

STERIS plc

Consolidated Condensed Statements of Operations

(In thousands, except per share data)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenues</b>	<b>\$ 1,395,645</b>	<b>\$ 1,215,994</b>	<b>\$ 4,022,547</b>	<b>\$ 3,573,002</b>
<b>Cost of revenues</b>	<b>793,052</b>	<b>694,497</b>	<b>2,252,964</b>	<b>2,001,372</b>
<b>Gross profit</b>	<b>602,593</b>	<b>521,497</b>	<b>1,769,583</b>	<b>1,571,630</b>
<b>Operating expenses:</b>				
Selling, general, and administrative	360,518	305,141	1,100,227	962,962
Goodwill impairment loss	—	—	—	490,565
Research and development	25,913	25,514	78,459	75,193
Restructuring expenses	6	39	2	127
<b>Total operating expenses</b>	<b>386,437</b>	<b>330,694</b>	<b>1,178,688</b>	<b>1,528,847</b>
<b>Income from operations</b>	<b>216,156</b>	<b>190,803</b>	<b>590,895</b>	<b>42,783</b>
<b>Non-operating expenses, net</b>	<b>36,867</b>	<b>30,465</b>	<b>103,538</b>	<b>80,556</b>
<b>Income tax expense</b>	<b>38,344</b>	<b>37,013</b>	<b>106,276</b>	<b>43,378</b>
<b>Net income (loss)</b>	<b>\$ 140,945</b>	<b>\$ 123,325</b>	<b>\$ 381,081</b>	<b>\$ (81,151)</b>
<b>Less: Net income (loss) attributable to noncontrolling interests</b>	<b>202</b>	<b>(503)</b>	<b>1,465</b>	<b>(956)</b>
<b>Net income (loss) attributable to shareholders</b>	<b>\$ 140,743</b>	<b>\$ 123,828</b>	<b>\$ 379,616</b>	<b>\$ (80,195)</b>
<b>Earnings per ordinary share (EPS) data:</b>				
Basic	\$ 1.42	\$ 1.24	\$ 3.84	\$ (0.80)
Diluted	\$ 1.42	\$ 1.24	\$ 3.82	\$ (0.80)
<b>Cash dividends declared per share ordinary outstanding</b>	<b>\$ 0.52</b>	<b>\$ 0.47</b>	<b>\$ 1.51</b>	<b>\$ 1.37</b>
<b>Weighted average number of shares outstanding used in EPS computation:</b>				
Basic number of shares outstanding	98,802	99,716	98,765	99,922
Diluted number of shares outstanding	99,354	100,166	99,333	99,922

STERIS plc  
**Consolidated Condensed Balance Sheets**  
(in thousands)

	December 31, 2023	March 31, 2023
	(Unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 195,585	\$ 208,357
Accounts receivable, net	964,022	928,315
Inventories, net	855,617	695,493
Prepaid expenses and other current assets	203,729	179,277
<b>Total current assets</b>	<b>2,218,953</b>	<b>2,011,442</b>
Property, plant, and equipment, net	1,844,484	1,705,512
Lease right-of-use assets, net	195,413	191,741
Goodwill	4,111,683	3,879,219
Intangibles, net	2,987,287	2,955,780
Other assets	77,335	78,145
<b>Total assets</b>	<b>\$ 11,435,155</b>	<b>\$ 10,821,839</b>
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 276,730	\$ 279,620
Other current liabilities	636,964	582,224
<b>Total current liabilities</b>	<b>913,694</b>	<b>861,844</b>
Long-term indebtedness	3,231,075	3,018,655
Other liabilities	862,287	854,168
<b>Total equity</b>	<b>6,428,099</b>	<b>6,087,172</b>
<b>Total liabilities and equity</b>	<b>\$ 11,435,155</b>	<b>\$ 10,821,839</b>

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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.

