO claims.

We are pursuing additional insurance coverage for our legal expenses related to EO tort lawsuits like the Illinois, Georgia, California and New Mexico matters described above. In 2021, Sterigenics filed an insurance coverage lawsuit in the U.S. District Court for the Northern District of Illinois relating to two commercial general liability policies issued in the 1980s (the “Northern District of Illinois Coverage Lawsuit”). The court issued an order declaring that the defendant insurer owes Sterigenics and another insured party a duty to defend the Willowbrook Cases (the “Duty to Defend Order”) and entered judgment for Sterigenics in January 2024 in the amount of \$110.2 million for certain defense costs incurred in the Willowbrook Cases as of August 2022 (the “Defense Costs Judgment”). The defendant insurer has appealed the Duty to Defend Order and Defense Costs Judgment; briefing is complete and an oral argument was held before the United States Court of Appeals for the Seventh Circuit on September 25, 2024.

Sotera Health Company
Notes to Consolidated Financial Statements

Sterigenics is also a party in insurance coverage lawsuits pending in the Circuit Court of Cook County, Illinois and the Delaware Superior Court relating to insurance coverage from various historical commercial general liability policies for certain EO litigation settlement amounts and defense costs that the insurer against which a judgment has been secured in the Northern District of Illinois Coverage Lawsuit may fail to fund. The Delaware Superior Court case is stayed pending resolution of the coverage lawsuit in the Circuit Court of Cook County, Illinois. It is not possible to predict how much, if any, of the insurance proceeds sought will ultimately be recovered.

Sotera Health Company Securities Litigation and Related Matters

In January 2023, a stockholder class action was filed in the U.S. District Court for the Northern District of Ohio against the Company, certain past and present directors and senior executives, the Company's private equity stockholders and the underwriters of the Company's initial public offering ("IPO") in November 2020 and the Company's secondary public offering ("SPO") in March 2021 (the "Michigan Funds Litigation"). In April 2023, the court appointed the Oakland County Employees' Retirement System, Oakland County Voluntary Employees' Beneficiary Association, and Wayne County Employees' Retirement System (the "Michigan Funds") to serve as lead plaintiff to prosecute claims on behalf of a proposed class of stockholders who acquired shares of the Company in connection with our IPO or SPO or between November 20, 2020 and September 19, 2022 (the "Proposed Class"). The Michigan Funds allege that statements made regarding the safety of the Company's use of EO and/or its EO tort lawsuits and other risks of its EO operations violated Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (when made in the registration statements for the IPO and SPO) and Sections 10(b), Section 20(a) and Rule 10b-5 of the Securities Exchange Act of 1934 (when made in subsequent securities filings and other contexts). Defendants have moved to dismiss the Amended Complaint and that motion remains pending.

The Company has also received demands pursuant to 8 Del. C. §220 for inspections of its books and records ("220 Demands") from shareholders purporting to investigate potential wrongdoing by Company fiduciaries and other issues. The Company has produced documents in response to the 220 Demands and may produce additional documents.

In May 2024, a stockholder derivative lawsuit was filed in the Court of Chancery of the State of Delaware for the benefit of the Company as the nominal defendant (the "May 2024 Derivative Litigation"). The May 2024 Derivative Litigation plaintiffs allege breaches of fiduciary duties, insider trading, unjust enrichment and other violations by certain past and present directors and senior executives of the Company and the Company's private equity stockholders. On June 25, 2024, the court stayed the May 2024 Derivative Litigation pending a ruling on the merits on the motion to dismiss the Amended Complaint in the Michigan Funds Litigation.

The Company believes that the allegations and claims in the Michigan Funds Litigation, 220 Demands and May 2024 Derivative Litigation are without merit, and plans to vigorously defend the Michigan Funds Litigation and May 2024 Derivative Litigation.

15. Financial Instruments and Financial Risk

Derivative Instruments

We do not use derivatives for trading or speculative purposes and are not a party to leveraged derivatives.

Derivatives Designated in Hedge Relationships

From time to time, the Company utilizes interest rate derivatives designated in hedge relationships to manage interest rate risk associated with our variable rate borrowings. These instruments are measured at fair value with changes in fair value recorded as a component of "Accumulated other comprehensive income (loss)" on our Consolidated Balance Sheets.

In March 2023, we entered into an interest rate swap agreement with a notional amount of \$400.0 million. The interest rate swap was effective on August 23, 2023 and expires on August 23, 2025. We have designated the interest rate swap as a cash flow hedge designed to hedge the variability of cash flows attributable to changes in the SOFR benchmark interest rate of our variable rate borrowings. We receive interest at the one-month Term SOFR rate and pay a fixed interest rate under the terms of the swap agreement.

Sotera Health Company
Notes to Consolidated Financial Statements

In May 2022, we entered into two interest rate cap agreements with a combined notional amount of \$1,000.0 million for a total option premium of \$4.1 million. The interest rate caps became effective as of July 31, 2023 and expired on July 31, 2024. We designated these interest rate caps as cash flow hedges designed to hedge the variability of cash flows attributable to changes in the benchmark interest rate of our variable rate borrowings. Accordingly, the interest rate cap agreements hedged the variability of cash flows attributable to changes in SOFR by limiting our cash flow exposure related to Term SOFR under a portion of our variable rate borrowings to 3.5%.

In October 2021, we entered into two interest rate cap agreements with a combined notional amount of \$1,000.0 million for a total option premium of \$1.8 million. Both interest rate caps were effective on December 31, 2022 and expired on July 31, 2023. These interest rate caps were designated as cash flow hedges and were designed to hedge the variability of cash flows attributable to changes in LIBOR (or its successor), the benchmark interest rate being hedged, by limiting our cash flow exposure related to the LIBOR base rate under a portion of our variable rate borrowings to 1.0%.

Derivatives Not Designated in Hedge Relationships

Additionally, from time to time, the Company enters into interest rate derivatives to manage economic risks associated with our variable rate borrowings that are not designated in hedge relationships. These instruments were recorded at fair value on the Consolidated Balance Sheets, with any changes in fair value recorded in “Interest expense, net” in the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company also routinely enters into foreign currency forward contracts to manage foreign currency exchange rate risk of our intercompany loans in certain of our international subsidiaries and non-functional currency assets and liabilities. The foreign currency forward contracts expire on a monthly basis.

Embedded Derivatives

We have embedded derivatives in certain of our customer and supply contracts as a result of the currency of the contract being different from the functional currency of the parties involved. Changes in the fair value of the embedded derivatives are recognized in “Other expense (income), net” in the Consolidated Statements of Operations and Comprehensive Income (Loss).

The following table provides a summary of the notional and fair values of our derivative instruments:

<i>(in U.S. Dollars; notional in millions, fair value in thousands)</i>	September 30, 2024			December 31, 2023		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Derivative Assets	Derivative Liabilities		Derivative Assets	Derivative Liabilities
Derivatives designated as hedging instruments						
Interest rate caps	\$ —	\$ —	\$ —	\$ 1,000.0	\$ 8,763	\$ —
Interest rate swaps	400.0	—	457	400.0	1,487	—
Derivatives not designated as hedging instruments						
Foreign currency forward contracts	\$ 217.5	\$ —	\$ 808	171.0	149	9
Embedded derivatives	237.7 ^(a)	1,265	1,037	150.1 ^(a)	1,225	405
Total	\$ 855.2	\$ 1,265	\$ 2,302	\$ 1,721.1	\$ 11,624	\$ 414

(a) Represents the total notional amounts for certain of the Company’s supply and sales contracts accounted for as embedded derivatives.

Embedded derivative assets/liabilities and foreign currency forward contracts are included in “Prepaid expenses and other current assets” and “Accrued liabilities” on our Consolidated Balance Sheets depending upon their position at period end. Interest rate swaps and interest rate caps are included in “Other assets”, and “Noncurrent liabilities”, respectively, on the Consolidated Balance Sheets depending upon their position at period end.

Sotera Health Company
Notes to Consolidated Financial Statements

The following tables summarizes the activities of our derivative instruments for the periods presented, and the line item in which they are recorded in the Consolidated Statements of Operations and Comprehensive Income (Loss):

<i>(thousands of U.S. dollars)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Realized gain on interest rate derivatives recorded in interest expense, net ^(a)	(2,659)	(7,277)	(12,461)	(27,288)
Unrealized (gain) loss on embedded derivatives recorded in other (income) expense, net	(1,174)	1,833	576	1,087
Realized (gain) loss on foreign currency forward contracts recorded in foreign exchange (gain) loss	(1,985)	1,946	3,521	3
Unrealized loss on foreign currency forward contracts recorded in foreign exchange (gain) loss	876	1,230	948	949

(a) Amounts primarily represent quarterly settlement of interest rate caps and swaps.

We expect to reclassify approximately \$0.5 million of pre-tax net losses on derivative instruments from accumulated other comprehensive income (loss) to income during the next 12 months associated with our cash flow hedges. Refer to Note 11, "Other Comprehensive Income (Loss)" for unrealized gains and losses on interest rate derivatives, net of applicable tax, recorded in other comprehensive income (loss) and amounts reclassified from accumulated other comprehensive income to interest expense, net of applicable tax, during the three and nine months ended September 30, 2024.

Credit Risk

Certain of our financial assets, including cash and cash equivalents, are exposed to credit risk.

We are also exposed, in our normal course of business, to credit risk from our customers. As of September 30, 2024 and December 31, 2023, accounts receivable was net of an allowance for uncollectible accounts of \$3.0 million and \$4.7 million, respectively.

Credit risk on financial instruments arises from the potential for counterparties to default on their contractual obligations to us. We are exposed to credit risk in the event of non-performance, but do not anticipate non-performance by any of the counterparties to our financial instruments. We limit our credit risk by dealing with counterparties that are considered to be of high credit quality. In the event of non-performance by counterparties, the carrying value of our financial instruments represents the maximum amount of loss that would be incurred.

Our credit team evaluates and regularly monitors changes in the credit risk of our customers. We routinely assess the collectability of accounts receivable and maintain an adequate allowance for uncollectible accounts to address potential credit losses. The process includes a review of customer financial information and credit ratings, current market conditions as well as the expected future economic conditions that may impact the collection of trade receivables. We regularly review our customers' past due amounts through an analysis of aged accounts receivables, specific customer past due aging amounts, and the history of trade receivables written off. Upon concluding that a receivable balance is not collectible, the balance is written off against the allowance for uncollectible accounts.

Fair Value Hierarchy

The fair value of our financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation techniques we would use to determine such fair values are described as follows: Level 1—fair values determined by inputs utilizing quoted prices in active markets for identical assets or liabilities; Level 2—fair values based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable; Level 3—fair values determined by unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.

Sotera Health Company
Notes to Consolidated Financial Statements

The following table discloses the fair value of our financial assets and liabilities:

As of September 30, 2024	Fair Value			
<i>(thousands of U.S. dollars)</i>	Carrying Amount	Level 1	Level 2	Level 3
Derivatives designated as hedging instruments^(a)				
Interest rate swap liabilities	457	—	457	—
Derivatives not designated as hedging instruments^(b)				
Foreign currency forward contract assets	—	—	—	—
Foreign currency forward contract liabilities	808	—	808	—
Embedded derivative assets	1,265	—	1,265	—
Embedded derivative liabilities	1,037	—	1,037	—
Current portion of long-term debt^(c)				
Term loan, due 2031	14,795	—	15,038	—
Long-Term Debt^(c)				
Senior secured notes, due 2031	746,149	—	774,375	—
Term loan, due 2031	1,464,666	—	1,488,727	—
Finance Lease Obligations (with current portion) ^(d)	100,756	—	100,756	—

As of December 31, 2023	Fair Value			
<i>(thousands of U.S. dollars)</i>	Carrying Amount	Level 1	Level 2	Level 3
Derivatives designated as hedging instruments^(a)				
Interest rate caps	\$ 8,763	\$ —	\$ 8,763	\$ —
Interest rate swaps	1,487	—	1,487	—
Derivatives not designated as hedging instruments^(b)				
Foreign currency forward contracts	149	—	149	—
Foreign currency forward liabilities	9	—	9	—
Embedded derivative assets	1,225	—	1,225	—
Embedded derivative liabilities	405	—	405	—
Current portion of long-term debt^(c)				
Revolving credit facility	4,797	—	5,000	—
Long-Term Debt^(c)				
Term loan, due 2026	1,751,197	—	1,758,163	—
Term loan B, due 2026	472,477	—	492,500	—
Finance Lease Obligations (with current portion) ^(d)	72,564	—	72,564	—

- (a) Derivatives designated as hedging instruments are measured at fair value with changes in fair value recorded as a component of accumulated other comprehensive income (loss). Interest rate caps and swaps are valued using pricing models that incorporate observable market inputs including interest rate and yield curves.
- (b) Derivatives that are not designated as hedging instruments are measured at fair value with gains or losses recognized immediately in the Consolidated Statements of Operations and Comprehensive Income (Loss). Embedded derivatives are valued using internally developed models that rely on observable market inputs, including foreign currency forward curves. Foreign currency forward contracts are valued by reference to changes in the forward foreign currency exchange rate over the life of the contract.
- (c) Carrying amounts of current portion of long-term debt and long-term debt instruments are reported net of discounts and debt issuance costs. The estimated fair value of these instruments are based upon quoted prices for each Term Loan and the Secured Notes in inactive markets as provided by an independent fixed income security pricing service.
- (d) Fair value approximates carrying value.

Sotera Health Company
Notes to Consolidated Financial Statements

16. Segment Information

We identify our operating segments based on the way we manage, evaluate and internally report our business activities for purposes of allocating resources and assessing performance. We have three reportable segments: Sterigenics, Nordion and Nelson Labs. We have determined our reportable segments based upon an assessment of organizational structure, service types, and internally prepared financial statements. Our chief operating decision maker evaluates performance and allocates resources based on net revenues and segment income after the elimination of intercompany activities. The accounting policies of our reportable segments are the same as those described in Note 1, "Significant Accounting Policies" of the Company's annual consolidated financial statements and accompanying notes in our 2023 10-K.

Sterigenics

Sterigenics provides outsourced terminal sterilization and irradiation services for the medical device, pharmaceutical, food safety and advanced applications markets using three major technologies: gamma irradiation, EO processing and E-beam irradiation.

Nordion

Nordion is a leading global provider of Co-60 used in the sterilization and irradiation processes for the medical device, pharmaceutical, food safety, and high-performance materials industries, as well as in the treatment of cancer. In addition, Nordion is a leading global provider of gamma irradiation systems.

Nelson Labs

Nelson Labs provides outsourced microbiological and analytical chemistry testing and advisory services for the medical device and pharmaceutical industries.

