

STERIS plc

Consolidated Condensed Statements of Operations

(In thousands, except per share data)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	\$ 1,342,360	\$ 1,200,517	\$ 2,626,902	\$ 2,357,008
Cost of revenues	748,831	668,182	1,459,912	1,306,875
Gross profit	593,529	532,335	1,166,990	1,050,133
Operating expenses:				
Selling, general, and administrative	380,651	323,195	739,709	657,821
Goodwill impairment loss	—	490,565	—	490,565
Research and development	27,044	24,928	52,546	49,679
Restructuring (credits) expenses	(23)	62	(4)	88
Total operating expenses	407,672	838,750	792,251	1,198,153
Income (loss) from operations	185,857	(306,415)	374,739	(148,020)
Non-operating expenses, net	35,703	26,647	66,671	50,091
Income tax expense (benefit)	33,808	(17,831)	67,932	6,365
Net income (loss)	\$ 116,346	\$ (315,231)	\$ 240,136	\$ (204,476)
Less: Net income (loss) attributable to noncontrolling interests	1,027	54	1,263	(453)
Net income (loss) attributable to shareholders	\$ 115,319	\$ (315,285)	\$ 238,873	\$ (204,023)
Earnings per ordinary share (EPS) data:				
Basic	\$ 1.17	\$ (3.15)	\$ 2.42	\$ (2.04)
Diluted	\$ 1.16	\$ (3.15)	\$ 2.41	\$ (2.04)
Cash dividends declared per share ordinary outstanding	\$ 0.52	\$ 0.47	\$ 0.99	\$ 0.90
Weighted average number of shares outstanding used in EPS computation:				
Basic number of shares outstanding	98,785	99,969	98,747	100,025
Diluted number of shares outstanding	99,406	99,969	99,323	100,025

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Consolidated Condensed Balance Sheets
(in thousands)

	September 30, 2023	March 31, 2023
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 213,757	\$ 208,357
Accounts receivable, net	940,331	928,315
Inventories, net	821,129	695,493
Prepaid expenses and other current assets	198,760	179,277
Total current assets	2,173,977	2,011,442
Property, plant, and equipment, net	1,743,858	1,705,512
Lease right-of-use assets, net	192,219	191,741
Goodwill	4,040,245	3,879,219
Intangibles, net	3,057,711	2,955,780
Other assets	72,628	78,145
Total assets	\$ 11,280,638	\$ 10,821,839
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 293,628	\$ 279,620
Other current liabilities	579,487	582,224
Total current liabilities	873,115	861,844
Long-term indebtedness	3,366,241	3,018,655
Other liabilities	852,114	854,168
Total equity	6,189,168	6,087,172
Total liabilities and equity	\$ 11,280,638	\$ 10,821,839

STERIS plc
Segment Data

Financial information for each of the segments is presented in the following table. We disclose a measure of segment income that is consistent with the way management operates and views the business. The accounting policies for reportable segments are the same as those for the consolidated Company. Segment income is calculated as the segment's gross profit less direct costs and indirect costs if the resources are dedicated to a single segment. Corporate costs include corporate and administrative functions, public company costs, legacy post-retirement benefits, and certain services and facilities related to distribution and research and development that are shared by multiple segments.

(in thousands)	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues:				
Healthcare	\$ 870,056	\$ 732,813	\$ 1,688,930	\$ 1,431,339
Applied Sterilization Technologies	235,053	232,358	468,152	453,269
Life Sciences	133,095	125,768	264,508	257,975
Dental	104,156	109,578	205,312	214,425
Total revenues	\$ 1,342,360	\$ 1,200,517	\$ 2,626,902	\$ 2,357,008
Operating income (loss):				
Healthcare	\$ 204,054	\$ 165,337	\$ 402,236	\$ 321,834
Applied Sterilization Technologies	110,783	110,384	220,373	219,699
Life Sciences	50,284	48,619	100,125	103,924
Dental	24,516	28,059	46,555	47,655
Corporate	(87,641)	(67,056)	(179,906)	(142,999)
Total operating income	\$ 301,996	\$ 285,343	\$ 589,383	\$ 550,113
Less: Adjustments				
Amortization of acquired intangible assets	\$ 99,011	\$ 93,859	\$ 192,936	\$ 187,786
Acquisition and integration related charges	16,013	3,844	18,722	13,676
Tax restructuring costs	—	77	9	251
Gain on fair value adjustment of acquisition related contingent consideration	—	—	—	(3,100)
Net loss on divestiture of businesses	—	899	—	4,777
Amortization of inventory and property "step up" to fair value	1,138	2,452	2,981	4,089
Restructuring (credits) charges	(23)	62	(4)	89
Goodwill impairment loss	—	490,565	—	490,565
Total income (loss) from operations	\$ 185,857	\$ (306,415)	\$ 374,739	\$ (148,020)