(in thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenues:</b>				
Healthcare	\$ 916,227	\$ 769,144	\$ 2,605,157	\$ 2,200,483
AST	234,931	222,014	703,083	675,283
Life Sciences	146,566	121,273	411,074	379,248
Dental	97,921	103,563	303,233	317,988
<b>Total revenues</b>	<b>\$ 1,395,645</b>	<b>\$ 1,215,994</b>	<b>\$ 4,022,547</b>	<b>\$ 3,573,002</b>
<b>Operating income (loss):</b>				
Healthcare	\$ 223,898	\$ 175,399	\$ 626,134	\$ 497,233
AST	105,156	103,539	325,529	323,238
Life Sciences	56,738	45,249	156,863	149,173
Dental	18,292	20,337	64,847	67,992
Corporate	(81,359)	(53,873)	(261,265)	(196,872)
<b>Total operating income</b>	<b>\$ 322,725</b>	<b>\$ 290,651</b>	<b>\$ 912,108</b>	<b>\$ 840,764</b>
<b>Less: Adjustments</b>				
Amortization of acquired intangible assets	\$ 93,850	\$ 93,941	\$ 286,786	\$ 281,727
Acquisition and integration related charges	5,722	4,817	24,444	18,493
Tax restructuring costs	643	282	652	533
Gain on fair value adjustment of acquisition related contingent consideration	—	—	—	(3,100)
Net (gain) loss on divestiture of businesses	—	(838)	—	3,939
Amortization of inventory and property "step up" to fair value	6,348	1,608	9,329	5,697
Restructuring charges	6	38	2	127
Goodwill impairment loss	—	—	—	490,565
<b>Total income from operations</b>	<b>\$ 216,156</b>	<b>\$ 190,803</b>	<b>\$ 590,895</b>	<b>\$ 42,783</b>

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

	<b>Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	(Unaudited)	(Unaudited)
<b>Operating activities:</b>		
Net income	\$ 381,081	\$ (81,151)
Non-cash items	486,175	879,820
Changes in operating assets and liabilities	(148,789)	(257,521)
<b>Net cash provided by operating activities</b>	<b>718,467</b>	<b>541,148</b>
<b>Investing activities:</b>		
Purchases of property, plant, equipment, and intangibles, net	(268,829)	(290,520)
Proceeds from the sale of property, plant, and equipment	7,375	12,164
Proceeds from the sale of businesses	9,458	6,624
Acquisition of businesses, net of cash acquired	(539,758)	(34,020)
<b>Net cash used in investing activities</b>	<b>(791,754)</b>	<b>(305,752)</b>
<b>Financing activities:</b>		
Payments on private placement senior notes	—	(91,000)
Payments on term loans	(45,000)	(141,875)
Proceeds under credit facilities, net	265,501	216,561
Payments on acquisition related deferred and contingent consideration	(6,153)	(310)
Repurchases of ordinary shares	(11,440)	(153,952)
Cash dividends paid to ordinary shareholders	(149,173)	(136,898)
Distributions to noncontrolling interest	(1,561)	(794)
Contributions from noncontrolling interest	2,883	—
Stock option and other equity transactions, net	3,526	1,497
<b>Net cash provided by (used in) financing activities</b>	<b>58,583</b>	<b>(306,771)</b>
Effect of exchange rate changes on cash and cash equivalents	1,932	(17,574)
Decrease in cash and cash equivalents	(12,772)	(88,949)
Cash and cash equivalents at beginning of period	208,357	348,320
Cash and cash equivalents at end of period	<b>\$ 195,585</b>	<b>\$ 259,371</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>Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	(Unaudited)	(Unaudited)
<b>Calculation of Free Cash Flow:</b>		
Cash flows from operating activities	\$ 718,467	\$ 541,148
Purchases of property, plant, equipment, and intangibles, net	(268,829)	(290,520)
Proceeds from the sale of property, plant, equipment, and intangibles	7,375	12,164
<b>Free Cash Flow</b>	<b>\$ 457,013</b>	<b>\$ 262,792</b>

**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 U.S. GAAP financial measures and the reconciliation to the corresponding U.S. 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 December 31, (unaudited)**

	As reported, U.S. GAAP		Impact of Acquisitions		Impact of Divestitures		Impact of Foreign Currency Movements	U.S. GAAP Growth	Organic Growth	Constant Currency Organic Growth
	2023	2022	2023	2022	2023	2022	2023	2023	2023	2023
<b>Segment revenues:</b>										
Healthcare	\$ 916,227	\$ 769,144	\$ 45,342	\$ —	\$ 6,255		19.1 %	13.2 %	12.4 %	
AST	234,931	222,014	—	—	3,977		5.8 %	5.8 %	4.0 %	
Life Sciences	146,566	121,273	—	—	1,414		20.9 %	20.9 %	19.7 %	
Dental	97,921	103,563	—	—	750		(5.4)%	(5.4)%	(6.2)%	
<b>Total</b>	<b>\$ 1,395,645</b>	<b>\$ 1,215,994</b>	<b>\$ 45,342</b>	<b>\$ —</b>	<b>\$ 12,396</b>		<b>14.8 %</b>	<b>11.0 %</b>	<b>10.0 %</b>	