Segment Revenue Concentrations

For the three months ended September 30, 2024, three customers reported within the Nordion segment individually represented 10% or more of the segment's total net revenues. These customers represented 19.5%, 11.7%, and 10.7% of the total segment's external net revenues for the three months ended September 30, 2024. For the three months ended September 30, 2023, four customers reported within the Nordion segment individually represented 10% or more of the segment's total net revenues. These customers represented 15.4%, 13.5%, 13.5%, and 11.3% of the total segment's external net revenues for the three months ended September 30, 2023.

For the nine months ended September 30, 2024, three customers reported within the Nordion segment individually represented 10% or more of the segment's total net revenues. These customers represented 18.8%, 13.8%, and 12.9% of the total segment's external net revenues for the nine months ended September 30, 2024. For the nine months ended September 30, 2023, four customers reported within the Nordion segment individually represented 10% or more of the segment's total net revenues. These customers represented 19.9%, 14.4%, 12.7%, and 12.1% of the total segment's external net revenues for the nine months ended September 30, 2023.

Sotera Health Company
Notes to Consolidated Financial Statements

Financial information for each of our segments is presented in the following table:

<i>(thousands of U.S. dollars)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Segment revenues^(a)				
Sterigenics	\$ 175,574	\$ 168,347	\$ 518,425	\$ 494,934
Nordion	51,313	40,098	116,564	80,624
Nelson Labs	58,581	54,732	175,249	163,491
Total net revenues	\$ 285,468	\$ 263,177	\$ 810,238	\$ 739,049
Segment income^(b)				
Sterigenics	\$ 95,989	\$ 93,169	\$ 278,585	\$ 267,459
Nordion	31,733	24,052	65,938	43,362
Nelson Labs	18,639	17,107	51,117	50,460
Total segment income	\$ 146,361	\$ 134,328	\$ 395,640	\$ 361,281

- (a) Revenues are reported net of intersegment sales. Our Nordion segment recognized \$15.1 million and \$11.2 million in revenues from sales to our Sterigenics segment for the three months ended September 30, 2024 and 2023, respectively, and \$43.0 million and \$28.8 million in revenues from sales to our Sterigenics segment for the nine months ended September 30, 2024 and 2023, respectively, that is not reflected in net revenues in the table above. Intersegment sales for Sterigenics and Nelson Labs are immaterial for these periods.
- (b) Segment income is only provided on a net basis to the chief operating decision maker and is reported net of intersegment profits.

Corporate operating expenses for executive management, accounting, information technology, legal, human resources, treasury, investor relations, corporate development, tax, purchasing, and marketing not directly incurred by a segment are allocated to the segments based on total net revenue. Corporate operating expenses that are directly incurred by a segment are reflected in each segment's income.

Capital expenditures by segment for the nine months ended September 30, 2024 and 2023 were as follows:

<i>(thousands of U.S. dollars)</i>	Nine Months Ended September 30,	
	2024	2023
Sterigenics	\$ 83,975	\$ 115,438
Nordion	23,409	23,875
Nelson Labs	5,816	10,836
Total capital expenditures	\$ 113,200	\$ 150,149

Total assets and depreciation and amortization expense by segment are not readily available and are not reported separately to the chief operating decision maker.

Sotera Health Company
Notes to Consolidated Financial Statements

A reconciliation of segment income to consolidated income before taxes is as follows:

(thousands of U.S. dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Segment income	\$ 146,361	\$ 134,328	\$ 395,640	\$ 361,281
Less adjustments:				
Interest expense, net ^(a)	41,572	40,627	123,731	100,225
Depreciation and amortization ^(b)	42,551	38,175	122,811	117,203
Share-based compensation ^(c)	9,860	8,378	28,723	24,135
Loss on refinancing of debt ^(d)	70	—	24,160	—
(Gain) loss on foreign currency and derivatives not designated as hedging instruments, net ^(e)	(2,231)	1,333	(1,699)	1,459
Business optimization expenses ^(f)	2,387	1,435	3,034	7,270
Professional services relating to EO sterilization facilities ^(g)	8,200	8,355	22,357	33,950
Georgia EO litigation settlement ^(h)	—	35,000	—	35,000
Secondary offering costs ⁽ⁱ⁾	562	—	1,699	—
Accretion of asset retirement obligation ^(j)	636	555	1,914	1,682
Consolidated income before taxes	\$ 42,754	\$ 470	\$ 68,910	\$ 40,357

- (a) Interest expense, net presented in this reconciliation for the three and nine months ended September 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.
- (b) Includes depreciation of Co-60 held at gamma irradiation sites. The three and nine months ended September 30, 2024 excludes accelerated depreciation associated with business optimization activities.
- (c) Represents share-based compensation expense to employees and Non-Employee Directors.
- (d) 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 nine months ended September 30, 2024 also includes \$0.7 million of debt refinancing costs related to Amendment No. 3 to the Senior Secured Credit Facilities.
- (e) 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.
- (f) 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 nine months ended September 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.
- (g) Represents litigation and other professional fees associated with our EO sterilization facilities. Amounts presented for the three and nine months ended September 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 a \$408.0 million Illinois EO litigation settlement.
- (h) Represents the cost to settle 79 pending EO claims in Georgia under a settlement term sheet entered into on December 21, 2023.
- (i) Represents expenses incurred in connection with secondary offerings of our common stock that closed on March 4, 2024 and September 6, 2024, respectively.
- (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 and are accreted over the life of the asset.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis in conjunction with our consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as the audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2023 10-K. This discussion and analysis contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of various factors, including the factors we describe in the section entitled Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q, as well as Part I, Item 1A, "Risk Factors" in our 2023 10-K.

OVERVIEW

We are a leading global provider of mission-critical end-to-end sterilization solutions, lab testing and advisory services for the healthcare industry. We are driven by our mission: Safeguarding Global Health®. We provide end-to-end sterilization as well as microbiological and analytical lab testing and advisory services to help ensure that medical, pharmaceutical and food products are safe for healthcare practitioners, patients and consumers in the United States and around the world. Our services are an essential aspect of our customers' manufacturing process and supply chains, helping to ensure sterilized medical products reach healthcare practitioners and patients. Most of these services are necessary for our customers to satisfy applicable government requirements.

We serve our customers throughout their product lifecycles, from product design to manufacturing and delivery, helping to ensure the sterility, effectiveness and safety of their products for the end user. We operate across two core businesses: sterilization services and lab services. The combination of Sterigenics, our terminal sterilization business, and Nordion, our Co-60 supply business, makes us the only vertically integrated global gamma sterilization provider in the sterilization industry. For financial reporting purposes, our sterilization services business consists of two reportable segments, Sterigenics and Nordion, and our lab services business consists of one reportable segment, Nelson Labs.

For the three and nine months ended September 30, 2024, respectively, we recorded net revenues of \$285.5 million and \$810.2 million, net income of \$17.0 million and \$32.1 million, Adjusted Net Income of \$48.9 million and \$139.8 million, and Adjusted EBITDA of \$146.4 million and \$395.6 million. For the definition of Adjusted Net Income and Adjusted EBITDA and the reconciliation of these non-GAAP measures from net income (loss), please see "Non-GAAP Financial Measures."

STRATEGIC DEVELOPMENTS AND KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following summarizes strategic developments and key factors that have impacted our operating results for the three and nine months ended September 30, 2024 and may continue to affect our performance and financial condition in future periods.

- **Business and market conditions.** Consolidated net revenues for the three and nine months ended September 30, 2024 increased 8.5% and 9.6%, respectively, compared to the same period of the prior year, mainly driven by higher volumes across all segments and favorability in pricing.

As discussed in more detail in our 2023 10-K, a portion of our supply of Co-60 is generated by Russian nuclear reactors. We continue to monitor the potential for future disruption in the supply of Co-60 from Russian nuclear reactors. There was no impact to our supply or revenue during the three and nine months ended September 30, 2024.

- **Investment initiatives.** We continue to advance our growth-related investments, including our two active capacity expansion projects within the Sterigenics segment, Co-60 development projects in the Nordion segment and lab expansion efforts to support pharma testing services in the Nelson Labs segment.
- **Disciplined and strategic M&A activity.** We remain committed to our highly disciplined acquisition strategy and continue to seek suitable acquisition targets.
- **Litigation costs.** We are currently the subject of tort lawsuits alleging injury by purported exposure to EO used, emitted or released by current facilities in Atlanta, Georgia and Los Angeles, California and our former facility in Willowbrook, Illinois. In addition, we are defendants in a lawsuit brought by the State of New Mexico Attorney General alleging that emissions of EO from our Santa Teresa facility negatively impacted Santa Teresa and surrounding communities. We maintain that these facilities did not pose and do not pose any safety risk to their surrounding communities. We deny the allegations in these lawsuits and are vigorously defending against these claims. See Part II, Item 1, "Legal Proceedings" and Note 14, "Commitments and Contingencies" to our consolidated financial statements.

For the three and nine months ended September 30, 2024, we recorded costs of \$8.2 million and \$22.4 million, respectively, representing professional fees and other expenses related to litigation associated with our EO sterilization facilities.

- **Borrowings and financial leverage.** On May 30, 2024, the Company and SHH entered into Amendment No. 4 to the Senior Secured Credit Facilities, which provided for the issuance of term loans to the Company in an aggregate principal amount of \$1.5 billion maturing on May 30, 2031. On the same date, the Company issued Secured Notes in an aggregate principal amount of \$750.0 million, which bear interest at an annual rate of 7.375% and mature on June 1, 2031. The proceeds from the Refinancing Term Loans and the issuance of the Secured Notes, along with cash on the balance sheet, were used to refinance all of the Company's previously outstanding term loans due December 2026.

CONSOLIDATED RESULTS OF OPERATIONS

Three Months Ended September 30, 2024 as compared to Three Months Ended September 30, 2023

The following table sets forth the components of our results of operations for the three months ended September 30, 2024 and 2023.

<i>(thousands of U.S. dollars)</i>	2024	2023	\$ Change	% Change
Total net revenues	\$ 285,468	\$ 263,177	\$ 22,291	8.5 %
Total cost of revenues	127,444	117,193	10,251	8.7 %
Total operating expenses	77,517	69,886	7,631	10.9 %
Operating income	80,507	76,098	4,409	5.8 %
Net income (loss)	16,998	(13,660)	30,658	(224.4)%
Adjusted Net Income^(a)	48,943	46,567	2,376	5.1 %
Adjusted EBITDA^(a)	146,361	134,328	12,033	9.0 %

^(a) Adjusted Net Income and Adjusted EBITDA are non-GAAP financial measures. For more information regarding our calculation of Adjusted Net Income and Adjusted EBITDA, including information about their limitations as tools for analysis and 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, please see the reconciliation included below in "Non-GAAP Financial Measures."

Total Net Revenues

The following table compares our revenues by type for the three months ended September 30, 2024 to the three months ended September 30, 2023.

<i>(thousands of U.S. dollars)</i>	2024	2023	\$ Change	% Change
Net revenues for the three months ended September 30,				
Service	\$ 238,790	\$ 227,120	\$ 11,670	5.1 %
Product	46,678	36,057	10,621	29.5 %
Total net revenues	\$ 285,468	\$ 263,177	\$ 22,291	8.5 %

Net revenues were \$285.5 million in the three months ended September 30, 2024, an increase of \$22.3 million, or 8.5%, as compared with the three months ended September 30, 2023. Excluding the impact of foreign currency exchange rates, net revenues in the three months ended September 30, 2024 increased approximately 8.9% compared with the three months ended September 30, 2023.

Service revenues

Service revenues increased \$11.7 million, or 5.1%, to \$238.8 million in the three months ended September 30, 2024 as compared to \$227.1 million in the three months ended September 30, 2023. The increase in net service revenues was driven by favorable pricing of \$7.4 million and \$1.7 million in the Sterigenics and Nelson Labs segments, respectively, and a favorable

impact from volume and mix of \$3.4 million across all segments. These growth factors were partially offset by a \$0.9 million unfavorable impact from changes in foreign currency exchange rates across all segments.

Product revenues

Product revenues increased \$10.6 million, or 29.5%, to \$46.7 million in the three months ended September 30, 2024 as compared to \$36.1 million in the three months ended September 30, 2023. The timing of reactor harvest schedules was the primary driver for the increase in volume and mix of \$8.6 million. In addition, Nordion benefited from favorable pricing of \$2.3 million, partially offset by a \$0.3 million unfavorable impact from changes in foreign currency exchange rates.

Total Cost of Revenues

The following table compares our cost of revenues by type for the three months ended September 30, 2024 to the three months ended September 30, 2023.

(thousands of U.S. dollars)

<u>Cost of revenues for the three months ended September 30,</u>	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Service	\$ 111,080	\$ 103,580	\$ 7,500	7.2 %
Product	16,364	13,613	2,751	20.2 %
Total cost of revenues	\$ 127,444	\$ 117,193	\$ 10,251	8.7 %

Total cost of revenues accounted for approximately 44.6% and 44.5% of our consolidated net revenues for the three months ended September 30, 2024 and 2023, respectively.

Cost of service revenues

Cost of service revenues increased \$7.5 million, or 7.2%, for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The key drivers of the increase in cost of service revenues were \$4.3 million of incremental depreciation related to capital assets recently placed in service and \$2.4 million of higher employee compensation costs.

Cost of product revenues

Cost of product revenues increased \$2.8 million, or 20.2%, for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily a result of higher volumes of Co-60 shipments, which resulted in increases in direct material and transportation costs of \$2.5 million.

The following table compares our operating expenses for the three months ended September 30, 2024 to the three months ended September 30, 2023:

(thousands of U.S. dollars)

<u>Operating expenses for the three months ended September 30,</u>	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Selling, general and administrative ("SG&A") expenses	\$ 62,009	\$ 54,112	\$ 7,897	14.6 %
Amortization of intangible assets	15,508	15,774	(266)	(1.7)%
Total operating expenses	\$ 77,517	\$ 69,886	\$ 7,631	10.9 %

Operating expenses accounted for approximately 27.2% and 26.6% of our consolidated net revenues for the three months ended September 30, 2024 and 2023, respectively.

SG&A

SG&A expenses increased \$7.9 million, or 14.6%, for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily driven by incremental SG&A related compensation costs of \$3.5 million, a \$1.5 million increase in share-based compensation expense, a \$0.9 million increase in legal and other professional service expenses and a \$0.9 million increase in depreciation for capital assets recently placed in service.

Amortization of intangible assets

Amortization of intangible assets decreased \$0.3 million, or 1.7%, to \$15.5 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 due mainly to changes in foreign currency exchange rates.

