

STERIS plc  
Consolidated Condensed Statements of Operations  
(In thousands, except per share data)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenues</b>	\$ 756,132	\$ 736,840	\$ 1,425,064	\$ 1,433,643
<b>Cost of revenues</b>	426,095	417,263	809,459	807,305
<b>Total cost of revenues - restructuring</b>	—	910	—	1,828
<b>Total cost of revenues, net</b>	426,095	418,173	809,459	809,133
<b>Gross profit</b>	330,037	318,667	615,605	624,510
<b>Operating expenses:</b>				
Selling, general, and administrative	172,707	175,959	327,877	354,740
Research and development	16,143	16,249	32,374	31,834
Restructuring expenses	(76)	(274)	90	1,115
<b>Total operating expenses</b>	188,774	191,934	360,341	387,689
<b>Income from operations</b>	141,263	126,733	255,264	236,821
<b>Non-operating expenses, net</b>	7,477	9,426	14,680	20,104
<b>Income tax expense</b>	27,778	22,165	46,452	36,798
<b>Net income</b>	\$ 106,008	\$ 95,142	\$ 194,132	\$ 179,919
<b>Less: Net income attributable to noncontrolling interests</b>	150	373	84	560
<b>Net income attributable to shareholders</b>	\$ 105,858	\$ 94,769	\$ 194,048	\$ 179,359

**Earnings per ordinary share (EPS) data:**

Basic	\$ 1.24	\$ 1.12	\$ 2.28	\$ 2.12
Diluted	\$ 1.23	\$ 1.11	\$ 2.26	\$ 2.09
<b>Cash dividends declared per share ordinary outstanding</b>	\$ 0.40	\$ 0.37	\$ 0.77	\$ 0.71

**Weighted average number of shares outstanding used in EPS computation:**

Basic number of shares outstanding	85,170	84,795	85,065	84,716
Diluted number of shares outstanding	85,844	85,695	85,760	85,630

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Consolidated Condensed Balance Sheets  
(in thousands)

	September 30, 2020	March 31, 2020
	(Unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 312,028	\$ 319,581
Accounts receivable, net	503,724	586,481
Inventories, net	278,593	248,259
Prepaid expenses and other current assets	55,965	54,430
<b>Total current assets</b>	1,150,310	1,208,751
Property, plant, and equipment, net	1,176,066	1,111,855
Lease right-of-use assets, net	143,041	131,837
Goodwill	2,417,956	2,356,085
Intangibles, net	550,022	565,473
Other assets	55,172	51,581
<b>Total assets</b>	\$ 5,492,567	\$ 5,425,582
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 124,944	\$ 149,341
Other current liabilities	310,474	354,266
<b>Total current liabilities</b>	435,418	503,607
Long-term indebtedness	1,020,554	1,150,521
Other liabilities	374,140	364,730
<b>Total equity</b>	3,662,455	3,406,724
<b>Total liabilities and equity</b>	\$ 5,492,567	\$ 5,425,582

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**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.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<b>Revenues:</b>				
Healthcare	\$ 470,927	\$ 485,283	\$ 870,585	\$ 931,015
Applied Sterilization Technologies	169,547	152,907	321,909	307,193
Life Sciences	115,658	98,650	232,570	195,435
<b>Total revenues</b>	<b>\$ 756,132</b>	<b>\$ 736,840</b>	<b>\$ 1,425,064</b>	<b>\$ 1,433,643</b>
<b>Operating income (loss):</b>				
Healthcare	\$ 104,796	\$ 103,035	\$ 187,153	\$ 193,550
Applied Sterilization Technologies	76,835	65,386	140,790	133,421
Life Sciences	46,433	32,315	94,894	65,354
Corporate	(58,155)	(50,956)	(110,522)	(106,353)
<b>Total operating income before adjustments</b>	<b>\$ 169,909</b>	<b>\$ 149,780</b>	<b>\$ 312,315</b>	<b>\$ 285,972</b>
<b>Less: Adjustments</b>				
Amortization of acquired intangible assets	\$ 21,955	\$ 18,952	\$ 39,455	\$ 35,901
Acquisition and integration related charges	1,135	1,947	2,421	3,864
Redomiciliation and tax restructuring costs	384	1,016	554	2,786
Net (gain) loss on divestiture of businesses	(5)	50	5	2,476
Amortization of property "step up" to fair value	714	446	1,317	1,181
COVID-19 incremental costs	4,539	—	13,209	—
Restructuring charges	(76)	636	90	2,943
<b>Total operating income</b>	<b>\$ 141,263</b>	<b>\$ 126,733</b>	<b>\$ 255,264</b>	<b>\$ 236,821</b>

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**Consolidated Condensed Statements of Cash Flows**  
(in thousands)