**Nine Months Ended December 31, (unaudited)**

	As reported, U.S. GAAP		Impact of Acquisitions		Impact of Divestitures		Impact of Foreign Currency Movements	U.S. GAAP Growth	Organic Growth	Constant Currency Organic Growth
	2023	2022	2023	2022	2023	2022	2023	2023	2023	2023
<b>Segment revenues:</b>										
Healthcare	\$ 2,605,157	\$ 2,200,483	\$ 74,290	\$ —	\$ 10,835		18.4 %	15.0 %	14.5 %	
AST	703,083	675,283	—	—	9,802		4.1 %	4.1 %	2.7 %	
Life Sciences	411,074	379,248	—	—	2,955		8.4 %	8.4 %	7.6 %	
Dental	303,233	317,988	—	—	1,727		(4.6)%	(4.6)%	(5.2)%	
<b>Total</b>	<b>\$ 4,022,547</b>	<b>\$ 3,573,002</b>	<b>\$ 74,290</b>	<b>\$ —</b>	<b>\$ 25,319</b>		<b>12.6 %</b>	<b>10.5 %</b>	<b>9.8 %</b>	

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

	Three Months Ended December 31, (unaudited)							
	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>U.S. GAAP</b>	<b>\$ 602,593</b>	\$ 521,497	<b>\$ 216,156</b>	\$ 190,803	<b>\$ 140,743</b>	\$ 123,828	<b>\$ 1.42</b>	\$ 1.24
Adjustments:								
Amortization of acquired intangible assets	507	422	93,850	93,941				
Acquisition and integration related charges	651	1,016	5,722	4,817				
Tax restructuring costs	—	—	643	282				
Net loss (gain) on divestiture of businesses	—	599	—	(838)				
Amortization of inventory and property "step up" to fair value	5,275	612	6,348	1,608				
Restructuring charges	—	—	6	38				
Net impact of adjustments after tax <sup>(1)</sup>					80,186	78,461		
Net EPS impact							0.80	0.78
<b>Adjusted</b>	<b>\$ 609,026</b>	\$ 524,146	<b>\$ 322,725</b>	\$ 290,651	<b>\$ 220,929</b>	\$ 202,289	<b>\$ 2.22</b>	\$ 2.02

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

	Nine Months Ended December 31, (unaudited)							
	Gross Profit		Income from Operations		Net Income attributable to shareholders		Diluted EPS	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>U.S. GAAP</b>	<b>\$1,769,583</b>	\$1,571,630	<b>\$ 590,895</b>	\$ 42,783	<b>\$ 379,616</b>	\$ (80,195)	<b>\$ 3.82</b>	\$ (0.80)
Adjustments:								
Amortization of acquired intangible assets	1,656	1,271	286,786	281,727				
Acquisition and integration related charges	1,514	3,018	24,444	18,493				
Tax restructuring costs	—	—	652	533				
Gain on fair value adjustment of acquisition related contingent consideration	—	—	—	(3,100)				
Net loss on divestiture of businesses	—	2,882	—	3,939				
Amortization of inventory and property "step up" to fair value	6,425	4,417	9,329	5,697				
Restructuring charges	—	—	2	127				
Goodwill impairment loss	—	—	—	490,565				
Net impact of adjustments after tax <sup>(1)</sup>					241,702	673,172		
Net EPS impact							2.43	6.70
<b>Adjusted</b>	<b>\$1,779,178</b>	\$1,583,218	<b>\$ 912,108</b>	\$ 840,764	<b>\$ 621,318</b>	\$ 592,977	<b>\$ 6.25</b>	\$ 5.90

**For the nine months ended December 31, 2022:**

Weighted average diluted shares as reported	99,922
Effect of dilutive share equivalents that were anti-dilutive to diluted EPS as reported	550
Weighted average diluted shares as adjusted	<u>100,472</u>

<sup>(1)</sup> 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	\$5.35 - \$5.45
Amortization of fair value adjustments for acquired property, plant, and equipment and intangible assets	3.05
Acquisition and integration related charges	0.20
Adjusted net income per diluted share	<u>\$8.60 - \$8.70</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  
Third Quarter Fiscal 2024  
For the Periods Ending December 31, 2023 and 2022