Interest Expense, Net

Interest expense, net increased \$0.9 million, or 2.3%, for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was driven by a \$3.6 million net unfavorable change from interest rate derivative activity, partially offset by a decrease in the interest rate on variable rate borrowings, resulting in \$2.4 million of decline in interest expense.

Foreign Exchange Gain

Foreign exchange gain was \$1.1 million for the three months ended September 30, 2024 as compared to a gain of \$0.4 million in the three months ended September 30, 2023. The change in foreign exchange gain in our Consolidated Statements of Operations and Comprehensive Income (Loss) mainly relates to short-term gains and losses on transactions denominated in currencies other than the functional currency of our operating entities. As described in Note 15, "Financial Instruments and Financial Risk" to our consolidated financial statements, we enter into monthly U.S. dollar-denominated foreign currency forward contracts to manage foreign currency exchange rate risk related to our international subsidiaries.

Other (Income) Expense, Net

Other income, net was \$2.8 million for the three months ended September 30, 2024 compared to other expense, net of \$0.4 million for the three months ended September 30, 2023. The fluctuation was mainly driven by changes in the fair value of the embedded derivatives in Nordion's contracts, resulting in a \$3.0 million increase in other income.

Provision for Income Taxes

Provision for income tax increased \$11.6 million to a net provision of \$25.8 million for the three months ended September 30, 2024 as compared to \$14.1 million in the three months ended September 30, 2023. The change was driven by higher pre-tax income in the three months ended September 30, 2024 compared to the three months ended September 30, 2023 (driven mainly by a \$35.0 million Georgia EO litigation settlement accrual as described in the 2023 10-K) and an incremental increase in the valuation allowance attributable to the limitation on the deductibility of interest expense.

Provision for income taxes for the three months ended September 30, 2024 differed from the statutory rate primarily due to a net increase in the valuation allowance attributable to the limitation on the deductibility of interest expense, the impact of the foreign rate differential and global intangible low-tax income ("GILTI"), partially offset by a benefit for state income taxes. Provision for income taxes for the three months ended September 30, 2023 differed from the statutory rate primarily due to a net increase in the valuation allowance attributable to the limitation on the deductibility of interest expense, the foreign rate differential, and GILTI, partially offset by a benefit for state income taxes. The increase in the valuation allowance in the three months ended September 30, 2023 was primarily due to a \$35.0 million Georgia EO litigation settlement which resulted in additional interest limitation.

Net Income (Loss), Adjusted Net Income and Adjusted EBITDA

Net income for the three months ended September 30, 2024 was \$17.0 million, as compared to a net loss of \$13.7 million for the three months ended September 30, 2023 due to the factors described above. Adjusted Net Income was \$48.9 million for the three months ended September 30, 2024, as compared to \$46.6 million for the three months ended September 30, 2023. Adjusted EBITDA was \$146.4 million for the three months ended September 30, 2024, as compared to \$134.3 million for the three months ended September 30, 2023. Please see "Non-GAAP Financial Measures" below for a reconciliation of Adjusted Net Income and Adjusted EBITDA to their most directly comparable financial measure calculated and presented in accordance with GAAP.

Nine Months Ended September 30, 2024 as compared to Nine Months Ended September 30, 2023

The following table sets forth the components of our results of operations for the nine months ended September 30, 2024 and 2023.

<i>(thousands of U.S. dollars)</i>	2024	2023	\$ Change	% Change
Total net revenues	\$ 810,238	\$ 739,049	\$ 71,189	9.6 %
Total cost of revenues	372,308	341,974	30,334	8.9 %
Total operating expenses	227,450	224,407	3,043	1.4 %
Operating income	210,480	172,668	37,812	21.9 %
Net income	32,075	12,695	19,380	152.7 %
Adjusted Net Income^(a)	139,759	137,941	1,818	1.3 %
Adjusted EBITDA^(a)	395,640	361,281	34,359	9.5 %

(a) Adjusted Net Income and Adjusted EBITDA are non-GAAP financial measures. For more information regarding our calculation of Adjusted Net Income and Adjusted EBITDA, including information about their limitations as tools for analysis and a reconciliation of net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted Net Income and Adjusted EBITDA, please see the reconciliation included below in “Non-GAAP Financial Measures.”

Total Net Revenues

The following table compares our revenues by type for the nine months ended September 30, 2024 to the nine months ended September 30, 2023.

<i>(thousands of U.S. dollars)</i>	2024	2023	\$ Change	% Change
Net revenues for the nine months ended September 30,				
Service	\$ 703,027	\$ 667,680	\$ 35,347	5.3 %
Product	107,211	71,369	35,842	50.2 %
Total net revenues	\$ 810,238	\$ 739,049	\$ 71,189	9.6 %

Net revenues were \$810.2 million in the nine months ended September 30, 2024, an increase of \$71.2 million, or 9.6%, as compared with the nine months ended September 30, 2023. Changes in foreign currency exchange rates had no material impact on consolidated net revenues in the nine months ended September 30, 2024 compared with the nine months ended September 30, 2023, although there were impacts when viewed at the segment reporting level.

Service revenues

Service revenues increased \$35.3 million, or 5.3%, to \$703.0 million in the nine months ended September 30, 2024 as compared to \$667.7 million in the nine months ended September 30, 2023. The growth in net service revenues was driven by favorable pricing of \$23.2 million and \$5.0 million in the Sterigenics and Nelson Labs segments, respectively, coupled with a favorable impact from volume and mix of \$7.3 million across all segments.

Product revenues

Product revenues increased \$35.8 million, or 50.2%, to \$107.2 million in the nine months ended September 30, 2024 as compared to \$71.4 million in the nine months ended September 30, 2023. The timing of reactor harvest schedules was the primary driver of the improvements in volume and mix of \$33.0 million along with a favorable pricing impact of \$3.6 million. Partially offsetting this increase was an unfavorable impact from changes in foreign currency exchange rates of \$0.8 million.

Total Cost of Revenues

The following table compares our cost of revenues by type for the nine months ended September 30, 2024 to the nine months ended September 30, 2023.

(thousands of U.S. dollars)

Cost of revenues for the nine months ended September 30,	2024	2023	\$ Change	% Change
Service	\$ 331,068	\$ 311,690	\$ 19,378	6.2 %
Product	41,240	30,284	10,956	36.2 %
Total cost of revenues	\$ 372,308	\$ 341,974	\$ 30,334	8.9 %

Total cost of revenues accounted for approximately 46.0% and 46.3% of our consolidated net revenues for the nine months ended September 30, 2024 and 2023, respectively.

Cost of service revenues

Cost of service revenues increased \$19.4 million, or 6.2%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The key drivers of the increase in cost of service revenues were \$10.6 million of higher employee compensation costs and \$6.5 million of incremental depreciation related to capital assets recently placed in service.

Cost of product revenues

Cost of product revenues increased \$11.0 million, or 36.2%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily a result of higher volumes of Co-60 shipments, which resulted in increases in direct material and transportation costs of \$10.2 million.

Operating Expenses

The following table compares our operating expenses for the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

(thousands of U.S. dollars)

Operating expenses for the nine months ended September 30,	2024	2023	\$ Change	% Change
Selling, general and administrative expenses	\$ 180,793	\$ 176,309	\$ 4,484	2.5 %
Amortization of intangible assets	46,657	48,098	(1,441)	(3.0)%
Total operating expenses	\$ 227,450	\$ 224,407	\$ 3,043	1.4 %

Operating expenses accounted for approximately 28.1% and 30.4% of our consolidated net revenues for the nine months ended September 30, 2024 and 2023, respectively.

SG&A expenses

SG&A expenses increased \$4.5 million, or 2.5%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was driven primarily by \$8.2 million of incremental SG&A compensation-related costs, a \$4.6 million increase in share-based compensation expense. Partially offsetting this increase was an \$8.7 million decrease in legal and other professional services expenses.

Amortization of intangible assets

Amortization of intangible assets decreased \$1.4 million or 3.0% to \$46.7 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 due to changes in foreign currency exchange rates.

Interest Expense, Net

Interest expense, net increased \$23.5 million, or 23.5%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was driven by lower favorability from interest rate derivative activity of \$12.5 million and \$10.9 million of incremental interest expense, driven by the \$500 million Term Loan that closed in February 2023 as well as higher variable interest rates on variable rate debt in the first half of 2024.

Loss on Refinancing of Debt

Loss on refinancing of debt for the nine months ended September 30, 2024 was \$24.2 million and occurred in connection with the refinancing of our capital structure in May 2024 and Amendment No. 3 to Revolving Credit Facility. The refinancing activity resulted in the write off of certain unamortized debt issuance costs and discounts on the Term Loans due 2026. In addition, certain new debt issuance costs and discounts were expensed upon the issuance of the Refinancing Term Loans and Secured Notes.

Foreign Exchange (Gain) Loss

Foreign exchange gain was \$2.2 million for the nine months ended September 30, 2024 as compared to a loss of \$0.4 million in the nine months ended September 30, 2023. The change in foreign exchange (gain) loss in our Consolidated Statements of Operations and Comprehensive Income (Loss) mainly relates to short-term losses and gains on transactions denominated in currencies other than the functional currency of our operating entities. As described in Note 15, "Financial Instruments and Financial Risk" to our consolidated financial statements, we enter into monthly U.S. dollar-denominated foreign currency forward contracts to manage foreign currency exchange rate risk of our international subsidiaries.

Other Income, Net

Other income, net increased \$0.8 million, or 23.8%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The fluctuation was mainly driven by activity in the Nordion segment, including a \$0.5 million increase in the unrealized gain on embedded derivatives.

Provision for Income Taxes

Provision for income tax increased \$9.2 million to a net provision of \$36.8 million for the nine months ended September 30, 2024 as compared to \$27.7 million for the nine months ended September 30, 2023. The change was attributable to higher pre-tax income for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 and an incremental increase in the valuation allowance attributable to the limitation on the deductibility of interest expense.

Provision for income taxes for the nine months ended September 30, 2024 differed from the statutory rate primarily due to a net increase in the valuation allowance attributable to the limitation on the deductibility of interest expense, the foreign rate differential and GILTI, partially offset by a benefit for state income taxes. Provision for income taxes for the nine months ended September 30, 2023 differed from the statutory rate primarily due to a net increase in the valuation allowance attributable to the limitation on the deductibility of interest expense and the foreign rate differential, partially offset by a benefit for state income taxes.

Net Income, Adjusted Net Income and Adjusted EBITDA

Net income for the nine months ended September 30, 2024 was \$32.1 million, as compared to net income of \$12.7 million for the nine months ended September 30, 2023 due to the factors described above. Adjusted Net Income was \$139.8 million for the nine months ended September 30, 2024, as compared to \$137.9 million for the nine months ended September 30, 2023. Adjusted EBITDA was \$395.6 million for the nine months ended September 30, 2024, as compared to \$361.3 million for the nine months ended September 30, 2023. Please see "Non-GAAP Financial Measures" below for a reconciliation of Adjusted Net Income and Adjusted EBITDA to their most directly comparable financial measure calculated and presented in accordance with GAAP.

SEGMENT RESULTS OF OPERATIONS

We have three reportable segments: Sterigenics, Nordion and Nelson Labs. Our chief operating decision maker evaluates performance and allocates resources within our business based on Segment Income, which excludes certain items which are included in income before tax as determined in our Consolidated Statements of Operations and Comprehensive Income (Loss). The accounting policies for our reportable segments are the same as those for the consolidated Company.

Our Segments

Sterigenics

Sterigenics provides outsourced terminal sterilization and irradiation services for the medical device, pharmaceutical, food safety and advanced applications markets using three major technologies: gamma irradiation, EO processing and E-beam irradiation.

Nordion

Nordion is a leading global provider of Co-60 used in the sterilization and irradiation processes for the medical device, pharmaceutical, food safety, and high-performance materials industries, as well as in the treatment of cancer. In addition, Nordion is a leading global provider of gamma irradiation systems.

As a result of the time required to meet regulatory and logistics requirements for delivery of radioactive products, combined with accommodations made to our customers to minimize disruptions to their operations during the installation of Co-60, Nordion sales patterns can often vary significantly from one quarter to the next. However, timing-related impacts on our sales performance tend to be resolved within several quarters, resulting in more consistent performance over longer periods of time. In addition, sales of gamma irradiation systems occur infrequently and tend to be for larger amounts.

Results for our Nordion segment are also impacted by Co-60 mix, harvest schedules, as well as customer, product and service mix.

Nelson Labs

Nelson Labs provides outsourced microbiological and analytical chemistry testing and advisory services for the medical device and pharmaceutical industries.

For more information regarding our reportable segments, please refer to Note 16, “Segment Information” to our consolidated financial statements.

Segment Results for the Three Months Ended September 30, 2024 and 2023

The following tables compare segment net revenue and segment income for the three months ended September 30, 2024 to the three months ended September 30, 2023:

<i>(thousands of U.S. dollars)</i>	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
Net Revenues				
Sterigenics	\$ 175,574	\$ 168,347	\$ 7,227	4.3 %
Nordion	51,313	40,098	11,215	28.0 %
Nelson Labs	58,581	54,732	3,849	7.0 %
Segment Income				
Sterigenics	\$ 95,989	\$ 93,169	\$ 2,820	3.0 %
Nordion	31,733	24,052	7,681	31.9 %
Nelson Labs	18,639	17,107	1,532	9.0 %
Segment Income margin				
Sterigenics	54.7 %	55.3 %		
Nordion	61.8 %	60.0 %		
Nelson Labs	31.8 %	31.3 %		

Net Revenues by Segment

Sterigenics net revenues were \$175.6 million for the three months ended September 30, 2024, an increase of \$7.2 million, or 4.3%, as compared to the three months ended September 30, 2023. The increase was mainly attributable to a 4.4% favorable impact from pricing and a 0.5% increase in volume and mix, partially offset by a 0.6% decrease due to changes in foreign currency exchange rates.

Nordion net revenues were \$51.3 million for the three months ended September 30, 2024, an increase of \$11.2 million, or 28.0%, as compared to the three months ended September 30, 2023. The increase was primarily attributable to changes in volume and mix of 23.2% and favorable pricing of 5.7%, partially offset by a 0.9% unfavorable impact from changes in foreign currency exchange rates.

Nelson Labs net revenues were \$58.6 million for the three months ended September 30, 2024, an increase of \$3.8 million, or 7.0%, as compared to the three months ended September 30, 2023. The increase was attributable to favorable changes in volume and mix of 3.7% and a favorable impact from pricing of 3.1%.

Segment Income

Sterigenics segment income was \$96.0 million for the three months ended September 30, 2024, an increase of \$2.8 million, or 3.0%, as compared to the three months ended September 30, 2023. The increase in segment income was primarily a result of favorable customer pricing as well as volume and mix. Increases in employee compensation costs negatively impacted segment income and segment income margin.