	<b>Six Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	(Unaudited)	(Unaudited)
<b>Operating activities:</b>		
Net income	\$ 194,132	\$ 179,919
Non-cash items	124,017	112,706
Changes in operating assets and liabilities	(22,076)	(32,625)
<b>Net cash provided by operating activities</b>	<b>296,073</b>	<b>260,000</b>
<b>Investing activities:</b>		
Purchases of property, plant, equipment, and intangibles, net	(110,746)	(98,168)
Proceeds from the sale of property, plant, equipment, and intangibles	275	206
Proceeds from the sale of businesses	—	439
Acquisition of businesses, net of cash acquired	—	(87,935)
Other	(2,392)	—
<b>Net cash used in investing activities</b>	<b>(112,863)</b>	<b>(185,458)</b>
<b>Financing activities:</b>		
Payments on long-term obligations	(35,000)	—
Proceeds (payments) under credit facilities, net	(107,162)	13,240
Deferred financing fees and debt issuance costs	—	(1,206)
Acquisition related deferred or contingent consideration	(42)	(452)
Repurchases of ordinary shares	(14,434)	(37,866)
Cash dividends paid to ordinary shareholders	(65,560)	(60,220)
Contributions from noncontrolling interest	2,258	—
Stock option and other equity transactions, net	20,621	22,975
<b>Net cash used in financing activities</b>	<b>(199,319)</b>	<b>(63,529)</b>
Effect of exchange rate changes on cash and cash equivalents	8,556	(6,110)
Increase (decrease) in cash and cash equivalents	(7,553)	4,903
Cash and cash equivalents at beginning of period	319,581	220,633
Cash and cash equivalents at end of period	<b>\$ 312,028</b>	<b>\$ 225,536</b>

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.

	<b>Six Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	(Unaudited)	(Unaudited)
<b>Calculation of Free Cash Flow:</b>		
Cash flows from operating activities	\$ 296,073	\$ 260,000
Purchases of property, plant, equipment, and intangibles, net	(110,746)	(98,168)
Proceeds from the sale of property, plant, equipment, and intangibles	275	206
<b>Free Cash Flow</b>	<b>\$ 185,602</b>	<b>\$ 162,038</b>

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**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
	2020	2019	2020	2019	2020	2019	2020	2020	2020	2020
<b>Segment revenues:</b>										
Healthcare	\$ 470,927	\$ 485,283	\$ —	\$ —	\$ 1,169	(3.0)%	(3.0)%	(3.2)%		
Applied Sterilization Technologies	169,547	152,907	—	—	2,624	10.9 %	10.9 %	9.2 %		
Life Sciences	115,658	98,650	—	—	1,076	17.2 %	17.2 %	16.2 %		
<b>Total</b>	<b>\$ 756,132</b>	<b>\$ 736,840</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,869</b>	<b>2.6 %</b>	<b>2.6 %</b>	<b>2.0 %</b>		

**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
	2020	2019	2020	2019	2020	2019	2020	2020	2020	2020
<b>Segment revenues:</b>										
Healthcare	\$ 870,585	\$ 931,015	\$ —	\$ —	\$ (971)	(6.5)%	(6.5)%	(6.4)%		
Applied Sterilization Technologies	321,909	307,193	—	—	1,061	4.8 %	4.8 %	4.4 %		
Life Sciences	232,570	195,435	—	—	424	19.0 %	19.0 %	18.8 %		
<b>Total</b>	<b>\$ 1,425,064</b>	<b>\$ 1,433,643</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 514</b>	<b>(0.6)%</b>	<b>(0.6)%</b>	<b>(0.6)%</b>		

**Three months ended September 30, (unaudited)**

	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>GAAP</b>	<b>\$ 330,037</b>	<b>\$ 318,667</b>	<b>\$ 141,263</b>	<b>\$ 126,733</b>	<b>\$ 105,858</b>	<b>\$ 94,769</b>	<b>\$ 1.23</b>	<b>\$ 1.11</b>
Adjustments:								
Amortization of acquired intangible assets	5,008	759	21,955	18,952				
Acquisition and integration related charges	101	313	1,135	1,947				
Redomiciliation and tax restructuring costs	—	—	384	1,016				
Net (gain) loss on divestiture of businesses	—	—	(5)	50				
Amortization of property "step up" to fair value	707	492	714	446				
COVID-19 incremental costs	4,132	—	4,539	—				
Restructuring charges	—	910	(76)	636				
Consideration received for pre-acquisition arrangement					(819)			
Net impact of adjustments after tax*					22,305	18,363		
Net EPS impact							0.25	0.21
<b>Adjusted</b>	<b>\$ 339,985</b>	<b>\$ 321,141</b>	<b>\$ 169,909</b>	<b>\$ 149,780</b>	<b>\$ 127,344</b>	<b>\$ 113,132</b>	<b>\$ 1.48</b>	<b>\$ 1.32</b>

\* 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)

