

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenues	\$ 1,200,517	\$ 1,196,985	\$ 2,357,008	\$ 2,165,407
Cost of revenues	668,182	716,641	1,306,875	1,258,781
Gross profit	532,335	480,344	1,050,133	906,626
Operating expenses:				
Selling, general, and administrative	323,195	344,799	657,821	738,551
Goodwill impairment loss	490,565	—	490,565	—
Research and development	24,928	18,832	49,679	37,024
Restructuring expenses	62	210	88	224
Total operating expenses	838,750	363,841	1,198,153	775,799
Income from operations	(306,415)	116,503	(148,020)	130,827
Non-operating expenses, net	26,647	26,896	50,091	70,197
Income tax expense	(17,831)	19,982	6,365	12,907
Net income	\$ (315,231)	\$ 69,625	\$ (204,476)	\$ 47,723
Less: Net income (loss) attributable to noncontrolling interests	54	(186)	(453)	(281)
Net income attributable to shareholders	\$ (315,285)	\$ 69,811	\$ (204,023)	\$ 48,004
Earnings per ordinary share (EPS) data:				
Basic	\$ (3.15)	\$ 0.70	\$ (2.04)	\$ 0.51
Diluted	\$ (3.15)	\$ 0.69	\$ (2.04)	\$ 0.50
Cash dividends declared per share ordinary outstanding	\$ 0.47	\$ 0.43	\$ 0.90	\$ 0.83
Weighted average number of shares outstanding used in EPS computation:				
Basic number of shares outstanding	99,969	99,848	100,025	95,000
Diluted number of shares outstanding	99,969	100,689	100,025	95,840

STERIS plc
Consolidated Condensed Balance Sheets
(in thousands)

	September 30, 2022	March 31, 2022
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 258,259	\$ 348,320
Accounts receivable, net	780,113	799,041
Inventories, net	644,936	574,999
Prepaid expenses and other current assets	204,991	156,637
Total current assets	1,888,299	1,878,997
Property, plant, and equipment, net	1,572,398	1,552,576
Lease right-of-use assets, net	174,073	188,480
Goodwill	3,705,140	4,404,343
Intangibles, net	3,077,492	3,328,537
Other assets	72,234	70,661
Total assets	\$ 10,489,636	\$ 11,423,594
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 233,308	\$ 225,737
Other current liabilities	639,507	696,485
Total current liabilities	872,815	922,222
Long-term indebtedness	2,873,936	2,945,481
Other liabilities	929,438	1,011,254
Total equity	5,813,447	6,544,637
Total liabilities and equity	\$ 10,489,636	\$ 11,423,594

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,	
	2022 (Unaudited)	2021 (*) (Unaudited)	2022 (Unaudited)	2021 (*) (Unaudited)
Revenues:				
Healthcare	\$ 732,813	\$ 744,134	\$ 1,431,339	\$ 1,346,951
Applied Sterilization Technologies	232,358	204,892	453,269	413,794
Life Sciences	125,768	132,327	257,975	253,798
Dental	109,578	115,632	214,425	150,864
Total revenues	\$ 1,200,517	\$ 1,196,985	\$ 2,357,008	\$ 2,165,407
Segment operating income (loss):				
Healthcare	\$ 165,337	\$ 168,335	\$ 321,834	\$ 306,709
Applied Sterilization Technologies	110,384	99,789	219,699	201,716
Life Sciences	48,619	57,519	103,924	106,607
Dental	28,059	32,392	47,655	42,511
Corporate	(67,056)	(79,497)	(142,999)	(156,771)
Total segment operating income	\$ 285,343	\$ 278,538	\$ 550,113	\$ 500,772
Less: Adjustments				
Amortization of acquired intangible assets	\$ 93,859	\$ 74,791	\$ 187,786	\$ 116,531
Acquisition and integration related charges	3,844	17,404	13,676	158,400
Tax restructuring costs	77	159	251	110
(Gain) on fair value adjustment of acquisition related contingent consideration	—	—	(3,100)	—
Net (gain) loss on divestiture of businesses	899	(15)	4,777	404
Amortization of inventory and property "step up" to fair value	2,452	69,486	4,089	94,276
Restructuring charges	62	210	89	224
Goodwill impairment loss	490,565	—	490,565	—
Total income from operations	\$ (306,415)	\$ 116,503	\$ (148,020)	\$ 130,827

(*) Certain prior period costs were reallocated from the Healthcare segment to corporate to conform with current year presentation. The prior period segment operating income measure has been recast for comparability.