Nordion segment income was \$31.7 million for the three months ended September 30, 2024, an increase of \$7.7 million, or 31.9%, as compared to the three months ended September 30, 2023. The timing of reactor harvest schedules was a primary driver for the increase in segment income and segment income margin, as well as favorable pricing, partially offset by unfavorable changes in foreign currency exchange rates.

Nelson Labs segment income was \$18.6 million for the three months ended September 30, 2024, an increase of \$1.5 million, or 9.0%, as compared to the three months ended September 30, 2023. The increase in segment income and segment income margin was primarily a result of favorable pricing, volume and mix, and improvements in labor productivity, partially offset by increases in employee compensation costs.

Segment Results for the Nine Months Ended September 30, 2024 and 2023

The following tables compare segment net revenue and segment income for the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023		
<i>(thousands of U.S. dollars)</i>				
Net Revenues				
Sterigenics	\$ 518,425	\$ 494,934	\$ 23,491	4.7 %
Nordion	116,564	80,624	35,940	44.6 %
Nelson Labs	175,249	163,491	11,758	7.2 %
Segment Income				
Sterigenics	\$ 278,585	\$ 267,459	\$ 11,126	4.2 %
Nordion	65,938	43,362	22,576	52.1 %
Nelson Labs	51,117	50,460	657	1.3 %
Segment Income margin				
Sterigenics	53.7 %	54.0 %		
Nordion	56.6 %	53.8 %		
Nelson Labs	29.2 %	30.9 %		

Net Revenues by Segment

Sterigenics net revenues were \$518.4 million for the nine months ended September 30, 2024, an increase of \$23.5 million, or 4.7%, as compared to the nine months ended September 30, 2023. The increase was mainly attributable to a 4.7% favorable impact from pricing.

Nordion net revenues were \$116.6 million for the nine months ended September 30, 2024, an increase of \$35.9 million, or 44.6%, as compared to the nine months ended September 30, 2023. The increase was driven by favorable changes in volume and mix of 41.1% and pricing of 4.4%. Partially offsetting this decrease was an unfavorable impact from changes in foreign currency exchange rates of 0.9%.

Nelson Labs net revenues were \$175.2 million for the nine months ended September 30, 2024, an increase of \$11.8 million, or 7.2%, as compared to the nine months ended September 30, 2023. The increase was attributable to favorable changes in volume and mix of 4.1% and a favorable impact from pricing of 3.0%.

Segment Income

Sterigenics segment income was \$278.6 million for the nine months ended September 30, 2024, an increase of \$11.1 million, or 4.2%, as compared to the nine months ended September 30, 2023. The increase in segment income was fueled mainly by favorable pricing, partially offset by ongoing pressure from inflation and higher employee compensation costs.

Nordion segment income was \$65.9 million for the nine months ended September 30, 2024, an increase of \$22.6 million, or 52.1%, as compared to the nine months ended September 30, 2023. The timing of reactor harvest schedules was a primary driver for the increase in segment income and segment income margin.

Nelson Labs segment income was \$51.1 million for the nine months ended September 30, 2024, an increase of \$0.7 million, or 1.3%, as compared to the nine months ended September 30, 2023. The increase in segment income was mainly attributable to favorable pricing and labor productivity improvements. The decline in segment income margin was primarily due to the impact of volume and mix, as well as increases in employee compensation costs, partially offset by favorable pricing.

NON-GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements presented in accordance with GAAP, we consider Adjusted Net Income and Adjusted EBITDA, financial measures that are not based on any standardized methodology prescribed by GAAP.

We define Adjusted Net Income as net income before amortization and certain other adjustments that we do not consider in our evaluation of our ongoing operating performance from period to period as discussed further below. We define Adjusted EBITDA as Adjusted Net Income before interest expense, depreciation (including depreciation of Co-60 used in our operations) and income tax provision applicable to Adjusted Net Income.

We use Adjusted Net Income and Adjusted EBITDA, non-GAAP financial measures, as the principal measures of our operating performance. Management believes Adjusted Net Income and Adjusted EBITDA are useful because they allow management to more effectively evaluate our operating performance and compare the results of our operations from period to period without the impact of certain non-cash items and non-routine items that we do not expect to continue at the same level in the future and other items that are not core to our operations. We believe that these measures are useful to our investors because they provide a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. In addition, we believe Adjusted Net Income and Adjusted EBITDA 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 Adjusted Net Income and Adjusted EBITDA in their financial analysis and operational decision-making, and Adjusted EBITDA serves as the basis for the metric we utilize to determine attainment of our primary annual incentive program. Adjusted Net Income and Adjusted EBITDA may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

Adjusted Net Income and Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted Net Income and Adjusted EBITDA rather than net income, the nearest GAAP equivalent. For example, Adjusted Net Income and Adjusted EBITDA primarily exclude:

- certain recurring non-cash charges such as depreciation of fixed assets, although these assets may have to be replaced in the future, as well as amortization of acquired intangible assets and asset retirement obligations;
- costs of acquiring and integrating businesses, which will continue to be a part of our growth strategy;
- non-cash gains or losses from fluctuations in foreign currency exchange rates, and the mark-to-fair value of derivatives not designated as hedging instruments, which includes the embedded derivatives relating to certain customer and supply contracts at Nordion;
- impairment charges on long-lived assets, intangible assets and investments accounted for under the equity method;
- loss on refinancing of debt incurred in connection with refinancing or early extinguishment of long-term debt;
- expenses incurred in connection with the secondary offering of our common stock;
- expenses and charges related to the litigation, settlement agreements, and other activities associated with our EO sterilization facilities, including those related to Willowbrook, Illinois, Atlanta, Georgia, Santa Teresa, New Mexico and Los Angeles, California, even though that litigation remains ongoing;

- in the case of Adjusted EBITDA, interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness; and
- share-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense and an important part of our compensation strategy.

In evaluating Adjusted Net Income and Adjusted EBITDA, you should be aware that in the future, we will incur expenses similar to the adjustments in the table below. Our presentations of Adjusted Net Income and Adjusted EBITDA should not be construed as suggesting that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider Adjusted Net Income and Adjusted EBITDA alongside other financial performance measures, including our net income (loss) and other GAAP measures.

The following table presents 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, for each of the periods indicated:

<i>(thousands of U.S. dollars)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 16,998	\$ (13,660)	\$ 32,075	\$ 12,695
Amortization of intangibles	19,858	20,181	59,737	61,290
Share-based compensation ^(a)	9,860	8,378	28,723	24,135
Loss on refinancing of debt ^(b)	70	—	24,160	—
Loss (gain) on foreign currency and derivatives not designated as hedging instruments, net ^(c)	(2,231)	1,333	(1,699)	1,459
Business optimization project expenses ^(d)	2,387	1,435	3,034	7,270
Professional services relating to EO sterilization facilities ^(e)	8,200	8,355	22,357	33,950
Georgia EO litigation settlement ^(f)	—	35,000	—	35,000
Secondary offering costs ^(g)	562	—	1,699	—
Accretion of asset retirement obligations ^(h)	636	555	1,914	1,682
Income tax benefit associated with pre-tax adjustments ⁽ⁱ⁾	(7,397)	(15,010)	(32,241)	(39,540)
Adjusted Net Income	48,943	46,567	139,759	137,941
Interest expense, net ^(j)	41,572	40,627	123,731	100,225
Depreciation ^(k)	22,693	17,994	63,074	55,913
Income tax provision applicable to Adjusted Net Income ^(l)	33,153	29,140	69,076	67,202
Adjusted EBITDA^(m)	\$ 146,361	\$ 134,328	\$ 395,640	\$ 361,281

- (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 nine months ended September 30, 2024 also 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 nine months ended September 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 nine months ended September 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 a \$408.0 million Illinois EO litigation settlement.
- (f) Represents the cost to settle 79 pending EO claims in Georgia under a settlement term sheet entered into on December 21, 2023.

- (g) Represents expenses incurred in connection with secondary offerings of our common stock that closed on March 4, 2024 and September 6, 2024, respectively.
- (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 and are accreted over the life of the asset.
- (i) 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.
- (j) Interest expense, net presented in this reconciliation for the three and nine months ended September 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.
- (k) Includes depreciation of Co-60 held at gamma irradiation sites. The three and nine months ended September 30, 2024 excludes accelerated depreciation associated with business optimization activities.
- (l) 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 (i).
- (m) \$25.8 million and \$22.4 million of the adjustments for the three months ended September 30, 2024 and 2023, respectively, and \$73.0 million and \$69.7 million of the adjustments for the nine months ended September 30, 2024 and 2023, respectively, are included in cost of revenues, primarily consisting of amortization of intangible assets, depreciation, and accretion of asset retirement obligations.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Cash

The primary sources of liquidity for our business are cash flows from operations and borrowings under our credit facilities. As of September 30, 2024, we had \$306.7 million of unrestricted cash and cash equivalents. This is a decrease of \$10.3 million from the balance at December 31, 2023. The decrease in unrestricted cash and cash equivalents was a result of \$113.2 million in cash paid for capital expenditures, \$44.0 million in cash used in financing activities, partially offset by \$168.4 million of cash flows provided by operating activities, which includes a \$35.0 million payment of the Georgia EO litigation settlement in January 2024. Our foreign subsidiaries held cash of approximately \$297.8 million at September 30, 2024 and \$224.1 million at December 31, 2023. No material restrictions exist to accessing cash held by our foreign subsidiaries notwithstanding any potential tax consequences.

As described in more detail below, on March 1, 2024, the Company and SHH entered into Amendment No. 3 to the Revolving Credit Facility. Amendment No. 3 did not materially change to the terms and conditions of the Credit Agreement, including with respect to the amount of commitments under the Revolving Credit Facility, which remains \$423.8 million.

As discussed below, on May 30, 2024 the Company and SHH closed on the Refinancing Term Loans in an aggregate principal amount of \$1,509.4 million as well as an issuance of Secured Notes in an aggregate principal amount of \$750.0 million, both of which mature in 2031. The Company used the net proceeds from the Refinancing Term Loans and Secured Notes, along with cash on hand, to refinance its previously outstanding \$1,763.1 million and \$496.3 million Term Loans due 2026.

Uses of Cash

We expect that cash on hand, operating cash flows and amounts available under our credit facilities will provide sufficient working capital to operate our business, meet foreseeable liquidity requirements (inclusive of debt service on our long-term debt), make expected capital expenditures including investments in fixed assets to build and/or expand existing facilities, and meet litigation costs that we expect to continue to incur for at least the next twelve months and the foreseeable future thereafter. Our primary long-term liquidity requirements beyond the next twelve months will be to service our debt, make capital expenditures, and fund suitable business acquisitions. As of September 30, 2024, there were no outstanding borrowings on the Revolving Credit Facility. We expect any excess cash provided by operations will be allocated to fund capital expenditures, potential acquisitions, or for other general corporate purposes. Our ability to meet future working capital, capital expenditures and debt service requirements will depend on our future financial performance, which will be affected by a range of macroeconomic, competitive and business factors, including interest rate changes and changes in our industry, many of which are outside of our control. As of September 30, 2024, our interest rate derivatives limit our cash flow exposure of our variable rate borrowings under the Term Loans. Refer to Note 15, "Financial Instruments and Financial Risk", "Derivative Instruments" to our consolidated financial statements for additional information about changes in interest rate risk.

Capital Expenditures

Our capital expenditure program is a component of our long-term strategy. This program includes, among other things, investments in new and existing facilities, business expansion projects, Co-60 used by Sterigenics at its gamma irradiation facilities, cobalt development projects and information technology enhancements. During the nine months ended September 30, 2024, our capital expenditures amounted to \$113.2 million, compared to \$150.1 million for the nine months ended September 30, 2023.

Cash Flow Information

(thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2024	2023
Net Cash Provided by (Used in):		
Operating activities	\$ 168,447	\$ (260,855)
Investing activities	(113,126)	(150,080)
Financing activities	(44,016)	269,752
Effect of foreign currency exchange rate changes on cash and cash equivalents	(4,477)	(2,577)
Net increase (decrease) in cash and cash equivalents, including restricted cash	\$ 6,828	\$ (143,760)

Operating activities

Cash flows from operating activities increased \$429.3 million to net cash provided of \$168.4 million in the nine months ended September 30, 2024 compared to net cash used of \$260.9 million for the nine months ended September 30, 2023. The increase in cash flows from operating activities in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 was primarily due to the timing of the settlement fund release of approximately \$408.0 million on June 30, 2023 in connection with the settlements of the Illinois EO claims and an increase in operating income of \$37.8 million in the nine months ended September 30, 2024 compared to the same period in the prior year.

Investing activities

Cash used by investing activities decreased \$37.0 million to net cash used of \$113.1 million in the nine months ended September 30, 2024 compared to \$150.1 million for the nine months ended September 30, 2023. The variance was primarily driven by a decrease in cash paid for capital expenditures of \$36.9 million in the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023.

Financing activities

Cash used in financing activities was \$44.0 million for the nine months ended September 30, 2024 compared to net cash provided by financing activities of \$269.8 million for the nine months ended September 30, 2023, resulting in a net change of \$313.8 million. The difference was mainly attributable to \$298.8 million of debt proceeds (net of repayments) in the nine months ended September 30, 2023 compared to \$1.3 million of debt repayments (net of debt proceeds) in the nine months ended September 30, 2024. Cash outflows for debt issuance costs also increased \$6.4 million during the nine months ended September 30, 2024 compared to the same period in the prior year. In addition, a purchase option for a leased facility was exercised in the first quarter of 2024 resulting in a \$6.7 million cash outflow.

Debt Facilities

Senior Secured Credit Facilities

On December 13, 2019, Sotera Health Holdings, LLC (“SHH”), our wholly owned subsidiary, entered into senior secured first lien credit facilities (the “Senior Secured Credit Facilities”), consisting of both a prepayable senior secured first lien term loan (the “Term Loan”) and a senior secured first lien revolving credit facility (the “Revolving Credit Facility”) pursuant to a first lien credit agreement (the “Credit Agreement”). The total borrowing capacity under the Revolving Credit Facility is \$423.8 million. The Senior Secured Credit Facilities also provide SHH the right at any time and under certain conditions to request

incremental term loans or incremental revolving credit commitments based on a formula defined in the Senior Secured Credit Facilities.