	Six months ended September 30, (unaudited)							
	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>GAAP</b>	<b>\$ 615,605</b>	\$ 624,510	<b>\$255,264</b>	\$ 236,821	<b>\$194,048</b>	\$ 179,359	<b>\$ 2.26</b>	\$ 2.09
Adjustments:								
Amortization of acquired intangible assets	5,350	906	39,455	35,901				
Acquisition and integration related charges	193	809	2,421	3,864				
Redomiciliation and tax restructuring costs	—	—	554	2,786				
Net loss on divestiture of businesses	—	—	5	2,476				
Amortization of property "step up" to fair value	1,310	1,274	1,317	1,181				
COVID-19 incremental costs	12,468	—	13,209	—				
Restructuring charges	—	1,828	90	2,943				
Consideration received for pre-acquisition arrangement					(819)			
Net impact of adjustments after tax*					45,935	38,783		
Net EPS impact							0.53	0.46
<b>Adjusted</b>	<b>\$ 634,926</b>	\$ 629,327	<b>\$312,315</b>	\$ 285,972	<b>\$239,164</b>	\$ 218,142	<b>\$ 2.79</b>	\$ 2.55

\* The tax expense includes both the current and deferred income tax impact of the adjustments.

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Unaudited Supplemental Financial Data

Second Quarter Fiscal 2021

For the Periods Ending September 30, 2020 and 2019

	FY 2021	FY 2020	FY 2021	FY 2020
	Q2	Q2	YTD	YTD
<b>Total Company Revenues</b>				
Consumables	\$ 178,590	\$ 158,573	\$ 321,186	\$ 318,684
Service	416,628	399,174	784,452	788,242
Total Recurring	\$ 595,218	\$ 557,747	\$ 1,105,638	\$ 1,106,926
Capital Equipment	\$ 160,914	\$ 179,093	\$ 319,426	\$ 326,717
<b>Total Revenues</b>	\$ 756,132	\$ 736,840	\$ 1,425,064	\$ 1,433,643
<b>Ireland Revenues</b>	\$ 17,090	\$ 15,171	\$ 31,463	\$ 30,279
Ireland Revenues as a % of Total	2 %	2 %	2 %	2 %
<b>United States Revenues</b>	\$ 549,449	\$ 538,101	\$ 1,041,157	\$ 1,049,253
United States Revenues as a % of Total	73 %	73 %	73 %	73 %
<b>International Revenues</b>	\$ 189,593	\$ 183,568	\$ 352,444	\$ 354,111
International Revenues as a % of Total	25 %	25 %	25 %	25 %

<b>Segment Data</b>	FY 2021	FY 2020	FY 2021	FY 2020
	Q2	Q2	YTD	YTD
<b>Healthcare</b>				
<b>Revenues</b>				
Consumables	\$ 122,797	\$ 116,033	\$ 206,551	\$ 232,115
Service	216,457	216,619	404,279	425,414
Total Recurring	\$ 339,254	\$ 332,652	\$ 610,830	\$ 657,529
Capital Equipment	131,673	152,631	259,755	273,486
Total Healthcare Revenues	\$ 470,927	\$ 485,283	\$ 870,585	\$ 931,015
<b>Segment Operating Income</b>	\$ 104,796	\$ 103,035	\$ 187,153	\$ 193,550
<b>Applied Sterilization Technologies</b>				
Applied Sterilization Technologies Revenues	\$ 169,547	\$ 152,907	\$ 321,909	\$ 307,193
<b>Segment Operating Income</b>	\$ 76,835	\$ 65,386	\$ 140,790	\$ 133,421
<b>Life Sciences</b>				
<b>Revenues</b>				
Consumables	\$ 55,793	\$ 42,540	\$ 114,635	\$ 86,569
Service	30,624	29,648	58,264	55,635
Total Recurring	\$ 86,417	\$ 72,188	\$ 172,899	\$ 142,204
Capital Equipment	29,241	26,462	59,671	53,231
Total Life Sciences Revenues	\$ 115,658	\$ 98,650	\$ 232,570	\$ 195,435
<b>Segment Operating Income</b>	\$ 46,433	\$ 32,315	\$ 94,894	\$ 65,354
<b>Corporate</b>				
<b>Operating loss</b>	\$ (58,155)	\$ (50,956)	\$ (110,522)	\$ (106,353)

<b>Other Data</b>	FY 2021	FY 2020	FY 2021	FY 2020
	Q2	Q2	YTD	YTD
Healthcare Backlog	\$ 178,027	\$ 199,264		
Life Sciences Backlog	74,824	69,728		
<b>Total Backlog</b>	\$ 252,851	\$ 268,992		
<b>GAAP Income Tax Rate</b>	20.8 %	18.9 %	19.3 %	17.0 %
<b>Adjusted Income Tax Rate</b>	21.1 %	19.1 %	19.4 %	17.7 %

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.