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

	Six Months Ended September 30,	
	2022	2021
	(Unaudited)	(Unaudited)
Operating activities:		
Net income	\$ (204,476)	\$ 47,723
Non-cash items	736,964	364,589
Changes in operating assets and liabilities	(196,918)	(143,546)
Net cash provided by operating activities	335,570	268,766
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	(198,701)	(133,369)
Proceeds from the sale of property, plant, equipment, and intangibles	1,323	387
Proceeds from the sale of businesses	5,228	—
Acquisition of businesses, net of cash acquired	(15,192)	(547,353)
Net cash used in investing activities	(207,342)	(680,335)
Financing activities:		
Proceeds from issuance of senior public notes	—	1,350,000
Proceeds from term loan	—	650,000
Payments on long-term obligations	—	(721,284)
Payments on convertible debt	—	(371,361)
Payments on term loans	(126,875)	(125,000)
Proceeds (payments) under credit facilities, net	99,111	(65,021)
Deferred financing fees and debt issuance costs	—	(17,343)
Acquisition related deferred or contingent consideration	(153)	(25,262)
Repurchases of ordinary shares	(69,922)	(24,751)
Cash dividends paid to ordinary shareholders	(89,981)	(77,107)
Distributions to noncontrolling interest	—	(997)
Stock option and other equity transactions, net	1,458	7,829
Net cash provided by (used in) financing activities	(186,362)	579,703
Effect of exchange rate changes on cash and cash equivalents	(31,927)	(5,171)
Increase (decrease) in cash and cash equivalents	(90,061)	162,963
Cash and cash equivalents at beginning of period	348,320	220,531
Cash and cash equivalents at end of period	\$ 258,259	\$ 383,494

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,	
	2022	2021
	(Unaudited)	(Unaudited)
Calculation of Free Cash Flow:		
Cash flows from operating activities	\$ 335,570	\$ 268,766
Purchases of property, plant, equipment, and intangibles, net	(198,701)	(133,369)
Proceeds from the sale of property, plant, equipment, and intangibles	1,323	387
Free Cash Flow	\$ 138,192	\$ 135,784

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
	2022	2021	2022	2021	2022	2021	2022	2022	2022	2022
Segment revenues:										
Healthcare	\$ 732,813	\$ 744,134	\$ —	\$ (42,689)	\$ (17,337)		(1.5)%	4.5 %	6.9 %	
Applied Sterilization Technologies	232,358	204,892	—	—	(12,301)		13.4 %	13.4 %	19.4 %	
Life Sciences	125,768	132,327	—	(2,358)	(4,235)		(5.0)%	(3.2)%	— %	
Dental	109,578	115,632	—	—	(2,639)		(5.2)%	(5.2)%	(3.0)%	
Total	\$ 1,200,517	\$ 1,196,985	\$ —	\$ (45,047)	\$ (36,512)		0.3 %	4.2 %	7.4 %	

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
	2022	2021	2022	2021	2022	2021	2022	2022	2022	2022
Segment revenues:										
Healthcare	\$ 1,431,339	\$ 1,346,951	\$ 98,400	\$ (56,655)	\$ (27,782)		6.3 %	3.3 %	5.5 %	
Applied Sterilization Technologies	453,269	413,794	—	—	(21,849)		9.5 %	9.5 %	14.8 %	
Life Sciences	257,975	253,798	2,800	(3,144)	(7,332)		1.6 %	1.8 %	4.7 %	
Dental	214,425	150,864	65,009	—	(3,399)		n/m	n/m	n/m	
Total	\$ 2,357,008	\$ 2,165,407	\$ 166,209	\$ (59,799)	\$ (60,362)		8.8 %	4.0 %	6.9 %	

n/m: not meaningful

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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	
	2022	2021	2022	2021	2022	2021	2022	2021
GAAP	\$ 532,335	\$ 480,344	\$ (306,415)	\$ 116,503	\$ (315,285)	\$ 69,811	\$ (3.15)	\$ 0.69
Adjustments:								
Amortization of acquired intangible assets	431	2,268	93,859	74,791				
Acquisition and integration related charges	1,320	4,811	3,844	17,404				
Tax restructuring costs	—	—	77	159				
Net loss (gain) on divestiture of businesses	1,749	—	899	(15)				
Amortization of inventory and property "step up" to fair value	1,590	65,555	2,452	69,486				
Restructuring charges	—	—	62	210				
Goodwill impairment loss	—	—	490,565	—				
Fair value adjustment related to convertible debt, premium liability					—	4,883		
Net impact of adjustments after tax ⁽¹⁾					514,867	125,620		
Net EPS impact							5.14	1.30
Adjusted	\$ 537,425	\$ 552,978	\$ 285,343	\$ 278,538	\$ 199,582	\$ 200,314	\$ 1.99	\$ 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							<u>100,528</u>	