On May 30, 2024, the Company and SHH entered into Amendment No. 4 (“Amendment No. 4”) to the Senior Secured Credit Facilities. Among other changes, Amendment No. 4 provides for term loans (the “Refinancing Term Loans”) to SHH in an aggregate principal amount of \$1,509.4 million. Pursuant to Amendment No. 4, the Refinancing Term Loans shall have an applicable interest rate margin per annum equal to (i) ABR plus 2.25% for ABR Loans (as defined in the Credit Agreement), (ii) daily simple Secured Overnight Financing Rate (“SOFR”) plus 3.25% for RFR Loans (as defined in the Credit Agreement) and (iii) Term SOFR plus 3.25% for Term Benchmark Loans (as defined in the Credit Agreement), in each case with a 0.00% applicable floor and the applicable interest rate margin shall be subject to a pricing step-down of 0.25% when the Senior Secured Leverage Ratio (as defined in the Credit Agreement) is less than or equal to 3.30:1.00. The Refinancing Term Loans are also subject to a “soft call” premium of 1.00% for certain repricing transactions with respect to the Refinancing Term Loans that occur within the six-month period after the effective date of Amendment No. 4. The Refinancing Term Loans amortize at a rate of 1.00% per annum and mature on May 30, 2031. The weighted average interest rate on borrowings under the Refinancing Term Loans for the three and nine months ended September 30, 2024 was 8.56%.

On May 30, 2024, SHH, the Company and certain subsidiaries of the Company (the “Guarantors”), and Wilmington Trust, National Association, as trustee, paying agent, registrar, transfer agent and notes collateral agent, entered into an indenture (the “Indenture”) governing SHH’s newly issued \$750.0 million aggregate principal amount of 7.375% senior secured notes due 2031 (the “Secured Notes”). The Secured Notes will pay interest semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2024, at a rate of 7.375% per year, and will mature on June 1, 2031. The Secured Notes may be redeemed, at any time or from time to time, in whole or in part, on or after June 1, 2027 at the redemption prices specified in the Indenture, together with accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. At any time or from time to time, prior to June 1, 2027, the Secured Notes may be redeemed, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount thereof plus a make-whole premium, together with accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. In addition, at any time or from time to time, prior to June 1, 2027, SHH may redeem up to 40% of the aggregate principal amount of the Secured Notes (including any additional Secured Notes issued under the Indenture) with an amount not to exceed the net cash proceeds from certain equity offerings at a redemption price equal to 107.375% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. Further, at any time or from time to time, on or before June 1, 2027, SHH may redeem up to 10% of the then outstanding aggregate principal amount of Secured Notes (including any additional Secured Notes issued under the Indenture) during each of the twelve-month periods after the issue date, at a redemption price equal to 103% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date.

The obligations under the Indenture are secured pursuant to a security agreement, dated as of May 30, 2024, by and among SHH, the Company, the other grantors party thereto, and Wilmington Trust, National Association (the “Security Agreement”), as may be amended from time to time, and related financing statements.

The Company used the combined net proceeds from the Refinancing Terms Loans and Secured Notes, along with cash on hand, to refinance its previously outstanding \$1,763.1 million Term Loan due 2026 and \$496.3 million Term Loan B due 2026.

On March 1, 2024, the Company and SHH entered into Amendment No. 3 (“Amendment No. 3”) to the Revolving Credit Facility. Among other changes, Amendment No. 3 provides (i) for new commitments under the existing Revolving Credit Facility to replace the existing revolving commitments in an aggregate principal amount of \$83.0 million, (ii) that certain of the lenders providing revolving credit commitments shall also provide additional commitments for the issuance of letters of credit under the Revolving Credit Facility in an aggregate principal amount of \$37.5 million and (iii) for the extension of the maturity date of the Revolving Credit Facility to March 1, 2029.

The Senior Secured Credit Facilities and the Indenture contain additional covenants that, among other things, restrict, subject to certain exceptions, limitations and qualifications, our ability and the ability of our restricted subsidiaries to engage in certain activities, such as incur additional indebtedness or permit to exist any lien on any property or asset now owned or hereafter acquired, as specified in the Senior Secured Credit Facilities and the Indenture. The Senior Secured Credit Facilities and the Indenture also contain certain customary affirmative covenants and events of default, including upon a change of control. In addition, an event of default under the Senior Secured Credit Facilities and the Indenture would occur if the Company or certain of its subsidiaries received one or more enforceable judgments for payment in an aggregate amount in excess of the greater of (i) \$162.6 million or (ii) 30.0% of consolidated EBITDA or LTM EBITDA (as defined in the Credit Agreement and the Indenture, respectively) and the judgments were not stayed or remained undischarged for a period of 60 consecutive days. As of

September 30, 2024, we were in compliance with all of the covenants under the Senior Secured Credit Facilities and the Indenture.

All of SHH's obligations under the Senior Secured Credit Facilities and the Indenture are unconditionally guaranteed by the Company and each existing and subsequently acquired or organized direct or indirect wholly-owned domestic restricted subsidiary of the Company, with customary exceptions including, among other things, where providing such guarantees is not permitted by law, regulation or contract or would result in material adverse tax consequences. All obligations under the Senior Secured Credit Facilities and the Indenture, and the guarantees of such obligations, are secured by substantially all assets of the borrower and guarantors, subject to permitted liens and other exceptions and exclusions, as outlined in the Senior Secured Credit Facilities, the Indenture and the Security Agreement.

Outstanding letters of credit are collateralized by encumbrances against the Revolving Credit Facility and the collateral pledged thereunder, or by cash placed on deposit with the issuing bank. As of September 30, 2024, the Company had \$23.9 million of letters of credit issued against the Revolving Credit Facility, resulting in total availability under the Revolving Credit Facility of \$399.9 million.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements and related disclosures in conformity with GAAP requires management to make judgments, estimates and assumptions at a specific point in time and in certain circumstances that affect amounts reported in the accompanying consolidated financial statements. In preparing these consolidated financial statements, management has made its best estimates and judgments of certain amounts, giving due consideration to materiality. The application of accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

A comprehensive discussion of the Company's critical accounting policies and management estimates made in connection with the preparation of the financial statements is included in Item 7 of 2023 10-K. There have been no significant changes in critical accounting policies, management estimates or accounting policies since the year ended December 31, 2023.

NEW ACCOUNTING PRONOUNCEMENTS

For a description of recent accounting pronouncements applicable to our business, see Note 2, "Recent Accounting Standards" to our consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risks are described within "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A of our 2023 Form 10-K. These market risks have not materially changed for the three and nine months ended September 30, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's "disclosure controls and procedures," (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")). Based upon their evaluation, the CEO and CFO concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"), and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control

During the three months ended September 30, 2024, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be subject to various legal proceedings arising in the ordinary course of our business, including claims relating to personal injury, property damage, workers' compensation and employee safety and our disclosures as a Nasdaq-listed, publicly-traded company. In addition, from time to time, we receive communications from government or regulatory agencies concerning investigations or allegations of noncompliance with laws or regulations in jurisdictions in which we operate. At this time, and except as is noted herein, we are unable to predict the outcome of, and cannot reasonably estimate the impact of, any pending litigation matters, matters concerning allegations of non-compliance with laws or regulations and matters concerning other allegations of other improprieties, or the incidence of any such matters in the future. Information regarding our material legal proceedings is included below.

Legal Proceedings Described in Note 14, "Commitments and Contingencies", to Our Consolidated Financial Statements

Note 14, "Commitments and Contingencies" to our consolidated financial statements for the three and nine months ended September 30, 2024 contained in this Quarterly Report on Form 10-Q includes information on legal proceedings that constitute material contingencies for financial reporting purposes that could have a material effect on our financial condition or results of operations. This item should be read in conjunction with Note 14, "Commitments and Contingencies" for information regarding the following legal proceedings, which information is incorporated into this item by reference:

- Ethylene Oxide Tort Litigation – Illinois, Georgia, California and New Mexico;
- Insurance Coverage for Environmental Liabilities; and
- Sotera Health Company Securities Litigation and Related Matters.

Legal Proceedings That Are Not Described in Note 14, "Commitments and Contingencies" to Our Consolidated Financial Statements

In addition to the matters that are identified in Note 14, "Commitments and Contingencies" to our consolidated financial statements for the three and nine months ended September 30, 2024 contained in this Quarterly Report on Form 10-Q, and incorporated into this item by reference, the following matters also constitute material pending legal proceedings, other than ordinary course litigation incidental to our business, to which we are or any of our subsidiaries is a party. SEC regulations require disclosure of environmental proceedings that involve a government authority and potential monetary sanctions that the Company reasonably believes will exceed a specified threshold. Effective January 1, 2024, except for the previously disclosed Notices of Violation issued to Sterigenics' facilities in Los Angeles, California and Ontario, California (as described below), the Company uses a threshold of \$1.0 million to determine whether the disclosure of any such proceedings is required because we believe matters under this threshold are not material to the Company.

Notices of Violation at Vernon and Ontario, California Ethylene Oxide Sterilization Facilities

In 2022, the South Coast Air Quality Management District ("SCAQMD") in Southern California initiated an investigation into EO sterilization facilities located in the SCAQMD region, including Sterigenics' facilities in Vernon and Ontario, California. In connection with this investigation, SCAQMD issued ten NOVs to the Vernon and Ontario facilities alleging violations of SCAQMD operational, maintenance, permitting and reporting requirements and that levels of ambient EO detected by SCAQMD during 2022 caused a public nuisance for off-site workers around the facilities. In August 2024, Sterigenics and SCAQMD entered into a settlement agreement pursuant to which Sterigenics paid \$587,800 to settle seven of the NOVs, excluding the three NOVs alleging a public nuisance (which SCAQMD elected not to prosecute and therefore are expressly not part of the basis for the settlement). The settlement agreement expressly provides that Sterigenics denies any liability and that the agreement is not to be construed as an admission of liability or violations of SCAQMD's requirements.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, "Risk Factors," of our 2023 10-K filed with the SEC on February 27, 2024, and Part II, Item 1A, "Risk Factors," of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024, filed with the SEC on May 2, 2024.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as that term is defined in Regulation S-K, Item 408).

Amended and Restated Bylaws

As part of a broader review of its governance practices and in response to amendments to the federal proxy rules adopted by the SEC, on November 4, 2024, the Board of Directors of the Company, acting upon the recommendation of the Nominating and Corporate Governance Committee of the Board, approved the amendment and restatement of the Company's Amended and Restated Bylaws, effective as of such date (as amended and restated, the "Amended and Restated Bylaws").

The Amended and Restated Bylaws, among other things:

- address matters relating to Rule 14a-19 under the Exchange Act, as amended (the "Universal Proxy Rule"), including requiring that any stockholder submitting a nomination notice make a representation as to whether such stockholder intends to solicit proxies in support of director nominees other than the Company's nominees in accordance with the Universal Proxy Rule;
- require additional disclosures and acknowledgments from nominating or proposing stockholders, proposed nominees and associated persons, including regarding compliance with the Universal Proxy Rule with respect to nominating stockholders;
- enhance the existing procedural mechanics in connection with stockholder nominations of directors and submission of stockholder proposals made in connection with meetings of stockholders;
- require that any stockholder directly or indirectly soliciting proxies from other stockholders use a proxy card color other than white, with the white proxy card being reserved for exclusive use by the Board;
- require that any proposed director nominee submit to interviews with the Board or a committee;
- modify the provisions relating to the adjournment procedures for meetings of stockholders to reflect recent amendments to the General Corporation Law of the State of Delaware; and
- incorporate certain administrative, modernizing, clarifying, and conforming changes.

The foregoing general description of the Amended and Restated Bylaws is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws, which are attached as Exhibit 3.1 to this Quarterly Report on Form 10-Q and are incorporated by reference herein.

Item 6. Exhibits.

The exhibits listed in the following Exhibit Index are filed, furnished, or incorporated by reference as part of this Quarterly Report on Form 10-Q.

Exhibit No	Description of Exhibits	Incorporated by Reference				Furnished/Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Bylaws of Sotera Health Company					*
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
32.1	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
101.INS	Inline XBRL Instance Document - The XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed Herewith

** Furnished Herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOTERA HEALTH COMPANY

By: /s/ Jonathan M. Lyons
Name: Jonathan M. Lyons
Title: Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 5, 2024

**AMENDED AND RESTATED BYLAWS
OF
SOTERA HEALTH COMPANY**

(as of November 4, 2024)

ARTICLE I

OFFICES

1.1 Registered Office. The registered office of Sotera Health Company (the “Corporation”) shall be fixed in the Corporation’s certificate of incorporation (as amended and/or restated from time to time, and including any certificates of designation then in effect, the “Certificate of Incorporation”).

1.2 Other Offices. The Board of Directors of the Corporation (the “Board”) may at any time establish other offices at any place or places where the Corporation is qualified to do business.

ARTICLE II

STOCKHOLDERS

2.1 Annual Meeting. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date and at a time designated by the Board. The Board may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

2.2 Special Meetings. Special meetings of stockholders may only be called in the manner provided in the Certificate of Incorporation. Any special meeting of the stockholders shall be held on the date and at the time determined by the Board or as the Chief Executive Officer (the “CEO”) or the Chairperson of the Board (the “Chairperson”) or the Secretary of the Corporation (the “Secretary”) shall designate and state in the notice of the meeting. The Board may postpone, reschedule or cancel any such meeting scheduled by the Board, the CEO or the Chairperson; provided, however, that with respect to any special meeting of stockholders previously scheduled at the request of the holders of a majority in voting power of the outstanding stock of the Corporation entitled to vote generally in the election of directors in accordance with the Certificate of Incorporation, the Board shall not postpone, reschedule or cancel such special meeting without the prior written consent of such stockholders. Business transacted at any such meeting shall be limited to the purpose(s) stated in the notice.

2.3 Place of Meetings. Meetings of stockholders shall be held at any place, either within or without the State of Delaware, or by remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (as in effect from time to time, the “DGCL”), as determined by the Board and as specified in the notice of meeting. In the absence of

such a determination, a meeting of stockholders shall be held at the principal executive office of the Corporation.

2.4 Notice of Meetings.

(a) Except as otherwise required by applicable law or as provided in these Bylaws or the Certificate of Incorporation, notice of the date, time and place or means of remote communication of all meetings of stockholders and the record date for determining stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting) shall be delivered no fewer than 10 nor more than 60 days before the meeting date to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting. The notice of a special meeting shall state, in addition to the foregoing, the purpose or purposes for which the meeting is called.