	FY 2024	FY 2023	FY 2024	FY 2023
	Q3	Q3	YTD	YTD
<b>Total Company Revenues</b>				
Consumables	\$ 487,841	\$ 419,555	\$ 1,401,974	\$ 1,249,791
Service	590,889	536,952	1,741,597	1,590,490
Total Recurring	\$ 1,078,730	\$ 956,507	\$ 3,143,571	\$ 2,840,281
Capital Equipment	316,915	259,487	878,976	732,721
<b>Total Revenues</b>	<b>\$ 1,395,645</b>	<b>\$ 1,215,994</b>	<b>\$ 4,022,547</b>	<b>\$ 3,573,002</b>
<b>Ireland Revenues</b>	<b>\$ 19,651</b>	<b>\$ 17,959</b>	<b>\$ 60,175</b>	<b>\$ 53,130</b>
Ireland Revenues as a % of Total	1 %	1 %	1 %	1 %
<b>United States Revenues</b>	<b>\$ 1,025,458</b>	<b>\$ 883,390</b>	<b>\$ 2,948,878</b>	<b>\$ 2,589,472</b>
United States Revenues as a % of Total	74 %	73 %	74 %	73 %
<b>International Revenues</b>	<b>\$ 350,536</b>	<b>\$ 314,645</b>	<b>\$ 1,013,494</b>	<b>\$ 930,400</b>
International Revenues as a % of Total	25 %	26 %	25 %	26 %

Segment Data	FY 2024	FY 2023	FY 2024	FY 2023
	Q3	Q3	YTD	YTD
<b>Healthcare</b>				
<b>Revenues</b>				
Consumables	\$ 329,435	\$ 259,810	\$ 915,741	\$ 757,892
Service	319,954	282,108	929,574	823,747
Total Recurring	\$ 649,389	\$ 541,918	\$ 1,845,315	\$ 1,581,639
Capital Equipment	266,838	227,226	759,842	618,844
<b>Total Healthcare Revenues</b>	<b>\$ 916,227</b>	<b>\$ 769,144</b>	<b>\$ 2,605,157</b>	<b>\$ 2,200,483</b>
<b>Segment Operating Income</b>	<b>\$ 223,898</b>	<b>\$ 175,399</b>	<b>\$ 626,134</b>	<b>\$ 497,233</b>
<b>AST</b>				
<b>Revenues</b>				
Service	\$ 229,690	\$ 218,335	\$ 695,214	\$ 660,500
Capital Equipment	5,241	3,679	7,869	14,783
<b>Total AST Revenues</b>	<b>\$ 234,931</b>	<b>\$ 222,014</b>	<b>\$ 703,083</b>	<b>\$ 675,283</b>
<b>Segment Operating Income</b>	<b>\$ 105,156</b>	<b>\$ 103,539</b>	<b>\$ 325,529</b>	<b>\$ 323,238</b>
<b>Life Sciences</b>				
<b>Revenues</b>				
Consumables	\$ 60,072	\$ 55,610	\$ 181,179	\$ 172,587
Service	41,658	37,082	118,630	107,566
Total Recurring	\$ 101,730	\$ 92,692	\$ 299,809	\$ 280,153
Capital Equipment	44,836	28,581	111,265	99,095
<b>Total Life Sciences Revenues</b>	<b>\$ 146,566</b>	<b>\$ 121,273</b>	<b>\$ 411,074</b>	<b>\$ 379,248</b>
<b>Segment Operating Income</b>	<b>\$ 56,738</b>	<b>\$ 45,249</b>	<b>\$ 156,863</b>	<b>\$ 149,173</b>
<b>Total Dental Revenues</b>	<b>\$ 97,921</b>	<b>\$ 103,563</b>	<b>\$ 303,233</b>	<b>\$ 317,988</b>
<b>Segment Operating Income</b>	<b>\$ 18,292</b>	<b>\$ 20,337</b>	<b>\$ 64,847</b>	<b>\$ 67,992</b>

Other Data	FY 2024	FY 2023	FY 2024	FY 2023
	Q3	Q3	YTD	YTD
Healthcare Backlog	\$ 449,403	\$ 540,360		
Life Sciences Backlog	85,030	110,623		
<b>Total Backlog</b>	<b>\$ 534,433</b>	<b>\$ 650,983</b>		
<b>U.S. GAAP Income Tax Rate</b>	<b>21.4 %</b>	<b>23.1 %</b>	<b>21.8 %</b>	<b>(114.8)%</b>
<b>Adjusted Income Tax Rate</b>	<b>22.6 %</b>	<b>23.5 %</b>	<b>23.0 %</b>	<b>22.5 %</b>

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.