STERIS plc
Consolidated Condensed Statements of Cash Flows
(in thousands)

	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Operating activities:		
Net income	\$ 240,136	\$ (204,476)
Non-cash items	320,168	736,964
Changes in operating assets and liabilities	(133,080)	(196,918)
Net cash provided by operating activities	427,224	335,570
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	(149,893)	(198,701)
Proceeds from the sale of property, plant, and equipment	7,360	1,323
Proceeds from the sale of businesses	9,458	5,228
Acquisition of businesses, net of cash acquired	(539,758)	(15,192)
Net cash used in investing activities	(672,833)	(207,342)
Financing activities:		
Payments on term loans	(30,000)	(126,875)
Proceeds under credit facilities, net	391,022	99,111
Payments on acquisition related deferred and contingent consideration	(177)	(153)
Repurchases of ordinary shares	(9,213)	(69,922)
Cash dividends paid to ordinary shareholders	(97,795)	(89,981)
Stock option and other equity transactions, net	2,740	1,458
Net cash provided by (used in) financing activities	256,577	(186,362)
Effect of exchange rate changes on cash and cash equivalents	(5,568)	(31,927)
Increase (decrease) in cash and cash equivalents	5,400	(90,061)
Cash and cash equivalents at beginning of period	208,357	348,320
Cash and cash equivalents at end of period	\$ 213,757	\$ 258,259

The following table presents a financial measure which is considered to be "non-GAAP financial measures" under Securities Exchange Commission rules. Free cash flow is defined by the Company as cash flows from operating activities less purchases of property, plant, equipment and intangibles (capital expenditures) plus proceeds from the sale of property, plant, equipment and intangibles. The Company uses free cash flow as a measure to gauge its ability to pay cash dividends, fund growth outside of core operations, fund future debt principal repayments, and repurchase shares. STERIS's calculation of free cash flows may vary from other companies.

	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Calculation of Free Cash Flow:		
Cash flows from operating activities	\$ 427,224	\$ 335,570
Purchases of property, plant, equipment, and intangibles, net	(149,893)	(198,701)
Proceeds from the sale of property, plant, equipment, and intangibles	7,360	1,323
Free Cash Flow	\$ 284,691	\$ 138,192

STERIS plc
Non-GAAP Financial Measures
(in thousands, except per share data)

Non-GAAP financial measures are presented with the intent of providing greater transparency to supplemental financial information used by management and the Board of Directors in their financial analysis and operational decision making. These amounts are disclosed so that the reader has the same financial data that management uses with the belief that it will assist investors and other readers in making comparisons to our historical operating results and analyzing the underlying performance of our operations for the periods presented.

Management and the Board of Directors believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provides the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

To measure the percentage organic revenue growth, the Company removes the impact of acquisitions and divestitures that affect the comparability and trends in revenue. To measure the percentage constant currency organic revenue growth, the impact of changes in currency exchange rates and acquisitions and divestitures that affect the comparability and trends in revenue are removed. The impact of changes in currency exchange rates is calculated by translating current year results at prior year average currency exchange rates.

Three Months Ended September 30, (unaudited)

	As reported, GAAP		Impact of Acquisitions		Impact of Divestitures		Impact of Foreign Currency Movements	GAAP Growth	Organic Growth	Constant Currency Organic Growth
	2023	2022	2023	2022	2023	2022	2023	2023	2023	2023
Segment revenues:										
Healthcare	\$ 870,056	\$ 732,813	\$ 28,948	\$ —	\$ 6,154	18.7 %	14.8 %	13.9 %		
Applied Sterilization Technologies	235,053	232,358	—	—	4,996	1.2 %	1.2 %	(1.0)%		
Life Sciences	133,095	125,768	—	—	1,517	5.8 %	5.8 %	4.6 %		
Dental	104,156	109,578	—	—	839	(4.9)%	(4.9)%	(5.7)%		
Total	\$ 1,342,360	\$ 1,200,517	\$ 28,948	\$ —	\$ 13,506	11.8 %	9.4 %	8.3 %		