(b) Notices pursuant to this Section 2.4 are deemed given (i) if by mail, when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation or, if a stockholder has filed with the Secretary a written request that notices to such stockholder be mailed to some other address, then directed to such stockholder at such other address; (ii) if by overnight courier, the earlier of when the notice is received or left at such stockholder's address; (iii) if by facsimile, when directed to a number at which the stockholder has consented to receive notice, including pursuant to the Stockholders' Agreement by and among the Corporation, the Sponsors (as defined in the Certificate of Incorporation) and the other stockholders party thereto from time to time (as the same may be amended, modified, supplemented and/or restated from time to time, the "Stockholders' Agreement"); (iv) if by electronic mail, when directed to such stockholder's electronic mail address (including any address provided pursuant to the Stockholders' Agreement) unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or if such notice is prohibited by the DGCL; (v) if by posting on an electronic network together with a separate notice to the stockholder of such specific posting, upon the later to occur of (A) such posting and (B) the giving of such separate notice of such posting; and (vi) if by any other form of electronic transmission, when directed to the stockholder as required by law and, to the extent required by applicable law, in the manner consented to by the stockholder, including pursuant to the Stockholders' Agreement. An affidavit of the mailing or other means of giving any notice of any stockholders' meeting, executed by the Secretary, an Assistant Secretary or any transfer agent of the Corporation giving the notice, shall be *prima facie* evidence of the giving of such notice or report. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Securities Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder, the "Exchange Act"), and Section 233 of the DGCL.

2.5 Notice of Adjourned Meeting. If an annual or special meeting of stockholders is adjourned to a different date, time or place (if any) (including an adjournment taken to address a technical failure to convene or continue a meeting using remote communication), notice of the adjourned meeting need not be given if the date, time, place (if any) thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are (i) announced at the meeting at which the

adjournment is taken, (ii) displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxy holders to participate in the meeting by means of remote communication or (iii) set forth in the notice of meeting given in conformity with this Article II; provided, however, that if the adjournment lasts for more than 30 days, or if a new record date for determining stockholders entitled to vote at the meeting is fixed for the adjourned meeting, notice of the adjourned meeting shall be given in conformity with this Article II. At the adjourned meeting, any business may be transacted which could have been transacted at the original meeting.

2.6 Waiver of Notice. Notice of a meeting of stockholders shall not be required to be given to any stockholder who attends such meeting in person or by proxy and does not, at the beginning of such meeting, object to the transaction of any business because the meeting has not been lawfully called or convened, or who, either before or after the meeting, waives notice in writing or by electronic transmission. Any stockholder so waiving notice of a meeting shall be bound by the proceedings of such meeting in all respects as if due notice thereof had been given.

2.7 Quorum.

(a) Unless a different quorum is required by applicable law, the Certificate of Incorporation or the rules or regulations of any stock exchange applicable to the Corporation, at any meeting of stockholders, the holders of a majority of the voting power of the outstanding shares of capital stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum. Where a separate vote by one or more series or classes is required, a majority of the voting power of the outstanding shares of such one or more series or classes present in person or by proxy shall constitute a quorum entitled to take action with respect to the vote on such matter. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

(b) If a quorum is not present at a meeting, the chair of the meeting or the holders of a majority of the voting power of the outstanding shares of capital stock present in person or by proxy at the meeting may adjourn the meeting to another place, if any, date or time, without notice other than as specified in Section 2.5.

2.8 Organization. The Chairperson or such person as the Chairperson has designated or, in his or her absence, such person as the Board has designated or, in his or her absence, the CEO or, in his or her absence, such person as has been chosen by the holders of a majority of the voting power of the outstanding shares of capital stock present in person or by proxy at the meeting shall call to order any meeting of stockholders and act as chair of the meeting. In the absence of the Secretary, the secretary of the meeting shall be such person as the chair of the meeting appoints.

2.9 Conduct of Business.

(a) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chair of the meeting. The Board may adopt by resolution such rules and regulations for the conduct of any meeting of stockholders as it deems appropriate, provided such rules and regulations are not inconsistent with any other provision of these Bylaws or the Certificate of Incorporation. Except to

the extent inconsistent with the rules and regulations adopted by the Board, the chair of the meeting shall have the right and authority to convene, recess and/or adjourn the meeting, to determine the order of business and the procedure at the meeting, including such rules and regulations of the manner of voting, the conduct of discussion and such other matters as seems to him or her in order, and to do all such acts as, in the judgment of the chair of the meeting, are appropriate for the proper conduct of the meeting.

(b) Rules and regulations relating to the conduct of any meeting of stockholders, whether adopted by the Board or prescribed by the chair of the meeting, may include, among other things, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) restrictions on the dissemination of solicitation materials and use of audio or visual recording devices at the meeting; and (vi) limitations on the time allotted to questions or comments by participants and on stockholder proposals.

(c) The chair of any meeting of stockholders (and in advance of any such meeting, the Board) shall have the power and duty to determine all matters relating to the conduct of the meeting, including determining whether any nomination or item of business has been properly brought before the meeting in accordance with these Bylaws (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination is made or proposal solicited (or is part of a group that solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by Section 2.14(a)(iii)(C)). If the chair (or the Board) determines and declares that any nomination or item of business has not been properly brought before a meeting of stockholders, then such nomination shall be disregarded and such business shall not be transacted or considered at such meeting. Unless and to the extent determined by the Board or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

2.10 Voting and Proxies.

(a) At all meetings of stockholders, a stockholder may vote by proxy as provided under Section 212(c) of the DGCL or as otherwise provided under applicable law, provided that no proxy shall be voted after three years from its date, unless the proxy provides for a longer period; provided, further, that any proxy to be voted or acted upon at a meeting of stockholders must be delivered to the Secretary or his or her representative at or before the meeting. Except as otherwise provided therein, a proxy that entitles the agent authorized thereby to vote at a meeting of stockholders shall entitle such agent to vote at any adjournment or postponement of such meeting but shall not be valid after final adjournment of such meeting. A proxy with respect to stock held of record in the name of two or more persons shall be valid if executed by one of them unless prior to voting in accordance with the directions of the proxy, the Corporation receives a specific written notice to the contrary from any one of them and is furnished with a copy of the instrument or order appointing the proxy. Any stockholder directly or indirectly soliciting proxies from other

stockholders must use a proxy card color other than white, which shall be reserved for exclusive use by the Board.

(b) Unless required by applicable law, or determined by the chair of the meeting to be advisable, the vote on any matter, including, without limitation, the election of directors, need not be by written ballot. On a vote by written ballot, each ballot shall be signed by the stockholder voting, or by such stockholder's proxy, and shall state the number of shares voted and such other information as may be required under the procedure established for the meeting.

(c) In advance of any meeting of stockholders, the Corporation shall appoint one or more inspectors to act at the meeting or any adjournment thereof and make a written report thereof, and may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chair of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his or her ability, and may perform such other duties not inconsistent herewith as may be requested by the Corporation.

2.11 Action at Meeting. In all matters, other than the election of directors and except as required by law, the rules or regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation or any other provision of these Bylaws, the affirmative vote of a majority of the voting power of the shares present or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders.

2.12 Record Date.

(a) The Board may fix the record date in order to determine the stockholders entitled to notice of a meeting of stockholders, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board, and which record date may not be more than 60 days nor less than 10 days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board in its discretion may fix a new record date for determining the stockholders entitled to vote at the adjourned meeting and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this clause (a) at the adjourned meeting. If no record date is fixed pursuant to this clause (a), the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(b) The Board may fix a record date in order to determine the stockholders entitled to receive payment of any dividend or other distribution, the allotment of any rights, the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the

purpose of any other lawful action, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed pursuant to this clause (b), the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

(c) Unless otherwise restricted by the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to express consent to corporate action in without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date for determining stockholders entitled to express consent to corporate action without a meeting is fixed by the Board, (i) when no prior action of the Board is required by law, the record date for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board is required by law, the record date for such purpose shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

2.13 Stockholders List for Meeting.

(a) The Corporation shall prepare, no later than the 10th day before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, that if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date), arranged in alphabetical order and showing the address of and number of shares registered in the name of each stockholder, but need not include an e-mail address or other electronic contact information for any stockholder.

(b) The list of stockholders shall be open to the examination of any stockholder for any purpose germane to the meeting in accordance with Section 219 of the DGCL.

(c) Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.13 or to vote in person or by proxy at any meeting of stockholders.

2.14 Notice of Stockholder Business and Nominations; Director Qualifications.

(a) At any annual meeting of stockholders, only such nominations of persons for election to the Board shall be made, and only such other business shall be conducted or considered, as have been properly brought before the meeting. To be properly brought before an annual meeting, nominations of persons for election or re-election to the Board or other business must be (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board; (B) otherwise properly brought before the meeting by or at the direction of the Board; (C) otherwise properly brought before the meeting in accordance with the Stockholders' Agreement or (D) otherwise properly brought before the meeting by a

stockholder in accordance with clauses (ii), (iii) and (iv) of this Section 2.14(a) (this clause (D) being the exclusive means for a stockholder to bring nominations or other business before an annual meeting of stockholders, other than business properly included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Exchange Act or properly brought pursuant to the immediately preceding clause (C)). The provisions of this Section 2.14(a) and the following Section 2.14(b) apply to all nominations of persons for election to the Board and other business proposed to be brought before a meeting pursuant to clause (D). A stockholder submitting a notice pursuant to this Section 2.14 by its delivery to the Corporation represents and warrants that all information contained therein (including any information submitted regarding any submitting stockholder or proposed nominee), as of the time of submission of the notice, is true, accurate and complete in all respects and contains no false or misleading statements and that it intends for the Corporation and the Board to rely on such information as (i) being true, accurate and complete in all respects and (ii) not containing any false or misleading statements. If the information submitted pursuant to Section 2.14 by any stockholder proposing business or a nomination to be brought before a meeting shall not be true, correct and complete in all material respects as of the time of submission of the notice, such information may be deemed not to have been provided in accordance with these Bylaws.

(i) For nominations of any person for election or re-election to the Board or other business to be properly brought before an annual meeting by a stockholder (A) the stockholder must have given timely notice thereof in writing to the Secretary, which notice must also fulfill the requirements of clause (iii) of this Section 2.14(a); (B) the subject matter of any proposed business must be a matter that is a proper subject matter for stockholder action at such meeting under the Certificate of Incorporation, these Bylaws and applicable law; (C) the stockholder must be a stockholder of record of the Corporation at the time the notice required by this Section 2.14(a) is delivered to the Corporation and at the time of the meeting and must be entitled to vote at the meeting; (D) in the case of a nomination, the stockholder must comply with all applicable requirements of the Exchange Act (including Rule 14a-19 thereunder) and the DGCL with respect to any such nomination.

(ii) To be considered timely notice, a stockholder's notice must be received by the Secretary at the principal executive office of the Corporation not earlier than the opening of business 120 days before, and not later than the close of business 90 days before, the first anniversary of the date of the preceding year's annual meeting of stockholders. If no annual meeting was held in the previous year, or if the date of the applicable annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, then a stockholder's notice, in order to be considered timely, must be received by the Secretary at the principal executive offices of the Corporation not earlier than the opening of business 120 days before the date of such annual meeting, and not later than the close of business on the later of (x) 90 days prior to the date of such annual meeting; and (y) the 10th day following the day on which public announcement of the date of such annual meeting was first

made. In no event shall the public announcement of an adjournment or postponement of an annual meeting or of a new record date for determining stockholders entitled to notice of or to vote at an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. A stockholder shall not be entitled to make additional or substitute proposals of business or nominations following the expiration of the time periods set forth in this Section 2.14(c). Such stockholder's notice shall set forth the following information (and, if such notice relates to the nomination of any person for election or re-election as a director of the Corporation, the questionnaire, representation and agreement required by the following Section 2.14(b)) must also be delivered with and at the same time as such notice):

(A) as to each person whom the stockholder proposes to nominate for election as a director, (1) all information relating to such person that is required to be disclosed in accordance with Regulation 14A under the Exchange Act, whether in a solicitation of proxies for the election of directors in an election contest or otherwise, and such other information as may be required by the Corporation pursuant to any policy of the Corporation governing the selection of directors and publicly available (whether on the Corporation's website or otherwise) as of the date of such notice; (2) such person's written consent to being named in the proxy materials as a nominee and to serving as a director if elected; (3) a description of all agreements, arrangements or understandings between the stockholder or any beneficial owner on whose behalf such nomination is made, or their respective affiliates (within the meaning of Rule 12b-2 under the Exchange Act), and each nominee or any other person or persons (naming such person or persons) in connection with the making of such nomination or nominations, including all information that would be required to be disclosed pursuant to Items 403 and 404 or any successor provision of Regulation S-K if the stockholder giving the notice were the "registrant" for purposes of such item and the proposed nominee were a director or executive officer of such registrant; and (4) a reasonably detailed description of any and all potential and actual conflicts of interest of such proposed nominee with the Corporation;

(B) as to any other business the stockholder proposes to bring before the meeting, (1) a reasonably detailed description of such business; (2) the text of the proposal or business to be voted on by stockholders (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these Bylaws, the text of the proposed amendment); (3) the reasons for conducting such business at the meeting and the reasons why such stockholder believes that the taking of the action or actions proposed to be taken would be in the best interests of the Corporation and its stockholders; and (4) a reasonably detailed description of any direct or indirect material interest of the stockholder or of any beneficial owner on whose behalf the proposal is made, or their respective affiliates, in such business, including any anticipated benefit to the stockholder therefrom, and all agreements, arrangements or understandings between such stockholder or any such beneficial owner or their respective affiliates and any

other person or persons (naming such person or persons) in connection with the proposal of such business;