⁽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	
	2022	2021	2022	2021	2022	2021	2022	2021
GAAP	\$ 1,050,133	\$ 906,626	\$ (148,020)	\$ 130,827	\$ (204,023)	\$ 48,004	\$ (2.04)	\$ 0.50
Adjustments:								
Amortization of acquired intangible assets	849	5,476	187,786	116,531				
Acquisition and integration related charges	2,002	5,419	13,676	158,400				
Tax restructuring costs	—	—	251	110				
acquisition related contingent consideration	—	—	(3,100)	—				
Net loss on divestiture of businesses	2,283	—	4,777	404				
Amortization of inventory and property "step up" to fair value	3,805	86,408	4,089	94,276				
Restructuring charges	—	—	89	224				
Goodwill impairment loss	—	—	490,565	—				
Fair value adjustment related to convertible debt, premium liability					—	27,806		
Net impact of adjustments after tax ⁽¹⁾					564,713	284,425		
Net EPS impact							5.92	3.26
Adjusted	\$ 1,059,072	\$ 1,003,929	\$ 550,113	\$ 500,772	\$ 360,690	\$ 360,235	\$ 3.88	\$ 3.76
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							<u>100,625</u>	

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

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

FY 2023 Outlook

**Twelve Months
Ended March 31, 2023
(Outlook)****

Net income per diluted share	\$1.07-\$1.27
Goodwill impairment loss	4.35
Amortization of acquired intangible assets	2.85
Acquisition and integration related charges	0.13
Adjusted net income per diluted share	<u>\$8.40-\$8.60</u>
Cash flows from operating activities	\$930,000
Purchases of property, plant, equipment, and intangibles, net	<u>(330,000)</u>
Free Cash Flow	<u><u>\$600,000</u></u>

** All amounts are estimates.

STERIS plc
Unaudited Supplemental Financial Data
Second Quarter Fiscal 2023
For the Periods Ending September 30, 2022 and 2021

	FY 2023	FY 2022	FY 2023	FY 2022
	Q2	Q2	YTD	YTD
Total Company Revenues				
Consumables	\$ 413,411	\$ 447,799	\$ 830,236	\$ 746,686
Service	534,123	511,747	1,053,538	990,890
Total Recurring	\$ 947,534	\$ 959,546	\$ 1,883,774	\$ 1,737,576
Capital Equipment	\$ 252,983	\$ 237,439	\$ 473,234	\$ 427,831
Total Revenues	\$ 1,200,517	\$ 1,196,985	\$ 2,357,008	\$ 2,165,407
Ireland Revenues	\$ 16,995	\$ 20,046	\$ 35,171	\$ 41,991
Ireland Revenues as a % of Total	1 %	2 %	1 %	2 %
United States Revenues	\$ 871,981	\$ 852,497	\$ 1,706,082	\$ 1,531,747
United States Revenues as a % of Total	73 %	71 %	72 %	71 %
International Revenues	\$ 311,541	\$ 324,442	\$ 615,755	\$ 591,669
International Revenues as a % of Total	26 %	27 %	26 %	27 %

Segment Data	FY 2023	FY 2022	FY 2023	FY 2022
	Q2	Q2	YTD	YTD
Healthcare				
Revenues				
Consumables	\$ 246,050	\$ 270,089	\$ 498,082	\$ 476,781
Service	274,279	271,640	541,639	516,875
Total Recurring	\$ 520,329	\$ 541,729	\$ 1,039,721	\$ 993,656
Capital Equipment	212,484	202,405	391,618	353,295
Total Healthcare Revenues	\$ 732,813	\$ 744,134	\$ 1,431,339	\$ 1,346,951
Segment Operating Income	\$ 165,337	\$ 168,335	\$ 321,834	\$ 306,709
Applied Sterilization Technologies				
Applied Sterilization Technologies Revenues	\$ 232,358	\$ 204,892	\$ 453,269	\$ 413,794
Segment Operating Income	\$ 110,384	\$ 99,789	\$ 219,699	\$ 201,716
Life Sciences				
Revenues				
Consumables	\$ 57,420	\$ 61,748	\$ 116,977	\$ 118,284
Service	38,333	36,393	70,484	68,583
Total Recurring	\$ 95,753	\$ 98,141	\$ 187,461	\$ 186,867
Capital Equipment	30,015	34,186	70,514	66,931
Total Life Sciences Revenues	\$ 125,768	\$ 132,327	\$ 257,975	\$ 253,798
Segment Operating Income	\$ 48,619	\$ 57,519	\$ 103,924	\$ 106,607
Total Dental Revenues	\$ 109,578	\$ 115,632	\$ 214,425	\$ 150,864
Segment Operating Income	\$ 28,059	\$ 32,392	\$ 47,655	\$ 42,511

Other Data	FY 2023	FY 2022	FY 2023	FY 2022
	Q2	Q2	YTD	YTD
Healthcare Backlog *	\$ 533,121	\$ 311,240		
Life Sciences Backlog *	99,457	98,263		
Total Backlog *	\$ 632,578	\$ 409,503		
GAAP Income Tax Rate	5.4 %	22.3 %	(3.2)%	21.3 %
Adjusted Income Tax Rate	22.8 %	22.0 %	22.0 %	21.5 %

*Fiscal 2022 Backlog totals exclude Cantel Medical Corp.

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.