Six Months Ended September 30, (unaudited)

	As reported, GAAP		Impact of Acquisitions		Impact of Divestitures		Impact of Foreign Currency Movements	GAAP Growth	Organic Growth	Constant Currency Organic Growth
	2023	2022	2023	2022	2023	2022	2023	2023	2023	2023
Segment revenues:										
Healthcare	\$ 1,688,930	\$ 1,431,339	\$ 28,948	\$ —	\$ 4,580	18.0 %	16.0 %	15.7 %		
Applied Sterilization Technologies	468,152	453,269	—	—	5,825	3.3 %	3.3 %	2.0 %		
Life Sciences	264,508	257,975	—	—	1,540	2.5 %	2.5 %	1.9 %		
Dental	205,312	214,425	—	—	977	(4.2)%	(4.2)%	(4.7)%		
Total	\$ 2,626,902	\$ 2,357,008	\$ 28,948	\$ —	\$ 12,922	11.5 %	10.2 %	9.7 %		

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Non-GAAP Financial Measures (Continued)
(in thousands, except per share data)

Three Months Ended September 30, (unaudited)

	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2023	2022	2023	2022	2023	2022	2023	2022
GAAP	\$ 593,529	\$ 532,335	\$ 185,857	\$ (306,415)	\$ 115,319	\$ (315,285)	\$ 1.16	\$ (3.15)
Adjustments:								
Amortization of acquired intangible assets	574	431	99,011	93,859				
Acquisition and integration related charges	429	1,320	16,013	3,844				
Tax restructuring costs	—	—	—	77				
Net loss on divestiture of businesses	—	1,749	—	899				
Amortization of inventory and property "step up" to fair value	553	1,590	1,138	2,452				
Restructuring (credits) charges	—	—	(23)	62				
Goodwill impairment loss	—	—	—	490,565				
Net impact of adjustments after tax ⁽¹⁾					86,857	514,867		
Net EPS impact							0.87	5.14
Adjusted	\$ 595,085	\$ 537,425	\$ 301,996	\$ 285,343	\$ 202,176	\$ 199,582	\$ 2.03	\$ 1.99
For the three months ended September 30, 2022:								
Weighted average diluted shares as reported								99,969
Effect of dilutive share equivalents that were anti-dilutive to diluted EPS as reported								559
Weighted average diluted shares as adjusted								100,528

⁽¹⁾ The tax expense includes both the current and deferred income tax impact of the adjustments.

Six Months Ended September 30, (unaudited)

	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2023	2022	2023	2022	2023	2022	2023	2022
GAAP	\$1,166,990	\$1,050,133	\$ 374,739	\$ (148,020)	\$ 238,873	\$ (204,023)	\$ 2.41	\$ (2.04)
Adjustments:								
Amortization of acquired intangible assets	1,149	849	192,936	187,786				
Acquisition and integration related charges	863	2,002	18,722	13,676				
Tax restructuring costs	—	—	9	251				
Gain on fair value adjustment of acquisition related contingent consideration	—	—	—	(3,100)				
Net loss on divestiture of businesses	—	2,283	—	4,777				
Amortization of inventory and property "step up" to fair value	1,150	3,805	2,981	4,089				
Restructuring (credits) charges	—	—	(4)	89				
Goodwill impairment loss	—	—	—	490,565				
Net impact of adjustments after tax ⁽¹⁾					161,516	594,713		
Net EPS impact							1.62	5.92
Adjusted	\$1,170,152	\$1,059,072	\$ 589,383	\$ 550,113	\$ 400,389	\$ 390,690	\$ 4.03	\$ 3.88
For the six months ended September 30, 2022:								
Weighted average diluted shares as reported								100,025
Effect of dilutive share equivalents that were anti-dilutive to diluted EPS as reported								600
Weighted average diluted shares as adjusted								100,625

⁽¹⁾ The tax expense includes both the current and deferred income tax impact of the adjustments.