(C) as to the stockholder giving the notice and each beneficial owner, if any, on whose behalf the business is proposed or nomination is made (each, a “Party”), (1) the name and address of such Party (including, in the case of each stockholder, if applicable, the name and address as they appear on the Corporation’s books and records); (2) the class, series and number of shares of stock or other securities of the Corporation that are owned, directly or indirectly, beneficially or held of record by such Party or any of its affiliates (naming such affiliates) (including any shares of any class or series of capital stock of the Corporation as to which such Party has a right to acquire beneficial ownership, whether such right is exercisable immediately or only after the passage of time or upon the happening of a future occurrence); (3) whether and the extent to which such Party or any of its affiliates or associates (within the meaning of Rule 12b-2 under the Exchange Act) (naming such affiliates or associates) or any other person who is, to such Party’s actual knowledge after reasonable inquiry, acting in concert with such Party in connection with the stockholder’s proposal of business or nomination, holds any voting, investment, pecuniary and/or economic interests, privileges or rights, directly or indirectly, in a security, contract or arrangement relating to the stock or other securities of the Corporation, including without limitation any “derivative security” (as such term is defined in Rule 16a-1(c) under the Exchange Act, but without regard to clause (6) thereto), and any other derivative, option, swap, stock loan, repurchase agreement, or other instrument (whether settled in cash or in stock) whose value is derived, in whole or in part, from the price or other attribute of the stock or other securities of the Corporation; (4) a reasonably detailed description of any proxy, agreement, arrangement, understanding or relationship between or among such Parties, any of their respective affiliates or associates, and/or any other person who is to such Party’s actual knowledge after reasonable inquiry, acting in concert with any of the foregoing with respect to the nomination or proposal and/or the voting, directly or indirectly, of any shares or any other security of the Corporation; (5) a representation that the stockholder is a holder of record of stock of the Corporation at the time of the giving of the notice, is entitled to vote at such meeting and will attend the meeting in person or by proxy to propose such business or nomination; (6) a representation as to whether such Party intends, or is part of a group which intends, (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation’s outstanding shares of capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to engage in or be a participant in a solicitation (within the meaning of Rule 14a-1(f) under the Exchange Act) with respect to such proposal or nomination and if so, the name of each participant in such solicitation; (7) any other information relating to such Party required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Regulation 14(a) of the Exchange Act; (8) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment

pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations thereunder by the Party, if any; (9) in the case of a nomination, a written representation as to whether such Party intends, or is part of a group that intends, to solicit proxies in support of director nominees other than the nominees of the Board or a duly authorized committee thereof in accordance with Rule 14a-19 under the Exchange Act; (10) in the case of a nomination, a written representation on behalf of such Party and any group of which it is a member, pursuant to which such Party acknowledges and agrees (w) that it, or the group of which it is a part, intends to solicit the holders of shares representing at least 67% of the voting power of the Corporation's shares entitled to vote on the election of directors in support of such director nominees other than the Corporation's nominees in accordance with Rule 14a-19(a)(3) under the Exchange Act, (x) that it shall notify the Secretary promptly if any change occurs with respect to the intent of such Party or the group of which such Party is a part to solicit the holders of shares representing at least 67% of the voting power of shares entitled to vote on the election of directors in support of director nominees other than the Corporation's nominees or with respect to the names of such nominees, (y) that if such Party or the group of which it is a part (i) provides notice pursuant to Rule 14a-19(a)(1) under the Exchange Act and (ii) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) under the Exchange Act (including with respect to special meetings, if applicable), then the Corporation shall disregard any proxies or votes solicited for such nominees, and (z) that, upon request by the Corporation, if such Party or the group of which it is a part provides notice pursuant to Rule 14a-19(a)(1) under the Exchange Act, such Party shall deliver to the Corporation, no later than five business days prior to the applicable meeting, reasonable documentary evidence (as determined by the Corporation or one of its representatives, acting in good faith) that it has met the requirements of Rule 14a-19(a)(3) under the Exchange Act; and (11) a certification regarding whether such Party has complied with all federal, state and other legal requirements in connection with such Party's acquisition of shares of capital stock or other securities of the Corporation; and

(D) an undertaking by each Party to notify the Corporation in writing of any change in the information previously disclosed pursuant to clauses (A), (B) and (C) of this Section 2.14(a)(iii) as of the record date for determining stockholders entitled to receive notice of such meeting and as of the date that is 15 days prior to the meeting or any adjournment or postponement thereof, by written notice received by the Secretary at the principal executive offices of the Corporation not later than 5 days following such record date and not later than 10 days prior to the date for the meeting or any adjournment or postponement thereof, and thereafter by written notice so given and received within two business days of any change in such information (and, in any event, by the close of business on the day preceding the meeting date). The obligation to update and supplement as set forth in this Section 2.14 or any information provided pursuant to this Section 2.14 shall not, and shall not be deemed to, cure any deficiencies in any stockholder's notice, extend any applicable deadlines under these Bylaws or enable or be deemed to permit such stockholder to amend any proposal or nomination or to submit any new or amended

proposal or nomination, including by changing or adding nominees, matters, business or resolutions proposed to be brought before a meeting. Business or a nomination proposed to be brought by a stockholder may not be brought before a meeting if such stockholder, any other Party or any nominee, as applicable, takes action contrary to the representations made in the stockholder notice applicable to such business or nomination or if the stockholder notice applicable to such business or nomination contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading, or if after being submitted to the Corporation, the stockholder notice applicable to such business or nomination was not updated and supplemented in accordance with these Bylaws.

The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility and qualifications of such proposed nominee to serve as a director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee under the Exchange Act, the rules or regulations of any stock exchange applicable to the Corporation and the DGCL. Further, the Corporation may request that any proposed nominee submit to interviews (which may be conducted via virtual meeting) with the Board or any committee thereof, and such proposed nominee shall make himself or herself available for any such interviews within ten business days following the Corporation's request. The number of nominees a stockholder may nominate for election at the annual meeting (or, in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such annual meeting.

(iii) Notwithstanding anything in clause (iii) of this Section 2.14(a) to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting of stockholders is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting of stockholders, a stockholder's notice required by this Section 2.14(a) shall also be considered timely, but only with respect to nominees for the additional directorships, and only with respect to a stockholder who had, prior to such increase in the size of the Board, previously submitted, on a timely basis and in proper written form, a stockholder notice relating to nominations for such meeting, if it is received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation (it being understood that such notice must nevertheless comply with the requirements of clause (iii) of this Section 2.14(a)).

(b) To be eligible to be a nominee for election or re-election by the stockholders as a director of the Corporation or to serve as a director of the Corporation, a potential nominee under Section 2.14(a)(i)(D) must deliver (not later than the deadline prescribed for delivery of notice under clause (iii) or (iv), as applicable, of Section 2.14(a)) to the Secretary a written questionnaire with respect to the background and qualifications of such potential nominee and, if applicable, the

background of any other person on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that, among other matters, such potential nominee or other person: (i) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person as to how such potential nominee, if elected as a director, will act or vote on any issue or question that has not been disclosed in such questionnaire; (ii) is not and will not become a party to any agreement, arrangement or understanding with any person other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed in such questionnaire; and (iii) in such potential nominee's individual capacity and on behalf of any person on whose behalf the nomination is being made, would be in compliance, if elected or re-elected as a director, and will comply with, applicable law and all corporate governance, conflict of interest, confidentiality and other policies and guidelines of the Corporation applicable to directors generally and publicly available (whether on the Corporation's website or otherwise) as of the date of such representation and agreement.

(c) Only such business shall be conducted at a special meeting of stockholders as (A) has been specified in the notice of meeting (or any supplement thereto) (or any supplement thereto) pursuant to the Corporation's notice of such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board or any committee thereof, (ii) as provided in the Stockholders' Agreement and (iii) so long as and provided that the Board has determined that Directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in Section 2.14(a)(iii) is delivered to the Secretary and at the time of the meeting, who is entitled to vote at the meeting and upon such election and who complies with the requirements set forth in Sections 2.14(a)(iii) and 2.14(b) as if such requirements referred to such special meeting; provided, however, that to be considered timely notice under this clause (c), a stockholder's notice must be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which public announcement of the date of such special meeting was first made. This clause (c) shall be the exclusive means for a stockholder to make nominations or other business proposals before a special meeting of stockholders (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting).

(d) Only such persons who are nominated for election or re-election as a director of the Corporation in accordance with the procedures, and who meet the other qualifications, set forth in Section 2.14(a), (b) and (c) shall be eligible to stand for election as directors and only such business shall be conducted at a meeting of stockholders as has been brought before the meeting in accordance with the procedures set forth in these Bylaws. Without limiting the other provisions and requirements of this Section 2.14, unless otherwise required by applicable law, if any stockholder (i) provides notice pursuant to Rule 14a-19(a) (1) promulgated under the Exchange Act and (ii) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) promulgated under the Exchange Act, then the Corporation shall disregard any proxies or votes solicited for such stockholder's nominees. Upon request by the Corporation, if any stockholder

provides notice pursuant to Rule 14a-19(a)(1) promulgated under the Exchange Act, such stockholder shall deliver to the Corporation, no later than five business days prior to the applicable meeting, reasonable documentary evidence (as determined by the Corporation or one of its representatives, acting in good faith) that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

(e) Without limiting the applicability of the foregoing provisions of this Section 2.14, a stockholder who seeks to have any proposal or potential nominee included in the Corporation's proxy materials must provide notice as required by and otherwise comply with the applicable requirements of the rules and regulations under the Exchange Act. Except for the immediately preceding sentence, nothing in this Section 2.14 shall be deemed to affect any rights of (i) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act; or (ii) the holders of any outstanding class or series of preferred stock of the Corporation (the "Preferred Stock"), voting as a class separately from the holders of common stock, to elect directors pursuant to any applicable provisions of such series of Preferred Stock or the Certificate of Incorporation. Subject to Rule 14a-8 under the Exchange Act, nothing in these Bylaws shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

(f) Notwithstanding anything to the contrary contained in this Section 2.14, for as long as the Stockholders' Agreement remains in effect with respect to a Sponsor (which, for purposes of these Bylaws, shall have the meaning set forth in the Certificate of Incorporation), each Sponsor shall not be subject to the notice provisions set forth in paragraphs (a)(ii), (a)(iii), (a)(iv), (b), (c) or (d) of this Section 2.14.

(g) For purposes of this Section 2.14, "public announcement" means disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, or that is generally available on internet news sites or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

2.15 Requirement to Attend. Notwithstanding anything to the contrary contained in Section 2.14, if a stockholder that has provided timely notice of a nomination or item of business in accordance with Section 2.14 (or a qualified representative of such stockholder) does not attend the annual or special meeting of stockholders to present such nomination or item of business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.15, to be considered a qualified representative of a stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

2.16 Delivery to the Corporation. Whenever this Article II requires one or more persons, including a record or beneficial owner of stock but excluding any party to the Stockholders'

Agreement, to deliver a document or information to the Corporation or any officer, employee or agent thereof (including any notice, request, questionnaire, revocation, representation or other document or agreement), unless the Corporation elects otherwise and except as otherwise expressly provided in this Article II, such document or information shall be in writing exclusively (and not in an electronic transmission) and shall be delivered exclusively by hand (including, without limitation, overnight courier service) or by certified or registered mail, return receipt requested addressed to the attention of the Secretary at the principal executive offices of the Corporation, and the Corporation shall not be required to accept delivery of any document not in such written form or so delivered.

ARTICLE III

DIRECTORS

3.1 Powers. Except as otherwise provided by the Certificate of Incorporation of applicable law, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

3.2 Number, Election. The total number of directors constituting the Board shall be such number as is from time to time determined in the manner provided in the Certificate of Incorporation and the Stockholders' Agreement. A nominee for director shall be elected to the Board by a plurality of the votes of the shares present in person or represented by proxy at a meeting and entitled to vote for nominees in the election of directors or in any action by written consent in lieu of such a meeting.

3.3 Vacancies; Reduction of Board. Any vacancy or newly created directorship in the Board, however occurring, shall be filled only in the manner provided in and to the extent permitted under the Certificate of Incorporation. A vacancy that will occur at a specific later date may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs. The Person or Persons entitled to fill such vacancy may, with or without cause, revoke the action filling such vacancy at any time prior to the new director taking office.

3.4 Resignation. Any director may resign at any time by delivering his or her resignation in writing or by electronic transmission to the Board, the Chairperson, the CEO or the Secretary. Such resignation shall be effective upon receipt unless it is specified therein to be effective at some later time or upon the happening of an event or events, and the acceptance of a resignation shall not be necessary to make it effective unless such resignation specifies otherwise.

3.5 Removal. Any director, or the entire Board, may only be removed from office in the manner provided in and to the extent permitted under the Certificate of Incorporation and applicable law.

3.6 Meetings.

(a) Regular Meetings. Regular meetings of the Board shall be held at such time or times, on such date or dates and at such place or places (if any) as the Board from time to time

determines and publicizes among all directors. A notice of any such regular meetings, the time, date or place or places (if any) of which has been so publicized, shall not be required.

(b) Special Meetings. Special meetings of the Board may be called by the Chairperson, the CEO or the Lead Independent Director (if any), and shall be called by the CEO or the Secretary if directed by any director nominated or designated by a Sponsor (which, for purposes of these Bylaws, shall have the meaning set forth in the Certificate of Incorporation), and shall be held on such date and at such time and place (if any) as he or she or they shall fix.

3.7 Notice of Special Meeting. Notice of the time, date and place (if any) of all special meetings of the Board shall be given to each director. Except as otherwise provided by law, notice of each such meeting shall be mailed to each director, addressed to such director at his or her residence or usual place of business, on at least four days' notice, provided that in lieu thereof, notice may be delivered to each director personally or by telephone or sent by facsimile, e-mail or other electronic transmission addressed to each director at either of such places on not less than 24 hours' notice. A notice of a special meeting of the Board need not specify the purposes of the meeting. Notice of any meeting of the Board shall not be required to be given to any director who waives notice in writing or by electronic transmission, whether before or after the meeting, or if he or she is present and does not, at the beginning of such meeting, object to the transaction of any business because the meeting has not been lawfully called or convened; and any meeting of the Board shall be a legal meeting without any notice thereof having been given if all the directors then in office are present or have waived or not so objected to lack of notice thereof.

3.8 Quorum. Except as otherwise provided by the Certificate of Incorporation, at any meeting of the Board, the greater of (a) a majority of the directors then in office and (b) one-third of the total number of directors constituting the Board shall constitute a quorum of the Board.

3.9 Action at Meeting. At any meeting of the Board at which a quorum is present, all matters shall be determined by the vote of a majority of the directors present at such meeting at which there is a quorum, except as is required or provided by the DGCL, the Certificate of Incorporation or any other provision of these Bylaws.

3.10 Action Without Meeting. Any action required or permitted to be taken by the Board or a committee thereof may be taken without a meeting if all members of the Board or such committee consent thereto in writing, or by electronic transmission, and any consent may be documented, signed and delivered in any manner permitted by Section 116 of the DGCL. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of the proceedings of the Board or committee thereof. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.11 Meetings by Conference Communications Equipment Meetings. Any or all directors may participate in a regular or special meeting of the Board, or any meeting of any committee thereof, by, or conduct the meeting through the use of, any means of communication by which all directors participating may hear each other during the meeting. A Director participating in a meeting by this means is considered to be present in person at the meeting.

3.12 Rules and Regulations. The Board may adopt such rules and regulations for the conduct of its meetings and the management of the affairs of the Corporation as it may deem proper, and as are not inconsistent with the DGCL, the Certificate of Incorporation or these Bylaws.

3.13 Special Approval Rights. Notwithstanding anything to the contrary set forth herein, for so long as the WP Designated Sponsor Fund (as defined in the Stockholders' Agreement), and the GTCR Designated Fund (as defined in the Stockholders' Agreement) shall have a contractual right to designate at least three directors of the Corporation, the approval of seventy-five percent of the total number of directors of the Corporation then in office shall be required for the Board to authorize the Corporation to take or commit to take, or (to the extent applicable) permit any of its subsidiaries to take or commit to take, directly or indirectly, whether by amendment, merger, consolidation, reorganization or otherwise, any of the following actions:

(a) consummation of any acquisition of the stock (including a minority interest) or assets of any other entity (other than a subsidiary of the Corporation), in a single transaction or a series of related transactions (whether by purchase, tender offer, exchange offer, merger, other business combination transaction or otherwise), with a value in excess of \$300 million in the aggregate;

(b) a consolidation, merger or other business combination of the Corporation with or into any other entity, or transfer (by lease, assignment, sale or otherwise) of all or substantially all of the Corporation and its subsidiaries' assets, taken as a whole, to another entity, or a "Change in Control" (or any similar term) as defined in the Corporation or its subsidiaries' indebtedness documents, other than any such consolidation, merger or other business combination solely between the Corporation and its subsidiaries or between subsidiaries of the Corporation;

(c) a disposition, in a single transaction or a series of related transactions, of any assets of the Corporation or any of its subsidiaries with a value in excess of \$300 million in the aggregate or for consideration in excess of \$300 million, other than the sale of inventory or products in the ordinary course of business, other than a transaction solely between the Corporation and its subsidiaries or between subsidiaries of the Corporation;

(d) any change in the size of the Board, other than in accordance with the Stockholders' Agreement;

(e) any amendment, modification or repeal of any provision of the Certificate of Incorporation or these Bylaws;

(f) a termination of the CEO or designation of a new CEO;

(g) any change in the composition of any committee of the Board;

(h) except for compensation arrangements approved by the Compensation Committee of the Board in the ordinary course and in accordance with the charter of the Compensation Committee of the Board, entry into, or expansion of existing, compensation arrangements with (i) any executive officer of the Corporation or (ii) affiliates of (A) the Corporation (other than any subsidiary of the Corporation) or (B) any executive officer of the Corporation;

(i) the issuance of additional shares of any class or series of capital stock or equity interests of the Corporation or any of its subsidiaries, other than, (A) in the case of the Corporation, any award under any stockholder approved equity compensation plan, (B) in the case of a subsidiary of the Corporation, to the Corporation or another direct or indirect subsidiary of the Corporation and (C) as required by the organizational documents of a subsidiary of the Corporation or a contract to which a subsidiary of the Corporation is party, in each case, that is in effect on the date hereof; or

(j) the incurrence of additional indebtedness, in a single transaction or a series of related transactions, by the Corporation or any of its subsidiaries in an amount in excess of \$300 million outstanding at any one time, other than (i) intercompany debt among subsidiaries of the Corporation or the Corporation and any subsidiary and (ii) incurrence of additional indebtedness under the credit agreement or indenture.

3.14 Committees.

(a) Designation of Committees. The Board shall appoint one or more of its members to an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, and may from time to time establish additional committees of its members, each with such powers and duties not inconsistent with these Bylaws as the Board may or, pursuant to applicable law (including the rules and regulations of any stock exchange applicable to the Corporation), must, lawfully confer. All members of any committee of the Board shall serve at the pleasure of the Board. Any committee to which the Board delegates any of its powers or duties shall keep records of its meetings and shall report its actions to the Board.

(b) Alternates; Substitution of Members. The Board may, subject to any requirements specifically set forth in this Section 3.14, designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board to act at the meeting in the place of the absent or disqualified member, subject to any restrictions on committee membership established under applicable law (including the rules and regulations of any stock exchange applicable to the Corporation).

(c) Delegable Authority. Any committee, to the extent provided in a resolution of the Board and permitted by applicable law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no committee shall have the power or authority to (i) approve, adopt or recommend to the stockholders, any action or matter (other than the election or removal of directors) required by the DGCL to be submitted to stockholders for approval; or (ii) adopt, amend or repeal these Bylaws.

(d) Term. The Board, subject to the requirements specifically set forth in this Section 3.14 and applicable law (including the rules and regulations of any stock exchange applicable to the Corporation), may at any time change, increase or decrease the number of members of a committee or terminate the existence of a committee. A Director's membership on a committee shall terminate

on the date of his or her death or resignation, removal or disqualification from the Board, but the Board may at any time for any reason remove any individual committee member from any committee and the Board may, subject to any requirements specifically set forth in this Section 3.14, fill any committee vacancy.

(e) Conduct of Business of Committees. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or by resolution of the Board or required by law. Adequate provision shall be made for notice to members of a committee of all meetings of the committee. A majority of the members of a committee shall constitute a quorum unless the committee charter specifies otherwise. All matters submitted to a committee shall be determined by a majority vote of the members present at a meeting at which a quorum is present. Each committee of the Board shall keep minutes of its meetings and shall report its proceedings to the Board as specified in its charter or when otherwise requested by the Board.

3.15 Compensation. The Board shall have the authority to fix the compensation, including fees, equity grants and reimbursement of expenses, of directors for services to the Corporation in any capacity.

3.16 Chairperson. The Board may appoint from its members a Chairperson of the Board, who need not be an employee or officer of the Corporation. If the Board appoints a Chairperson of the Board, such Chairperson shall perform such duties and possess such powers as are assigned by the Board and, if the Chairperson of the Board is also designated as the Corporation's Chief Executive Officer, shall have the powers and duties of the Chief Executive Officer. Unless otherwise provided by the Board, the Chairperson of the Board shall preside at all meetings of the Board.

3.17 Lead Independent Director. In the event that the Chairperson is an employee or officer of the Corporation, the Board may choose to appoint from its members a Lead Independent Director, who shall not be an employee or officer of the Corporation. If the Board appoints a Lead Independent Director, such Lead Independent Director shall perform such duties and possess such powers as are assigned by the Board, including presiding at meetings of the Board in the absence of the Chairperson and calling meetings of the Corporation's independent directors.

ARTICLE IV

OFFICERS

4.1 Appointment; Term of Office. The Board shall elect at least the following officers: a Chairperson, a CEO, a Chief Financial Officer, a Treasurer and a Secretary. The Board may also elect, appoint, or provide for the appointment of such other officers and agents as may from time to time appear necessary or advisable in the conduct of the affairs of the Corporation, including a President, one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers. Each officer of the Corporation shall hold office for such term as may be prescribed by the Board and until his or her successor is chosen and qualifies or until his or her earlier death, disqualification, resignation or removal. The Board may fill any vacancy occurring in any office of the Corporation. Two or more

offices may be held by the same person. No officer need be a stockholder or Director, except that the Chairperson of the Board shall be chosen from among the directors.

4.2 Resignation. Any officer may resign by delivering his or her resignation in writing or by electronic transmission to the Corporation at its principal executive office, and such resignation shall be effective upon receipt unless it is specified to be effective at a later time or upon the happening of an event or events. If a resignation is made effective at a later date or upon the happening of an event and the Corporation accepts the future effective date or the occurrence of a future event or events, the Board may fill the pending vacancy before the effective date or the occurrence of such event or events if the Board provides that the successor shall not take office until the effective date or the occurrence of such event or events. An officer's resignation shall not affect the Corporation's contract rights, if any, with the officer.

4.3 Removal. The Board may remove any officer at any time with or without cause.

4.4 Powers and Duties; Delegation.

(a) Each officer of the Corporation shall have such duties and powers as are customarily incident to his or her office (subject to the direction and control of the Board and except as otherwise provided by these Bylaws or by resolution of the Board), and such other duties and powers as may be designated by the Board or by direction of an officer authorized by the Board to prescribe the duties of such other officer. Notwithstanding anything to the contrary set forth herein, without the prior authorization of the Board given in accordance with Section 3.13, no officer shall have the power or authority to take, or cause or permit the Corporation or any of its subsidiaries to take, any of the actions enumerated in paragraphs (a) through (j) of Section 3.13.

(b) Whenever an officer or officers is absent, or whenever for any reason the Board may deem it desirable, the Board may delegate the powers and duties of any officer to any Director or directors, or any other officers or agents.

4.5 Compensation. The compensation of the officers of the Corporation for their services as such shall be fixed from time to time by or at the direction of the Board. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he or she is also a director of the Corporation.

ARTICLE V

CAPITAL STOCK

5.1 Share Certificates. The shares of stock of the Corporation shall be represented by certificates; provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares. Each holder of stock represented by certificates shall be entitled to a certificate signed by, or in the name of the Corporation by, any two authorized officers of the Corporation (it being understood that each of the Chairperson, the CEO, the Chief Financial Officer, the President or a Vice President, the Treasurer, any Assistant Treasurer, and the Secretary or any Assistant Secretary shall be an authorized officer for such purpose), representing the number of shares registered in certificate form. Any or all of the

signatures on the certificate may be by facsimile. If the person who signed, either manually or in facsimile, a share certificate no longer holds office when the certificate is issued, the certificate shall be nevertheless valid. The certificate shall also set forth any information or statement required to be set forth thereon by the DGCL.

5.2 Lost, Stolen or Destroyed Certificates. A new share certificate or uncertificated shares may be issued in place of any certificate previously issued by the Corporation and alleged to have been lost, stolen or destroyed. The Corporation may, subject to Section 167 of the DGCL, determine the conditions upon which a new share certificate or uncertificated shares may be issued in place of any certificate alleged to have been lost, destroyed, or stolen. The Corporation may, in its discretion, require the owner of such share certificate, or his or her legal representative, to give a bond, sufficient in the opinion of the Corporation, with or without surety, to indemnify the Corporation against any loss or claim which may arise in connection therewith.

5.3 Transfers. Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of stock of the Corporation. Subject to any restrictions on transfer, shares of stock represented by certificates may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate properly endorsed or accompanied by a written assignment and power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require. Subject to any restrictions on transfers, upon receipt of proper transfer instructions from the registered owner of uncertificated shares, the transaction shall be recorded upon the books of the Corporation, and the Corporation shall send to the registered transferee a written notice containing the information required by Section 151(f) of the DGCL. A record shall be made of each transfer and whenever a transfer is made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

5.4 Regulations. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board may establish.

5.5 Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and notices and to vote as such owner and to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VI

CORPORATE RECORDS

6.1 Records to be Kept.

(a) The Corporation shall keep as permanent records minutes of all meetings of its stockholders, Board and any committees thereof, and a record of all actions taken by the stockholders or Board or any committees thereof by consent in lieu of a meeting.

(b) The Corporation shall keep a copy of such records at its principal executive office or at such other place or places as designated by the Board, in any case as may be required by law.

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.1 Fiscal Year. The fiscal year of the Corporation shall be as fixed by the Board. If the Board makes no determination to the contrary, the fiscal year of the Corporation shall be the twelve months ending with December 31 in each year.

7.2 Seal. The Board shall have the power to adopt and alter the seal of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Treasurer or Assistant Secretary (if there be such officers appointed).

7.3 Execution of Instruments. The Board may authorize, or provide for the authorization of, officers, employees or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

7.4 Voting of Securities. Unless otherwise provided by the Board, the CEO, Chief Financial Officer or any Vice President may waive notice, vote or consent, on behalf of the Corporation, or appoint another person or persons to waive notice, vote or consent, on behalf of the Corporation, and act as, or appoint any person or persons to act as, proxy or attorney in fact for the Corporation (with or without discretionary power or power of substitution), with respect to the stock or other securities of any other corporation, entity or organization that may be held by the Corporation.

7.5 Amendments. Except as otherwise provided by the DGCL, these Bylaws may be added to, amended or repealed, in the manner provided in the Certificate of Incorporation.

7.6 Construction. The words “include” and “including” and similar terms shall be deemed to be followed by the words “without limitation.” Whenever used in these Bylaws, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. Any reference in these Bylaws to a provision of any statute shall be deemed to include any successor provision. Unless the context otherwise requires, the term “person” shall be deemed to include any natural person or any corporation, organization or other entity.

7.7 Reliance upon Books, Reports and Records. Each Director, each member of any committee designated by the Board, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters that such Director, committee member or officer reasonably believes are within such other person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE VIII

EMERGENCY BYLAWS

8.1 Emergency Board. In case of an attack on the United States or on a locality in which the Corporation conducts its business or customarily holds meetings of the Board or its stockholders, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or other similar emergency condition, including an epidemic or pandemic, as a result of which a quorum of the Board or a committee thereof cannot readily be convened for action in accordance with the provisions of these Bylaws, the business and affairs of the Corporation shall be managed by or under the direction of an Emergency Board (hereinafter called the “Emergency Board”) established in accordance with Section 8.2.

8.2 Membership of Emergency Board. The Emergency Board shall consist of at least three of the following persons present or available at the Emergency Corporate Headquarters determined according to Section 8.4: (a) those persons who were directors at the time of the attack or other event mentioned in Section 8.1, and (b) any other persons appointed by such directors to the extent required to provide a quorum at any meeting of the Board. If there are no such directors present or available at the Emergency Corporate Headquarters, the Emergency Board shall consist of the three highest-ranking officers or employees of the Corporation present or available and any other persons appointed by them.

8.3 Powers of the Emergency Board. The Emergency Board will have the same powers as those granted to the Board in these Bylaws, but will not be bound by any requirement of these Bylaws which a majority of the Emergency Board believes impracticable under the circumstances.

8.4 Emergency Corporate Headquarters. Emergency Corporate Headquarters shall be at such location as the Board or the CEO shall determine prior to the attack or other event, or if not practicable or so determined, at such place as the Emergency Board may determine.

8.5 Limitation of Liability. No officer, director or employee acting in accordance with the provisions of this Article VIII shall be liable except for willful misconduct.

8.6 Amendments; Repeal. At any meeting of the Emergency Board, the Emergency Board may modify, amend or add to the provisions of this Article VIII so as to make any provision that may be practical or necessary for the circumstances of the emergency. The provisions of this Article VIII shall be subject to repeal or change by further action of the Board or by action of the stockholders, but no such repeal or change shall modify the provisions of Section 8.5 with regard to action or omission occurring prior to the time of such repeal or change.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael B. Petras, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sotera Health Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2024

/s/ Michael B. Petras, Jr.
Michael B. Petras, Jr.
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan M. Lyons, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sotera Health Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2024

/s/ Jonathan M. Lyons

Jonathan M. Lyons

Senior Vice President and Chief Financial
Officer

(Principal Financial Officer)

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Sotera Health Company (the "Company"), do hereby certify, to each such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2024

/s/ Michael B. Petras, Jr.

Michael B. Petras, Jr.
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

Dated: November 5, 2024

/s/ Jonathan M. Lyons

Jonathan M. Lyons
Title: Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

The foregoing certifications are furnished and are not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are not deemed to be incorporated by reference into any filing of Sotera Health Company under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Sotera Health Company specifically incorporates them by reference.