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Non-GAAP Financial Measures (Continued)
(in thousands, except per share data)

FY 2024 Outlook

**Twelve Months
Ended March 31, 2024
(Outlook)****

Net income per diluted share	\$5.30 - \$5.50
Amortization of fair value adjustments for acquired property, plant, and equipment and intangible assets	3.16
Acquisition and integration related charges	0.14
Adjusted net income per diluted share	<u>\$8.60 - \$8.80</u>
Cash flows from operating activities	\$995,000
Purchases of property, plant, equipment, and intangibles, net	<u>(310,000)</u>
Free Cash Flow	<u>\$685,000</u>

** All amounts are estimates.

STERIS plc
Unaudited Supplemental Financial Data
Second Quarter Fiscal 2024
For the Periods Ending September 30, 2023 and 2022

	FY 2024	FY 2023	FY 2024	FY 2023
	Q2	Q2	YTD	YTD
Total Company Revenues				
Consumables	\$ 470,239	\$ 413,411	\$ 914,133	\$ 830,236
Service	580,024	534,123	1,150,708	1,053,538
Total Recurring	\$ 1,050,263	\$ 947,534	\$ 2,064,841	\$ 1,883,774
Capital Equipment	292,097	252,983	562,061	473,234
Total Revenues	\$ 1,342,360	\$ 1,200,517	\$ 2,626,902	\$ 2,357,008
Ireland Revenues	\$ 20,439	\$ 16,995	\$ 40,524	\$ 35,171
Ireland Revenues as a % of Total	2 %	1 %	2 %	1 %
United States Revenues	\$ 992,878	\$ 871,981	\$ 1,923,420	\$ 1,706,082
United States Revenues as a % of Total	74 %	73 %	73 %	72 %
International Revenues	\$ 329,043	\$ 311,541	\$ 662,958	\$ 615,755
International Revenues as a % of Total	25 %	26 %	25 %	26 %

Segment Data	FY 2024	FY 2023	FY 2024	FY 2023
	Q2	Q2	YTD	YTD
Healthcare				
Revenues				
Consumables	\$ 306,025	\$ 246,050	\$ 586,306	\$ 498,082
Service	309,126	274,279	609,620	541,639
Total Recurring	\$ 615,151	\$ 520,329	\$ 1,195,926	\$ 1,039,721
Capital Equipment	254,905	212,484	493,004	391,618
Total Healthcare Revenues	\$ 870,056	\$ 732,813	\$ 1,688,930	\$ 1,431,339
Segment Operating Income	\$ 204,054	\$ 165,337	\$ 402,236	\$ 321,834
Applied Sterilization Technologies				
Revenues				
Service	\$ 233,299	\$ 221,873	\$ 465,524	\$ 442,165
Capital Equipment	1,754	10,485	2,628	11,104
Total Applied Sterilization Technologies Revenues	\$ 235,053	\$ 232,358	\$ 468,152	\$ 453,269
Segment Operating Income	\$ 110,783	\$ 110,384	\$ 220,373	\$ 219,699
Life Sciences				
Revenues				
Consumables	\$ 59,409	\$ 57,420	\$ 121,107	\$ 116,977
Service	38,248	38,333	76,972	70,484
Total Recurring	\$ 97,657	\$ 95,753	\$ 198,079	\$ 187,461
Capital Equipment	35,438	30,015	66,429	70,514
Total Life Sciences Revenues	\$ 133,095	\$ 125,768	\$ 264,508	\$ 257,975
Segment Operating Income	\$ 50,284	\$ 48,619	\$ 100,125	\$ 103,924
Total Dental Revenues	\$ 104,156	\$ 109,578	\$ 205,312	\$ 214,425
Segment Operating Income	\$ 24,516	\$ 28,059	\$ 46,555	\$ 47,655

Other Data	FY 2024	FY 2023	FY 2024	FY 2023
	Q2	Q2	YTD	YTD
Healthcare Backlog	\$ 457,138	\$ 533,121		
Life Sciences Backlog	91,100	99,457		
Total Backlog	\$ 548,238	\$ 632,578		
GAAP Income Tax Rate	22.5 %	5.4 %	22.1 %	(3.2)%
Adjusted Income Tax Rate	23.7 %	22.8 %	23.2 %	22.0 %

This supplemental data is consistent with publicly disclosed information provided in quarterly conference calls, earnings releases and SEC filings, and is subject to all definitions, precautions and limitations contained in those disclosures. Please see the Company's most recent 10-K for definitions (and reconciliation where appropriate) of adjusted measures, backlog, free cash flow and net debt.